

HOUSE OF COMMONS DEBATES

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HOUSE OF COMMONS

Tuesday, April 18, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*Translation*]

THE BUDGET

REPORT ON NEGOTIATIONS WITH PROVINCES CONCERNING SALES TAX—MOTION UNDER S.O. 43

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with a matter of urgent and pressing necessity.

In order to avoid the existing confusion about the final decision of Ottawa towards the Quebec position on the sales tax, I move, seconded by the hon. member for Joliette (Mr. La Salle):

That the Prime Minister make a statement in the House this afternoon to report on the negotiations with the Quebec government and specify his position concerning the possible reopening of the case with other provinces making such a request.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

EXTERNAL AFFAIRS

REPORTED MURDER OF FORMER ITALIAN PREMIER ALDO MORO—MOTION UNDER S.O. 43

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I have never moved a motion under Standing Order 43 in this parliament. I do so today because of the importance of this matter. I must also admit to the House that I have taken the liberty of speaking to the government House leader about the matter.

My motion concerns the reported execution of one of NATO's foremost statesmen, former Italian premier Aldo Moro. I am sure that every member of this House shares my shock and horror on hearing of the murder of one of the architects of the post-war era of European democracy by a despicable act of terrorism perpetrated by terrorists who used the fact of a free society which this man himself helped to create to pursue their own repellent aims. I therefore move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That this House expresses its condolences to the family of Mr. Aldo Moro and the people of Italy generally on the reported death of this statesman at the hands of a group of international murderers, whom all sensible people should strictly and utterly condemn, and calls upon this government and the governments of all free nations to take joint action immediately toward the elimination of the acts of international terrorists who threaten the security of innocent people and the democratic way of life.

Some hon. Members: Hear, hear!

● (1412)

Mr. MacEachen: Mr. Speaker, I rise on a point of order. I am sure every one of us shares the sentiments which have been expressed by the hon. gentleman in respect of Mr. Moro, but I do suggest that until current reports are authenticated it might be better to defer putting the motion to the House. It could be considered later, but we may have information which, happily, may turn out to be otherwise.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on the same point of order. As I understand the situation, it is not that the motion be put; it is whether or not there is unanimous consent to having the motion put. There is nothing that would call for us to agree, necessarily, with the hon. member's point. The question now is whether or not the question should be put. In its terms, it deals with the reported assassination of this man by terrorists, and in that sense I do not see any reason why unanimous consent should or should not be given.

Mr. Speaker: Order, please. There is no machinery whereby we can argue the merits of either giving or withholding unanimous consent or putting or not putting the motion. The floor is open to hon. members at this period every day. They can put questions pursuant to Standing Order 43, which of course requires unanimous consent. The basis of this motion is a report. Whether the report at this time is authenticated or not is a motivation which might lead to the withholding of consent to debating the motion or to its deferral to some other time. That can be done by simply withholding consent. The hon. member for Northumberland-Durham (Mr. Lawrence) would require the unanimous consent of the House if this motion were to be put for discussion at this time. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

An hon. Member: Did the Prime Minister say no?

Some hon. Members: Oh, oh!

* * *

INDIAN AFFAIRS

REQUEST FOR REINSTATEMENT OF TRAINING PROGRAM—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise under the provisions of Standing Order 43 on a motion of urgent and pressing necessity. The Department of Indian Affairs and Northern Development last week eliminated the entire budget of the Indian guidance councillor training program administered by the Federated Saskatchewan Indian College. This valuable program until last week employed 90 native councillors who were active at the reserve level counselling persons with alcohol, youth and family problems. The entire budget was eliminated with only two days' notice. I move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That this House instruct the government to immediately reinstate this valuable and necessary program for the Indian people of Saskatchewan.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Order, please. Before beginning the oral question period, I should like to say that I fervently hope, once again, that we will return to the great discipline which governed us until a few days ago, requiring short questions and short answers.

ORAL QUESTION PERIOD

[*English*]

TRADE

UNCERTAINTY REGARDING GATT NEGOTIATIONS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the President of Privy Council in his capacity as the minister responsible for GATT negotiations. I am sure the minister needs no reminding of the concern that exists in the country about the secrecy and uncertainty regarding GATT negotiations. That has been added to by statements in briefing notes that were made available as a result of some of the sectoral consultations. One of those notes with regard to the textile industry reads:

The indicated policy for this sector—

That is, the textile industry.

—is the gradual reduction of the work force in the industry behind temporary measures of protection.

Is it, in fact, the instruction of the Government of Canada to its negotiators at GATT in Geneva that our long-range policy should be to lose more jobs for Canadians now employed or looking for employment in the textile industry?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): No, Mr. Speaker.

● (1417)

Mr. Clark: Mr. Speaker, since the minister has now denied the statement which was made in one of his documents, let me ask him about the veracity of another statement put forward in the briefing document by the Government of Canada in relation to the position taken by this government at GATT.

In relation to the shipbuilding industry, the same document reads as follows:

Here again, the indicated policy is to seek increased consolidation and specialization which would have the effect of progressively shrinking the employment base and the amount of subsidization required.

That means cutting down the jobs available to Canadians in the shipbuilding industry and the strength of the shipbuilding industry. Is the government's document an accurate statement of the position the Government of Canada is taking in the GATT negotiations?

Mr. MacEachen: Mr. Speaker, I wish to repeat what I said yesterday, namely, that the period of hard decision-making will arise probably late in May or early June. Up to that time it will be impossible to be certain about the outcome, certainly with respect to both textiles and shipbuilding. It is not the intention of the government, nor is it its policy, to enter into the GATT negotiations to shrink employment.

Some hon. Members: Hear, hear!

Mr. Clark: Your Honour will understand the difficulty that Canadian industry has, faced with the fact that documents circulated by this government indicate that precisely the policy we are taking into these negotiations is one which will result in a loss of jobs in the textile industry and a loss of jobs in the shipbuilding industry.

The document goes on to indicate it is expected by the negotiators going into GATT on behalf of Canada that there will be "particularly acute impacts on regional employment, notably in Quebec". Thus, we seem to have a situation where the Government of Canada is setting forth the positions Canada takes to GATT. These are not positions two or three months hence, but positions we have already taken to GATT in the early rounds.

The position of the Government of Canada is to lose jobs in the textile industry, lose jobs in the shipbuilding industry and

lose jobs particularly in the province of Quebec. If that is not the policy of the Government of Canada, why is that spelled out in the document circulated by the Government of Canada?

Some hon. Members: Hear, hear!

Mr. MacEachen: Mr. Speaker, I think the conclusions the hon. Leader of the Opposition has drawn are totally absurd. Whatever background document he is using may be a background for circulation but it does not represent the negotiating position of the Government of Canada—by no means.

GATT BRIEFING NOTES—SUGGESTED PROGRESSIVE REDUCTION OF EMPLOYMENT BASE

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is supplementary and is directed to the Deputy Prime Minister. Like it or not, these were briefing notes prepared by a government department, endorsed by the deputy ministers concerned with trade and industrial policy. The government cannot dissociate itself from the thrust which is contained in the document.

The document reads, "Some industries will, however, remain the focus for industrial adjustment". These include textiles, clothing, footwear, furniture and some electronics industries. Given the fact that in these industries the aim will be to reduce progressively the employment base behind the minimum of transitional protection, I should like to ask the Deputy Prime Minister how many jobs the government intends to phase out by progressively reducing the employment base as the document indicates. What is meant by "transitional protection"?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, once again the hon. member asking the question has quoted from a document which has not been clearly identified to me and which is put forward as the negotiating position of the Government of Canada. I want to make it clear that it does not represent the negotiating position of the Government of Canada. Only a member with a very lurid imagination would regard it as such.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Miss MacDonald: Mr. Speaker, it takes very little imagination to deal with the positions this government puts forward. For the information of the Deputy Prime Minister, the document is headed "Briefing Notes for Consultative Task Forces". Since the document indicates that 244,000 people are currently employed in the leather, textiles, clothing, furniture and shipbuilding industries and predicts that a substantially lower number of workers would be affected by the government's adjustment process—that is, the phasing out of their jobs—would the Deputy Prime Minister give the government's estimate on lost jobs, based on the prediction it is making?

• (1422)

In view of the hardship that that kind of policy will cause for some people in textiles communities, will the government reconsider its position at GATT and exempt textiles from the current round of GATT negotiations?

Mr. MacEachen: Mr. Speaker, I dealt with the question of textiles yesterday in reply to a question from the hon. member from St. John's. I informed the House that at the present time there is a disposition amongst all the negotiating partners at Geneva that textiles would be one of the industries that would not experience deep cuts. That is the present atmosphere at the negotiations because there are a number of countries, including Canada, which are very concerned about the effect of any rapid reduction in protection.

The hon. member ought to realize, as well, that a very important part of the negotiating strategy, especially that of the European Community, is the view that any cuts on industrial products in particular should be extended over a long period—possibly over a period of ten years. At the end of the first five years, it is suggested that the matter be reviewed to assess the impact that the preceding five years might have had.

Miss MacDonald: Mr. Speaker, would the Deputy Prime Minister explain just how deep are the shallow cuts that he is referring to?

* * *

UNEMPLOYMENT INSURANCE

REMOVAL OF CERTAIN BENEFITS—INCREASE IN WELFARE COSTS TO PROVINCES

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I direct my question to the Prime Minister. Two changes in the unemployment insurance regulations in the fall led to a saving of some $135 million to the federal treasury. Since these changes have resulted, first, in the removal of unemployment insurance benefits for thousands of Canadians, and this in turn has now produced an increase in welfare costs of millions of dollars for the provinces and the municipalities, I would ask the Prime Minister: Will he now commit the federal government to reimbursing the provinces and the cities who must rely on increased property taxes to pay for this additional burden?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I would suggest to the hon. leader of the New Democratic Party that he read the reports put out about the impact of the changes that were made in the bill with respect to welfare. These figures were exaggerated tremendously by the Leader of the Opposition when he suggested that when 40,000 people went off UI payments, 40,000 people automatically went on welfare each month. In point of fact, the figures were not that high for the entire year. We also pumped into all of these regions, in a very weighted way, millions of dollars to counteract that impact.

Another complaint that has come from some of the provinces is to the effect that while people are waiting for their UI benefits, they are coming in for welfare payments. We have indicated that we are prepared to enter into agreements with the provinces so that this can be taken care of in the form of a charge against the unemployment insurance payments that they would eventually receive. It is a slight exaggeration by the hon. Leader of the NDP when he quotes the statistics in that particular way.

Mr. Broadbent: Mr. Speaker, I wish the minister would listen to the question instead of giving us the answer which has been prepared for him by his officials. I gave the minister no statistics in my question other than the one that has come out of his own department, that the saving through the UIC changes amounts to $135 million. That is the only precise figure I gave the minister.

I would ask him, because we from Ontario now know from a newspaper report and on the basis of our own checking with some of the provinces involved—for example, in the province of New Brunswick the situation has deteriorated even more than it has in the province of Ontario—if he would commit the government to fully reimbursing the provinces so that the burden of this unemployment is not put on the property tax base which so badly and unfairly affects the average home owner.

● (1427)

Mr. Cullen: Mr. Speaker, here again the hon. member says he uses one statistic, but he uses it in a very political and simplistic way, ignoring all the benefits that have been derived. There is, for example, the developmental use of unemployment insurance funds where we put that money into work-sharing. Incidentally, his party voted against that measure. Hundreds of people would not be working today if we had passed the amendments moved by his party.

We have moved to the economic growth component factor of the unemployment insurance program to see if we can create more permanent jobs rather than temporary jobs or band-aid measures, as the hon. member's party sometimes calls these programs. I think we have made good use of any savings from unemployment insurance. It was not so much a question of saving money but, rather, redirecting it through different channels so that it would be more, not less, beneficial to the unemployed.

To suggest that there is a $135 million cut and that it should be given to the provinces is a simplistic use of the statistics which were obviously prepared by his people.

Mr. Broadbent: A final supplementary question, Mr. Speaker. The minister suggested that the government has used funds to create jobs and make certain changes in retraining programs for the unemployed. No one disputes that. No one says that ought not to have been done. The point is that, particularly in the have-not provinces which all just a week ago experienced major increases in unemployment levels, they are still stuck with an immense burden.

[Mr. Cullen.]

If the additional funds they have lost are compared with what the minister says they are gaining by the new changes, they are still in a deficit position. I repeat a variant of the question. Is the minister now saying that the federal government will do nothing more to ease the burden of unemployment, particularly in the regionally deprived provinces?

Mr. Cullen: No, Mr. Speaker, I am not saying that. I am suggesting that millions of dollars have been made available for direct job creation and for training through the developmental use of these funds. We are now negotiating with the four Atlantic provinces to deal with a reforestation project they have to cope with, the spruce budworm disease. We think this is a better use of the money. If any money is being saved from unemployment insurance, it will be put into areas where it is really needed. That is precisely what we have been doing with the money.

[*Translation*]

SUGGESTED BENEFITS FOR PERSONS 65 AND OVER—GOVERNMENT POSITION

Mr. Eudore Allard (Rimouski): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. Considering that the validity of the UIC decision concerning the refusal to give unemployment insurance benefits to persons aged 65 or more has never been fully established, considering that this decision is therefore contrary to Bill C-52, can the minister tell the House whether he intends to comply with the requests of those 18,000 retired persons which are getting increasingly urgent in view of the rising cost of living and of the alarmingly low purchasing power of that category of citizens?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, at the urging and on the representations of my colleague, the hon. member for Montmorency, I looked into this particular situation. With passage of the bill which removed benefits in respect of persons 65 years of age and over, and as a result of a court decision, we took several actions to help people caught up in that particular situation. We were very generous in the application of the law. We did everything we could in a humanitarian way to accommodate the people caught at this time. But I do not foresee changing the bill back.

* * *

ESTIMATES

ITEMS RESPECTING INDIAN RESERVES

Mr. David MacDonald (Egmont): Mr. Speaker, yesterday I raised a question with the President of the Treasury Board with respect to the very severe hardship being created for native groups across the country as a result of expenditure cutbacks by the Department of Indian Affairs and Northern

Development. Upon close examination, there seems to be a pattern evolving in a number of departments where there has been a significant cutback in programs and services, particularly to disadvantaged peoples, while there has been an increase in departmental administration costs. In one department, for instance—the Department of Regional Economic Expansion—there is an over-all decrease in the budget for the department, an increase in operating expenditures and a significant decrease in contributions and loans for developmental purposes.

Can the minister indicate whether any policy was evolved prior to the preparation of this year's estimates which in effect cut back services and programs to people while increasing the internal administration costs of the federal government?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, there was no policy with that intent or that desire. That was not, in fact, anticipated.

REDUCTIONS IN GRANTS TO CERTAIN ORGANIZATIONS

Mr. David MacDonald (Egmont): Mr. Speaker, perhaps I should direct this question to the Prime Minister, as the leader of the government. With respect to the services provided by a number of departments there has been considerable public protest. A month or two ago I raised a question with the Secretary of State concerning the cutback in grants to performing art groups. There has been a significant increase—some 77 per cent in one case—in departmental administration costs. A similar effect has occurred with respect to DREE, Indian Affairs and Northern Development, and quite likely other departments.

● (1432)

Can the Prime Minister indicate what steps were taken in the preparation of this year's estimates to prevent the phenomenon of seeing a reduction in services to people by either stabilization or an increase in the internal administration costs of the government?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am assured by the President of the Treasury Board that the facts as stated by the hon. member are not correct. Generally, the answer to his question is that we reduced the growth of the public service this year, as well as last year, very near to zero. Those are the steps we are taking to make sure the public service is not increased in size.

Mr. MacDonald (Egmont): Mr. Speaker, I know that the Prime Minister is a busy man and perhaps he has not had an opportunity to look specifically at the thousands of letters and criticisms which have been received with respect to a number of departmental budgets where there have been significant cuts in programs. As recently as this week, the National Indian Brotherhood raised serious questions about basic services, fire protection services, education, hot lunch programs.

What steps are being taken to authorize a review of the procedures followed with respect to the preparation of this year's estimates which have had the effect of cutting important services to people, particularly those in disadvantaged groups or regions, while protecting—and in some cases enhancing—the amount of money made available to the federal bureaucracy?

Mr. Trudeau: Mr. Speaker, in times when the federal government is attempting to restrain the rate of growth of its bureaucracy and when federal budgetary expenditures are being restrained, it is obvious that in some areas of Canada the public will not have services growing at the rate they would like. This has to be accepted by the hon. member. His own party has been preaching—

An hon. Member: Deal with the question.

Mr. Trudeau: —government restraint. Obviously, government restraint means restraining government expenditures toward some people. In so far as the detail of each departmental expenditure is concerned, Mr. Speaker, the blue book is before the House; it can be discussed in standing committees of the House. That is why we adjusted the rules respecting that responsibility—

An hon. Member: When?

Mr. Trudeau: The hon. member opposite asks when it will be discussed. The government House leader will be happy to discuss with House leaders opposite when they want these estimates to go to the standing committee.

Mr. Clark: You don't understand that either.

* * *

IMMIGRATION

GOVERNMENT ACTION TO PREVENT MARRIAGES OF CONVENIENCE

Mr. Jake Epp (Provencher): Mr. Speaker, I direct my question to the Minister of Employment and Immigration. An internal, departmental memo originating in the Toronto immigration offices indicates that marriages of convenience are an ever-increasing concern to departmental officials, in that they only have the time and resources to investigate approximately 5 per cent of the total number of suspected marriages of convenience. The report goes on to say, and I quote, "that their work is largely an exercise in futility".

I would ask the minister if he is aware of this report and, more important, what steps has he taken to investigate this matter which, again in the words of the report, indicates that Canada's immigrants are largely being chosen by methods which involve extortion, blackmail, threat of physical violence and prostitution?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, as the hon. member says, I am much more concerned about marriages of convenience. This is something which presents extreme difficulty. Our immigration officers

have to make what amounts to a subjective test before suggesting that in one case there has been a marriage of convenience specifically for the purpose of defeating the provisions of the Immigration Act, and that in another there has not.

We are looking at this matter, endeavouring to take the more obvious cases and pursuing them. I suspect there are many case where people are getting married for compensation, and subsequently those marriages are annulled or appropriate action is taken. Within the limits of our ability we must try to determine which are marriages of convenience, using evidence we have or evidence we can secure.

Mr. Epp: Mr. Speaker, in view of the minister's answer, namely, that this is of growing concern to his department, I ask the minister if he or his officials have been in contact with York county officials or York county judges who have expressed concern that the number of divorce actions before them indicates that this trend is increasing very rapidly. Has the minister in fact had such discussions?

Could the minister indicate whether manpower will be increased or whether manpower will be shifted into those areas where we might avoid as much as possible marriages of convenience? At the present time it is creating a backlash for the bona fide immigrants coming to this country who are making a valid contribution. I am sure no member of this House wants to see the problem develop any further.

Mr. Cullen: Mr. Speaker, obviously any marriage of convenience causes a backlash which works to the detriment of bona fide marriages that take place. Personally, I have not had representations from the judges, as the hon. member suggests. I would think that the officers who are doing this kind of investigation, where they have some suspicion would be doing a follow-up and culling the records to determine just what is taking place and whether the same name, for example, appears on more than one occasion. If that specific action is not being taken, I have heard the hon. member's representation and I will make it to my officers.

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INDUSTRY

CANADA-U.S. AUTO PACT—MEASURES TO ENSURE CANADA RECEIVES FULL BENEFITS

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a question for the Prime Minister about the Canada-U.S. auto pact because that treaty was originally signed by the then prime minister and the president of the United States. In that treaty it states that early achievement was sought, and I quote briefly, for "the development of conditions in which market forces may operate effectively to attain the most economic pattern of investment production and trade".

The two countries agreed, further, that "it shall be the policy of each government to avoid actions that would frustrate" the achievement of this and the other objectives of the agreement. Therefore, the bidding contest which the Minister of Industry, Trade and Commerce said is going on in the United States, in which cities and states there are offering excessive incentives to get automotive plants to locate in them rather than in Canada, appears to be contrary to that agreement.

Therefore, will the government move immediately to have the United States government bring this conduct in that country into line with the agreement; and will the Canadian government, if necessary, take appropriate measures which are open to it to deal with this situation, as well as generally, to ensure that Canada gets and keeps its fair share of automotive employment, investment and production?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member will remember that at the first ministers' conference the federal government took the position that certain initiatives were being taken in order to bring about an expansion of the automotive industry in some of Canada's provinces. That, indeed, was registered in the memorandum of agreement at that conference.

In so far as specific representations made to the United States administration are concerned, I would have to take notice of the question and perhaps refer to my colleague, the Secretary of State for External Affairs, or to the Minister of Industry, Trade and Commerce. I am not aware of any recent developments in the negotiations.

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EXTERNAL AFFAIRS

SOUTHERN LEBANON—CANADIAN PARTICIPATION IN PEACEKEEPING FORCE

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Prime Minister. The government has now committed Canada to providing a communications network for a peacekeeping force in southern Lebanon. Despite the fact that the UN mandate fails to satisfy five of the eight criteria set out by the former secretary of state for external affairs, is the Prime Minister satisfied with the wisdom of committing Canadian forces when the majority of the criteria and safeguards have not been met?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, obviously, we have certain concerns about the operation of UNIFIL and that is why the Secretary of State for External Affairs flew to New York to discuss the military and political situation and the conditions under which the communications unit would be supplied by the Canadian government.

We are satisfied that we are doing this in the service of peace in the Middle East. I would be astonished if we did not have the support of the opposition, because the hon. member will recall that his own leader moved a motion in this House, even before these guarantees were obtained, that we should indeed participate in this peacekeeping operation.

Mr. McKinnon: Mr. Speaker, the Prime Minister knows very well that when the Leader of the Opposition moved that motion, we assumed those safeguards would be in place. It now transpires they are not in place.

My second question is to the Minister of National Defence. The second part of the UN mandate directs peacekeeping forces to assist the government of Lebanon in ensuring the return of its effective authority in southern Lebanon. This, in fact, interposes the peacekeeping force into a civil war which has been going on for over a year. It expects them to install last year's losers as the authority in the area. Is the minister satisfied with putting our forces in that position?

● (1442)

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I wish the Conservative party would get together in their approach to this. Certainly, we have our act together.

Some hon. Members: Oh, oh!

Mr. Danson: The conditions necessary in the present situation have been met as a result of the visit of the Secretary of State for External Affairs to the United Nations along with senior military officers. There is an element of risk involved, but we are satisfied our troops are playing a vital role in the area so that the situation can be stabilized and the people who should normally be in control can eventually be in control.

Mr. McKinnon: One of the criteria upon which Canada has always insisted is that the peacekeeping endeavour—I am quoting now—should be linked to a political settlement or at least to a reasonable expectation of a negotiated settlement. Is the hon. gentleman satisfied that such a condition exists in that area?

Mr. Danson: Mr. Speaker, they are certainly moving toward such an agreement and understanding. There is not perfection when these operations begin, but we are attempting to do our very best in contributing to bring stability to that area.

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UNEMPLOYMENT INSURANCE

REMOVAL OF CERTAIN BENEFITS—INCREASE IN WELFARE COSTS TO PROVINCES

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a question to the Minister of Employment and Immigration. As a result of this government's incompetence in managing the economy, we now see the full weight of this incompetence borne on the backs of the municipalities in the sense that taxpayers will now have to bear the cost of the increased run on welfare. One of the problems—the minister himself mentioned this—is that there has been undue delay between application for and receipt of the first unemployment insurance payment. In the meantime, applicants turn to welfare.

I ask the hon. gentleman whether any specific steps are being undertaken now to advise UIC offices to expedite the processing of applications. Surely this is an issue which the minister can face promptly and with some sense of responsibility.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I hardly need say once again that I do not altogether agree with the preamble to the hon. member's question. The studies we carried out in two previous years showed that two thirds of the people who had exhausted their benefit found jobs within a very short time and only about 4 per cent of them ended up on welfare rolls. The hon. member is drawing conclusions, but the people who were studying this subject indicated we needed more time to see just what the impact is.

In so far as efficiency is concerned, we have indicated there is a two-week waiting period. We have indicated to the provinces that if there is some concern about the claim on welfare because people are waiting an undue length of time for cheques, we are prepared to enter into an agreement with them. We will, in fact, make money available to them. Then, at least, when the UIC cheques are ready they can be assigned to the welfare offices to help out in that regard. I believe the efficiency rating of the officials who deal with this problem is very good throughout the country—though, of course, it can be improved.

Mr. Alexander: I do not accept the answer the minister has just given, and I would ask him to contact Paul Vezina, the social assistance director for the Peel region, who has stated that a major factor pushing up the welfare rolls is the number of people seeking welfare to tide them over the long wait for their first unemployment insurance benefits. That is for the edification of the minister.

* * *

REGIONAL ECONOMIC EXPANSION

PROGRAMS TO ALLEVIATE UNEMPLOYMENT

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, my question is to the Minister of Regional Economic Expansion. Two or three weeks ago the hon. gentleman expressed concern about the problems Ontario is facing at the present time, once again as a result of this government having destroyed the viability of the country. He told us he would be travelling through Ontario in order to determine how best his department could help. I would remind him once again of the situation: St. Catharines has an unemployment rate of 13 per cent; Sudbury, 13 per cent; Windsor, Kitchener—I could go on and on.

Since the minister's department is now involved with Montreal in the area of economic expansion, I ask what specific steps are being taken to bring relief to these cities of Ontario

which are really the industrial base of one of the best provinces in this country. Surely he must have an answer by this time.

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, some time last week—in fact exactly 10 days ago—I made a trip in Ontario, as I had told the hon. member I would, more specifically to the Sudbury area where my department has officially opened an office. On that occasion I met the local authorities. I took advantage of this opportunity to announce that my department would contribute financially to the extension of a foundry in the Sudbury area, which should help increase the number of jobs available and reduce the unemployment rate in that area. I hope I shall have within the next few weeks the opportunity to visit other Ontario areas, including that of St. Catharines which the hon. member would apparently like me to visit, and I shall see what my department can possibly do to improve the economic situation of the province of Ontario.

* * *

[*English*]

YOUNG CANADA WORKS

REQUEST FOR FUNDS FOR PROGRAM IN NOVA SCOTIA

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I want to address my question to the Minister of Employment and Immigration. Has the minister been able to use his influence with Treasury Board with regard to obtaining supplementary funds for the Young Canada Works program, because while it may have been termed a band-aid approach by others—as the minister said to me in the House on one occasion—I have at no time referred to it in such terms. I can assure the minister that in Nova Scotia there is a desperate need for funds. I sent him the results of a survey I had made in my riding on March 4 and have had no reply from his office since.

Are any more funds likely to be forthcoming, so that the equality of opportunity about which the Prime Minister has spoken so often will become a reality for the low income regions of his country, because unless there is supplementation of these programs young people will not be able to go to universities and technical schools?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, once again I thank the hon. member for his support of the Canada Works and the Young Canada Works programs, because they are indeed meeting a need in many regions of Canada. The hon. member for Gander-Twillingate has time and again been hammering at me to increase the amount of funding which is available. I have put that particular representation into the area from which we receive funding, but I must tell the hon. member that when we constantly get comments to the effect that these programs are band-aid solutions and that people do not want temporary jobs, it is very difficult to justify them to the rest of the Canadian taxpayers.

Mr. Hogan: The minister knows that is a totally inadequate answer. I am very disappointed. There are young people in these areas. I urge him to go to Newfoundland, to Cape Breton, and so on. We are happy about the $265 million which is to be put into the coal industry, to which the cabinet has agreed in principle. That will be made a reality. But right now we have young people who need to go to universities to receive higher education, and unless there is additional funding they will not be able to go. I plead with the minister to ask Treasury Board to please make additional funds available in high unemployment areas so that these people will be able, and I again quote the Prime Minister—

Mr. Speaker: Order, please. The hon. member for Simcoe North.

* * *

CANADIAN BROADCASTING CORPORATION

PLEA FOR VISUAL AIDS ON TV TO ASSIST PERSONS AFFLICTED WITH DEAFNESS

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I direct my question to the Minister of Communications on a humanitarian matter. Approximately two million Canadians are handicapped by varying degrees of deafness and to date they have been given very little representation, political or otherwise, as a result of which they are becoming less and less visible.

Because of the pressure of other issues, nothing has been done to rectify their inability to communicate, and I would like to ask the minister why captions or even sign language could not be added to certain programs produced by the CBC. I refer to such things as news broadcasts, documentaries, political programs and even the proceedings of the House of Commons.

• (1452)

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, several months ago the department issued a proposal for public comment in the *Canada Gazette* concerning the standardization of television signals which are carried through the television station. Some of these services are broadcast-related and they would include a hidden captioning which could be seen only by those viewers who have special decoders. So when we get comments on this proposal, we will be in a position to determine the position of the department in this respect.

OFFICIAL LANGUAGES

FRENCH LANGUAGE EDUCATION IN ONTARIO

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, my question is addressed to the Secretary of State. In view of the keen wish continuously being expressed by English-speaking parents in Ontario to have their children learn French, and in view of reports from Ontario that the teaching of French in Ontario's public schools is far from meeting parents' expectations, despite the fact that between 1971 and 1977 the federal government paid to the government of Ontario $32.5 million for French language training for grades 1 to 13, could the Secretary of State inform this House what action he will take to ensure that the government of Ontario will at last do what it has long been expected to do and give Ontarians the quality of French language education they desire for their children?

Some hon. Members: Hear, hear!

Hon. John Roberts (Secretary of State): Mr. Speaker, as the hon. member indicated, we have been providing financial assistance not only to Ontario but to all of the provinces to support the extension of second language and minority language education in their school systems. I have been reviewing and negotiating these arrangements with the provinces for the past year in an attempt to make sure that these financial resources are used more effectively to achieve the objectives which we have in promoting second language and minority language education. I expect to continue these discussions with the provinces shortly, and a new agreement should be concluded some time before the spring of 1979.

* * *

EXTERNAL AFFAIRS

REQUEST FOR STATEMENT ON RHODESIAN SETTLEMENT

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is addressed to the Secretary of State for External Affairs. In light of the declaration by terrorist factions with respect to the Rhodesian settlement to the effect that they are not interested in a multiracial regime in Rhodesia, is the minister now prepared to modify the stand he has held until now and make a statement in favour of those forces which have negotiated the settlement?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I would not be prepared at this time to make any further comment beyond what I have said, certainly not until I have received a report, which I expect within the next day or so, from the meetings that have been held this week which involved, among others, Foreign Minister Owen of the United Kingdom and Secretary of State Vance. What we have been receiving so far are news reports. I would like to have an official report.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I take it from the minister's comments that Canada has no role whatsoever to play except to follow in this particular instance. I wonder if the minister is prepared to withdraw the financial support which is now being accorded from Canadian public funds to those forces which are supporting terrorist activities whether in Africa or via Cuba?

Mr. Jamieson: Mr. Speaker, concerning the assumption that preceded the question, obviously we are not taking what might be described as a placid or a reactive role. I think it is only reasonable to expect that we would ask for and get from Mr. Owen and Mr. Vance a detailed report on what has been happening.

On the second part of the question, if I understood it correctly, I believe the hon. member used the word "forces" in reference to Canadian contributions. I think I said in the House last week that there are no such contributions and that they are very much of a humanitarian nature aimed primarily at looking after refugees. If the hon. member really is saying that we should take away, for example, food and educational and related assistance from the thousands of young people who are refugees—

Some hon. Members: Oh, oh!

Mr. Jamieson: I say, if he is asking that, but because he dismissed—

Mr. Munro (Esquimalt-Saanich): You are twisting my question.

Mr. Jamieson: Then perhaps I had better let the hon. member, with Your Honour's permission, ask a supplementary so I can get it clearer. I have no wish to twist the hon. member's question.

Mr. Clark: It was very clear to everyone else.

Mr. Munro (Esquimalt-Saanich): I would like to ask a final supplementary. It is quite obvious that the minister is twisting the question I have been putting.

Some hon. Members: Oh, oh!

Mr. Jamieson: Ask it.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, is the minister prepared to support the Cuban regime which, by virtue of the assistance it is getting from Canada, is assisting the forces of terror, murder and kidnapping in Africa?

Mr. Jamieson: Mr. Speaker, without becoming in the least argumentative, I suggest that when the record is available it will show a question quite different from the one the hon. member asked earlier. Certainly, the second time around he included references to Cuba which were not included the first time.

An hon. Member: Yes, they were.

Mr. Jamieson: Then, frankly, I am sorry; I did not understand that. In so far as that answer is concerned, I indicated to

the hon. member in the House or in committee the other day that we have no ongoing activities in terms of foreign aid or the like with regard to Cuba, other than certain programs which now are being wound up or phased down, and that we have no new initiatives in place.

On the premise, presumably, of the question, let me repeat what I said in the committee—we deplore unequivocally the presence of Cuban forces in Africa or anywhere else where there are troubles of that kind, and we have been making all manner of representations to them in the hope of getting them to withdraw.

Mr. Munro (Esquimalt-Saanich): Wash your hands.

* * *

ADMINISTRATION OF JUSTICE

GUN CONTROL LEGISLATION

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, my question is to the Minister of Justice: it concerns the lack of definition of the term "bona fide gun collector" which has never been defined by the legislation, Bill C-51, or by regulation. My question is twofold. Is the minister aware that there is a vacuum created by the law for bona fide firearms collectors who are required to obtain certain certificates by law in order to legalize their collections of firearms, and is he aware that the commissioner says he is powerless under the law to approve those certificates?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, the hon. member for Calgary North will recall the discussion on this matter in committee where, on the advice of draftsmen, it appeared that that was the best possible definition or wording which could be arrived at in the circumstances of that bill, and that it was virtually impossible to spell out a more definitive definition than "bona fide".

The hon. member will also recall that the representatives of the RCMP who administer that part of the Criminal Code spelled out in committee their view of what a bona fide gun collector was and what the ingredients of "bona fide" were or would be. Therefore, it seems to me that it is a section which can be interpreted. Whether or not the commissioner has expressed some difficulty with this, I am unaware because he would have reported that to the Solicitor General. I will take notice of that particular aspect of the question.

Mr. Woolliams: Mr. Speaker, I point out to the Minister of Justice that I hold in my hand a letter dated February 27, 1978, to the New Glasgow detachment of the RCMP. The letter is signed by J. H. Hodgins, superintendent, officer in charge of "B" branch, identification services. The letter says:

The commissioner has now received legal advice from the Department of Justice which holds that he lacks legal competence to process applications—

The Department of Justice is the minister's own department. The minister's officials have told the commissioner that he has no right to grant applications. In light of the fact that the minister is not running again, and that he will not be Minister of Justice, will he accept his responsibility today, stop waffling and set out the guidelines in reference to this matter in order to end frustration across this country?

[Mr. Jamieson.]

Mr. Basford: Mr. Speaker, I already indicated to the hon. member that I would take notice of the question and see that it is answered.

* * *

POST OFFICE

VALIDITY OF INCREASES IN POSTAL RATES

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Postmaster General. In light of the fourth report of the Joint Standing Committee on Regulations and Other Statutory Instruments which I have discussed with the hon. gentleman, a unanimous report from this House and the other place, which for the second time in a year takes exception to the method of raising postal rates by order in council and regulation on the ground that they are of doubtful legal validity and offend principles laid down by parliament, will the hon. gentleman review his position in this matter, reject the advice given by his principal civil servants and, rather, accept the opinions tendered by parliament and come to parliament to secure legal and proper authority to raise postal rates?

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I must say that the postal rates have been increased legally, as I have already indicated to the House, and we have no intention of changing our present way of doing things.

● (1502)

ROUTINE PROCEEDINGS

[*English*]

INTERNATIONAL LABOUR ORGANIZATION

DOCUMENTS RESPECTING CANADIAN POSITION

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, on behalf of the Minister of Labour (Mr. Munro) I ask for permission to table, in both official languages, documents pertaining to the Canadian position with respect to the conventions and recommendations adopted at the 59th and 60th sessions of the International Labour Conference in Geneva in June of 1974 and June of 1975.

POINTS OF ORDER

MR. MCGRATH—PROCEEDINGS IN STANDING COMMITTEE ON HEALTH, WELFARE AND SOCIAL AFFAIRS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I wish to raise a point of order arising out of the deliberations this morning of the Standing Committee on Health, Welfare and Social Affairs. The committee met this morning at 9.30 a.m. to pursue the examination of the estimates of the Ministry of State for Urban Affairs. As has been the unfortunate custom of committees of the House, especially in dealing with the estimates, there was not a quorum present and consequently the matter could not be raised in committee in the form of either a point of order or an appeal against the ruling of the chairman. In any event, notwithstanding that fact, I believe the matter is substantive and important enough to be brought to your attention and to be raised on the floor of the House.

One of the reasons that, under our new rules, the estimates are referred to committees is in order to give members of the House a better opportunity to examine more closely the spending estimates of agencies other than those for which a department is directly responsible. Consequently, we are able to examine the estimates of various Crown corporations, unfortunately not all Crown corporations but certainly the current estimates, for example, of the CBC, notwithstanding the fact that they come under the blanket of the estimates of the Department of the Secretary of State. Indeed, if we were to raise questions in the House on matters relating to the CBC, we would be told by the minister responsible, the Secretary of State in this case, that he was not answerable for the day to day operations of the CBC, and he would take the matter up with the Crown corporation. That is an acceptable practice. But when it comes to committees, quite obviously and for practical purposes the practice is quite different, especially in regard to the examination of estimates. You can examine the standing committees of the House and you will find, for example, that under the estimates of the Department of Transport we are able to examine the spending estimates of the Canadian National Railways and question officials of CNR. The same applies to the CBC when the estimates of the Secretary of State are before the committee.

This morning I attempted to direct questions to the president of the Central Mortgage and Housing Corporation arising out of Vote 10, which was properly before the committee, that is, the vote dealing with the operating expenditures of CMHC. The president of the corporation was present. In fact he was introduced by the chairman of the committee as one of the minister's officials present in connection with the main estimates of the Ministry of State for Urban Affairs.

At that point I was informed by the chairman of the committee, the hon. member for Ottawa-Vanier (Mr. Gauthier), that I could not direct questions to the president of CMHC, that only the minister was answerable for CMHC. I submit to you, sir, that that is a major departure from the practices of the House. Ministers are not answerable for the day to day operations of Crown corporations. When we are in committee we are entitled, indeed we have an obligation, to examine the spending estimates on a day to day basis of Crown corporations that come under the umbrella of the various ministers who answer for them in the House.

I submit to you, Mr. Speaker, that I was unable to appeal the chairman's ruling because there was not a quorum present, as I have indicated, and I was not able to raise a point of order, again for lack of a quorum.

Given the fact that we are operating under the very limited constraints of the standing orders and the block system by which committees are able to examine estimates, we have very limited time, even if this parliament is to continue beyond the end of the time frame given in the standing orders by which estimates are deemed to have been reported back to the House, and I think the guillotine date is the end of May. So I have no choice but to bring this matter to your attention.

This has been raised in the House before on a number of occasions and Your Honour has said that you are not responsible for the day to day operations of committees and that you are not accountable for the rulings of committee chairmen. Under the circumstances of the various questions that have been raised, this was a ruling that was readily acceptable to the House. But I submit to you that we have a different situation here. We have the situation whereby a Crown corporation which comes under the umbrella of the estimates of the Ministry of State for Urban Affairs comes before the committee. We are told at the outset by the chairman of the committee that one of the votes that we have before us is Vote 10 dealing with the operating expenses of CMHC, and yet we are told we cannot direct questions to the president of CMHC who is sitting at the table. How then are we to examine the estimates of CMHC?

Obviously the minister cannot be accountable for the day to day operations of a Crown corporation, and rightly so because Crown corporations are autonomous organizations established under their own statutes and answerable to the House for their spending estimates through the various committees of the House.

I understand why the hon. member for Ottawa-Vanier, the chairman of the Standing Committee on Health, Welfare and Social Affairs, did not wish to permit me to direct my line of questioning to the president of CMHC because it had to do with a rather scandalous practice that has arisen whereby this very important Crown corporation is being used by the government, and specifically by the Minister of State for Urban Affairs (Mr. Ouellet), for partisan political purposes.

The matter has been raised in the House whereby we questioned the right of Liberal members of parliament to present cheques on behalf of CMHC to various municipalities across the country. That practice has been raised in the House and has been called into question. Indeed we know, by virtue of a Canadian Press story in the form of a memorandum from the president of CMHC to the Minister of State for Urban Affairs, that the corporation itself has very strong reservations about this practice because of the danger of the corporation being used in a partisan way under the operations of the government.

Point of Order—Mr. McGrath

Notwithstanding the sensitivity of the chairman, the fact is that I, and other members of the committee, this morning were denied the right to examine the president of this corporation in connection with a vote which was properly before the committee. If I cannot bring this appeal in the form of a point of order to Your Honour as the protector and custodian of our rights and privileges, then where do I take it? Obviously the chairman of the committee will carry on in this way with the advice and consent of the Minister of State for Urban Affairs because it is in the best interests of the minister and, as I have established, in the best interests of the chairman of the committee not to have this question raised because the broader question that we were getting at in committee this morning—which I am sure was not lost on the minister—was the relationship between this Crown corporation and the Ministry of State for Urban Affairs.

● (1512)

Without amendment, and without coming to the House with a bill, the government has taken this Crown corporation and used it as part of a line department. Without the Central Mortgage and Housing Corporation, the Minister of State for Urban Affairs has the ongoing responsibility of co-ordinating activities in the fields of housing and urban affairs. By the Government Organization Act, it was never intended to be a line department.

I appeal to Your Honour to rule on whether I, as a member of the Standing Committee on Health, Welfare and Social Affairs, have a right to direct questions to the president of CMHC in connection with the votes of that Crown corporation which are now properly before the committee.

Some hon. Members: Hear, hear!

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, as chairman of that committee I should like to make some comment on the remarks which have been put forward by the hon. member for St. John's East (Mr. McGrath). I take very seriously the allegations of partisanship which have just been made. I resent that. I do not think they were well intended. I hope the hon. member was not reflecting in any way on my chairmanship of that committee. His allegations were completely false.

The chairman of the Standing Committee on Health, Welfare and Social Affairs operates according to a set schedule, set by the steering committee and arrived at by consensus of all members of the House represented on the steering committee. We agreed to a certain series of witnesses, commencing with the hon. Minister of National Health and Welfare (Miss Bégin), followed by the hon. Minister of Consumer and Corporate Affairs (Mr. Allmand), and the Minister of State for Urban Affairs (Mr. Ouellet) this morning. By agreement the witness called was the Minister of State for Urban Affairs. Whether the minister comes alone or with his officials is not a matter for the chairman to decide.

I agree with the hon. member that a quorum was not present, and therefore, it was very difficult for us to entertain a motion of debate on the question as to whether he could address the president of CMHC through me.

I have reviewed the documentation regarding the tradition of committees. As far as I know, the normal procedure is that questions are put through the chairman to the witness, who in this case was the Minister of State for Urban Affairs. At that time I could not entertain any other procedure or any change of procedure, first because there was no quorum, and second, because it was not raised.

I understand the sensitivity of the hon. member. His question reflects on members of all parties. He is attempting to get information from Crown corporations or from witnesses. In my ruling this morning I stood by the decision of the steering committee. The witness this morning was the Minister of State for Urban Affairs. If he wanted to ask his officials to answer questions, he could do so. That is what I said, but at no time did I prevent the hon. member for St. John's East from asking questions. He had his ten minutes. He used it for his purposes. As far as I am concerned, it was a fair and just decision.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, the hon. member for St. John's East (Mr. McGrath) has put the case very well in terms of the facts, as I investigated them. In the course of dealing with this matter, perhaps Your Honour will want to defer a decision with respect to it.

Your Honour should look at the *Votes and Proceedings* of yesterday, when we dealt in committee with vote No. 10, as was indicated by the hon. member for St. John's East. Vote No. 10 was in respect to the estimates for the Central Mortgage and Housing Corporation. For some reason or other, the only person who is listed as a witness is the hon. Minister of State for Urban Affairs (Mr. Ouellet), whereas in every other case, such as the Standing Committee on Regional Development and the Standing Committee on Fisheries and Forestry, the hon. Minister of Fisheries and the Environment (Mr. LeBlanc) appears in one case and the hon. Minister of Regional Economic Expansion (Mr. Lessard) appears in the other case, as well as officials of the Cape Breton Development Corporation. This tells me that someone indicated to the committees branch and the committees branch has assumed, notwithstanding the fact that the president of CMHC was accompanying the minister, as he has done before, that the minister would be examined, before the chairman of the committee even had an opportunity to rule on the matter whatsoever.

It follows from that, to the casual observer in any event, there is at least a possibility of a concerted attempt to keep the president of CMHC out of the line of questioning. That was done successfully. Nonetheless, the man was there and he was introduced by the chairman of the committee. Then the Chairman took the unusual step of deciding who would be examined.

Mr. Gauthier (Ottawa-Vanier): A question of privilege, Mr. Speaker—

Mr. Speaker: The hon. member for Grenville-Carleton (Mr. Baker) has the floor.

Mr. Baker (Grenville-Carleton): There are two matters at issue. First is the question of a committee chairman assigning to a minister the responsibility for answering detailed questions concerning a Crown corporation. That is exactly the reverse of the situation in the House of Commons, and it raises a question by itself, the right of the chairman to do that in those circumstances. The second question, which concerns me very much, is whether anything raised in committee should be settled in committee, and that members of parliament under no circumstances have recourse to the House. I hope to argue the precedents on the question of parliamentary practice. The proprieties in this case are just too shaky, to say the least.

The hon. member for St. John's East has dealt with the first question very well. Mr. Speaker has some responsibility and some authority here, moral authority and direct authority.

Committees are creatures of the House of Commons. The references which they receive are references from the House of Commons. The reference they received in this case was the estimates containing Vote 10, involving the Central Morgage and Housing Corporation. The facilities are provided by the House, the staff is provided by the House, and they are supposed to govern themselves in accordance with the rules of the House of Commons. The hon. member for St. John's East indicated that raised at least a prima facie case, and I suggest he has gone further than that.

If we hold to the view that the only recourse for aggrieved members of a committee is the report of the committee to the House of Commons, then really we have embraced the undemocratic notion that the majority can find redress in the House by reporting, but the minority cannot do so. I do not think that is the intent of the rules with respect to the matter. Really, then, there is no appeal to some impartial authority.

Much has been made on the principle that the matter should be settled in committee. Often it has been cited in the House of Commons, but the foundation for it has not been examined very carefully. I respectfully suggest that the foundation for that principle is shaky, and much more has been built on that foundation than it can or ought to support. Citation 295 in Beauchesne's states in part:

● (1522)

No Standing Order provides for an appeal from the Chairman of a Standing or select committee; but it has sometimes happened in standing and select committees that appeals were taken from the chairman's decisions to the committee and even to the House itself. On July 24, 1956, an appeal was taken to the House from the Standing Committee on Banking and Commerce, and the Speaker ruled that the chairman's ruling should be settled in the Committee and not reported to the House. The House cannot be guided in a matter of this kind by precedents from the United Kingdom House of Commons where appeals are unknown. An appeal from a decision given by the Speaker or a Chairman is not a postulate of British parliamentary law, but has been established in Canada by a Standing Order which does not apply to select or standing committees. It seems therefore that a reversal by the committee, of the chairman's ruling, would be ineffective.

There is an ambiguity in this citation, Mr. Speaker, for it appears to concede the point that appeals were once accepted and were then halted by a ruling which said, very much after the fact, that they were not in accordance with British practice.

I am sure my hon. friend, the President of the Privy Council (Mr. MacEachen), will join with me in finding this rejection of our own procedures in favour of British ones to be most objectionable indeed. It should be realized, first, that it is incorrect to state that appeals from committee rulings were unknown in the British House, and secondly, that the allusion to British practice ignored the differences in the committee system between the parliament at Westminster and the parliament here and ignored the procedures in existence there which have the same effect as appeals in bringing neutral and informed consideration to bear on committee disputes.

I would respectfully invite you, Mr. Speaker, to examine the ruling made on July 24, 1956, cited by Beauchesne. The Speaker was about to rule on the committee appeal when the Clerk convinced him that the practice was without precedent and not in keeping with British practice. I suggest that the Clerk's advise was at best incomplete in that instance, and I would draw your attention to page 638 in the current edition of May.

A situation occurred in 1863 in which the chairman of a select committee resigned suddenly so as to be able to vote, throwing the committee into confusion. It states:

The committee decided to refer the matter to the Speaker for an opinion. The Speaker gave it as his opinion that the chairman, having been elected into the chair, and having accepted the post with a full knowledge of its duties and liabilities, ought to go through with the duties. Reasons of a personal nature, failing health, or a feeling that he was unequal to the task, might afford sufficient reasons for wishing to be released. But after having exercised all the power and influence which belonged to the chair, then to vacate it in order to have the privilege of giving a vote, and altering the balance of opinions, seemed to him (The Speaker) contrary to the spirit of parliamentary proceedings. Mr. Horsfall went back to the committee room and took the chair.

Those are important words, "contrary to the spirit of parliamentary proceedings".

This case is important in a number of ways. First, the form the appeal took is unclear, but as I said, attention should be paid to the words "contrary to the spirit of parliamentary proceedings." In some way we must allow you, Mr. Speaker, to comment on that sort of situation. The second thing is that a comparison of our committee system to the British system is difficult, since we have one type of committee where they have two. I have already shown that appeals are not entirely unknown in British select committees. In their standing or legislative committees the appeal procedure, or a workable substitute, is built in.

The standing committees there are chaired by MPs from a panel of chairmen who are experienced members and who have the same standing committees as the Speaker does in the House. Of this panel, May states at page 616:

The Chairmen's Panel, of whom three are a quorum, consider points of procedure which are not covered by the rules of the House, and are empowered to report to the House from time to time any resolutions they may come to on matters of procedure relating to standing committees. Certain resolutions relating to standing committee procedure are reported each session.

In other words, Mr. Speaker, the Speaker and the chairmen of standing committees regularly meet to iron out procedural difficulties arising in the committees.

We have no neutral panel in this House, and more than that, we have no appeal in this House. Yet, the committee structure is adjunct to, feeds upon, and lives as a result of the reference and the facilities of the House of Commons. Quite frankly, it is contrary to our parliamentary traditions and to "the spirit of parliamentary proceedings" when committees have new duties loaded on them every day and there has been no corresponding elevation of the committees to a position of neutrality. I feel that we ought to consider very carefully the precedents that we have relied upon to establish the principle that "what happens in committee is the committee's business and there is no appeal to the House of Commons."

I think that the principles and precedents that we have relied on over the years ought to be examined carefully to see whether or not they can support the principle which we have always held that they do. I invite you to do so, Mr. Speaker, in this particular case because, as the member for St. John's East very simply stated, in the circumstances in which he finds himself, he is virtually without recourse. He is the captive of the majority. There is no way if a chairman acts contrary to the principles that have been established—in this particular case with respect to the relationship of a Crown corporation to a minister of the Crown—unlike the majority members of the committee—in which he has any recourse whatsoever, unless that recourse is to you, Mr. Speaker.

That is the question on the point of order raised by my colleague, and that is why I invite you, Mr. Speaker, to examine those precedents and determine whether or not they support the principle to which we have given lip service over the years.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I would like to say very briefly that the hon. member for St. John's East (Mr. McGrath) reported the facts to us, and the House leader of the official opposition attempted to talk about the procedure which applies in this case.

It seems to me that the evidence is obvious, Mr. Speaker: a committee controls its procedure, that is the recognized rule. And when the House leader of the opposition in the House quoted citation 295 from Beauchesne, I think he gave the answer to the false problem he is submitting to us. It is clear that there are only two standing orders concerning the decisions of the Speaker or of the chairmen of committees which may or may not be appealed, namely Standing Orders 12 and 55(4).

Standing Order 12, Mr. Speaker, is about a decision from the Speaker of the House of Commons, and Standing Order 59(4) concerns a decision from the chairman of the committee of the whole. Now, the reasoning in Beauchesne and behind the previous decisions made by the Speaker is to the effect that if in the rules of the House there is a provision for precise cases, consequently the cases which have been omitted are not subject to appeal before the House. Now, as the Standing Orders of the House say nothing about the rulings of the chairmen of special and standing committees, it was not intended that their decisions should be subject to appeal to the House, hence the generally recognized principle that the committees are exclusive masters of their own procedure.

Mr. Speaker, I can only refer you to Beauchesne, 4th Edition, where, on pages 240 and 241, citation 295 defines very specifically the rights or procedure in such a case as resulted from the facts reported by the hon. member for St. John's East. It is obvious that the ruling of the chairman of the committee in question can absolutely not be the subject of an appeal to you. The only thing the hon. members of the opposition are seeking by bringing up this point of order is obviously to appeal the ruling and that our Standing Orders do not allow. Our tradition would not have you rule on this type of dispute. If that is so, Mr. Speaker, in the case of the decision of the chairman of a standing committee when there is quorum, when discussions have been held by the committee, well, *a fortiori* it is even more so when there is not a quorum at the time of the decision concerned. This leads me to say in closing that the purpose of the interventions of the hon. member of the opposition in this regard smacks more of politics than of a wish to see that the Standing Orders of this House are observed.

• (1532)

[*English*]

Mr. Speaker: Order, please. There are three specific areas that have been touched in the point of order raised by the hon. member for St. John's East (Mr. McGrath). The first which relates to the ruling of the chairman of the committee and the obvious wisdom in the precedents which indicate that the Speaker ought not to be involved in these decisions, is verified in the circumstances. The hon. member for St. John's East put forward his argument in respect to his right to put questions, and the chairman has stood in his place in this House and put forward his reasons for refusing the request of the hon. member. Any action taken by me at this time would clearly place me in the position of not only being in appeal on that decision but being in appeal on that decision in a disadvantaged circumstance, which verifies the wisdom of those precedents.

I do not have the benefit of knowing the circumstances in the committee. I do not have the benefit of all the arguments, all of the evidence put forward, and the kind of question that was there and things of that sort. It is therefore with great wisdom that the Chair has always avoided sitting in appeal directly on this kind of conflict. To attempt to resolve this particular problem formally would be to invite the proliferation of arguments that occur in committees on procedural matters, to come into this House every day for my decision, in some sort of appeal forum, which is very imperfect at the best

of times. I therefore want to make it perfectly clear that I have nothing to do with that procedure and will not have anything to do with it for those obvious reasons.

Two other matters are raised, however. The second one was whether the hon. member, feeling aggrieved by a decision in committee, on procedural grounds has any other remedy. I cannot accept the argument that he has other remedy and that the report of the committee only serves the majority. Indeed, when a committee report is tabled in the House—if in fact it is tabled in the House—there is an opportunity at that time for the hon. member to raise questions either by way of concurrence or by debate upon concurrence in a particular report. I recognize some limitations in respect to estimates which are deemed to be reported by a certain date if in fact they are not reported. There is that right, however, at least in theory.

The third point touched upon by the hon. member is the general right of a member to put questions not to the minister but to the minister's officials. That raises a procedure which, in conformity with our practices up to this time, certainly has been that it is the minister who has responsibility to parliament and questions are put to him. That is an area which I am prepared to examine, however, to see whether there is any substance in the argument that a member of the House of Commons, putting questions in the process of the examination of estimates, ought not to be confined to putting questions to the minister but ought to be able to put questions to the officials in the presence of the minister. That is not a matter on which I can lay down directions, but it is certainly one which I can examine to see if I can be of help to the House. I certainly undertake to do that on the general proposition.

Mr. Baker (Grenville-Carleton): Mr. Speaker, with respect, you used the words "and his officials," which might involve the question of the minister with respect to a public servant in the ordinary course of events. I want to make sure it is understood that this is a Crown corporation, in which there may be a different relationship.

Mr. Speaker: I understand.

MR. DINSDALE—MINISTERS' PRESS CONFERENCE

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I should like to raise a point of order relating to a matter which occurred in this House yesterday. Bill C-45 was considered and passed expeditiously. In fact the discussion only occupies about two inches of space in the official *Hansard* report.

Immediately following consideration of that item of business, the Postmaster General (Mr. Lamontagne) and the Minister of Labour (Mr. Munro) proceeded to a press conference at which they announced the government would be conducting a special investigation into the advisability of setting up a committee to pursue a study of a Crown corporation organization for the Post Office.

I know that complaints are made from time to time about the responsibility of ministers to make such announcements in the House of Commons, particularly when they relate to controversial issues. The Postmaster General is new to the job and perhaps does not understand this long established tradition, but certainly the Minister of Labour has been here long enough to know that on a matter of such substance an opportunity should be provided for hon. members to hear the statement and make a suitable response.

This is particularly true when members of the opposition for a long time now and on many occasions, have made precisely the same suggestion, that the Post Office Department be converted into a Crown corporation in order to deal with the growing malaise in the postal service which is all too evident. Furthermore, this is a matter which has been considered by various studies, going back to 1969. The latest of these, the Hay report, which we discussed in this House only last week, specifically recommends that a study of this kind be pursued.

Under the circumstances we must conclude that both Bill C-45 and the announcement made outside the House are not designed to deal with the fundamental causes of trouble in the Post Office Department, causes such as deteriorating service, decreasing business, increasing rates, growing confrontation between management and labour, and so forth. Obviously these things are being done as an election posture and I do not think this is in the best interests of resolving the problems in the Post Office. In fact, the decision seems to have been made so hurriedly and without planning that I had difficulty obtaining the press release which was issued yesterday. A copy has only now come into my hands, after having sought it all morning. A note on the bottom of it reads, "This amends the previous release of today." So even after the initial press statement was made there was a change of mind by the government.

I raise the issue because the matter of reliable and efficient postal service has become of great concern to a growing number of people in Canada. I do not think it is good enough to avoid the responsibility of discussion in the House of Commons, and I do not think it is good enough to posture for election purposes. This sort of cynicism will only aggravate the problem rather than resolve it.

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, on the same point of order, it seems to me that rather than members being concerned about the manner in which this announcement was made, they should recognize it as a response to something that has been sought, not only by members of the opposition but by members on this side, including myself, on numerous occasions.

Bill C-45 was not intended to deal with that particular matter so it seems appropriate to me that the two ministers should come together quickly after the passage of the bill and announce the wishes of parliament were being adhered to and that a formal study of the matter of converting the Post Office into a Crown corporation would be undertaken immediately. I hope the results of that study will be made available to members of parliament when parliament reconvenes in the fall.

Order Paper Questions

Mr. Speaker: An interesting point has been raised on both sides, but this is not a point of order.

MR. CROUSE—REPLY BY SECRETARY OF STATE FOR EXTERNAL AFFAIRS DURING QUESTION PERIOD

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I rise on a point of order which is related to the response given to the House earlier this afternoon by the Secretary of State for External Affairs (Mr. Jamieson) to a question posed by the hon. member for Esquimalt-Saanich (Mr. Munro).

If my memory serves me correctly, at that time the minister implied that we have no ongoing aid to Cuba policy at the present time. This is a direct contradiction of information made available within the last few days in committee when we were informed that we have an ongoing policy of aid to Cuba effective from 1972 to the present time.

● (1542)

This is a very important point, because international newpapers report that at the present time there are some 23,000 Cuban troops in Angola, some 12,000 Cuban troops in Ethiopia, and 5,000 or more Cuban troops in some 14 other African nations. This, of course, raises the question of whether Canadians should be supporting with their tax dollars foreign aggression by the Cubans in Africa.

The question I raise, sir, is designed to seek clarification of Canada's foreign policy. I endeavoured to do this when the minister gave his response, but unfortunately I could not catch the Speaker's eye. In the light of statements that a third world war may not start in the Middle East, but that the catalyst could be the Cuban troops in Angola and elsewhere in Africa, this matter should be clarified for the benefit of the House of Commons and the Canadian people.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 1,170, 1,185, 1,186 and 1,188.

[*Text*]

FINANCIAL INTEREST IN COMPUTER SHARING OF CANADA LTD.

Question No. 1,170—**Mr. Andre:**

1. What is the Crown's precise financial interest in Computer Sharing of Canada Limited as administered by the Department of Finance through the Canadian Development Corporation and Polysar Limited and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

[Mr. Martin.]

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): 1. The Crown has no financial interest in Computer Sharing of Canada Limited nor does the Department of Finance administer any interests through the "Canadian Development Corporation". The Canada Development Corporation, which is not a Crown Corporation or an agent of Her Majesty, is a corporation in which Parliament authorized the government, by the CDC Act, to acquire shares. The government is now one of more than 17,000 shareholders.

2. The 1976 Annual Report of the Canada Development Corporation reports that Computer Sharing of Canada Limited is a subsidiary of Polysar Limited.

3. See 1.

4. (a) The Deputy Minister of Finance and the Deputy Minister of Industry, Trade and Commerce, are ex officio members of the board of directors of the Canada Development Corporation. (b) See 1.

5. No. See 1.

FINANCIAL INTEREST IN POP SHOPPES INTERNATIONAL INCORPORATED

Question No. 1,185—**Mr. Andre:**

1. What is the Crown's precise financial interest in Pop Shoppes International Incorporated as administered by the Department of Finance through the Canadian Development Corporation and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): 1. The Crown has no financial interest in Pop Shoppes International Inc., nor does the Department of Finance administer any interests through the Canadian Development Corporation". The Canada Development Corporation, which is not a Crown corporation or an agent of Her Majesty, is a corporation in which parliament authorized the government, by the CDC Act, to acquire shares. The government is now one of more than 17,000 shareholders.

2. The 1976 Annual Report of the Canada Development Corporation reports that CDC has a 32 per cent investment in the shares of Venturetek International Ltd., which in turn owns 56.0 per cent of Pop Shoppes International Inc.

3. See 1.

4. (a) The Deputy Minister of Finance and the Deputy Minister of Industry, Trade and Commerce, are ex officio

members of the board of directors of the Canada Development Corporation. (b) See 1.

5. No. See 1.

FINANCIAL INTEREST IN POP SHOPPES

Question No. 1,186—**Mr. Andre:**

1. What is the Crown's precise financial interest in Pop Shoppes of America as administered by the Department of Finance through the Canadian Development Corporation and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): 1. The Crown has no financial interest in Pop Shoppes of America, nor does the Department of Finance administer any interests through the "Canadian Development Corporation". The Canada Development Corporation which is not a Crown corporation or an agent of Her Majesty, is a corporation in which Parliament authorized the government, by the CDC Act, to acquire shares. The government is now one of more than 17,000 shareholders.

2. The 1976 Annual Report of the Canada Development Corporation reports that CDC has a 32 per cent investment in the shares of Venturetek International Ltd., which in turn owns 56.0 per cent of Pop Shoppes International Inc., and that the latter company sold, in 1976, a 20 per cent interest in Pop Shoppes of America.

3. See 1.

4. (a) The Deputy Minister of Finance and the Deputy Minister of Industry, Trade and Commerce, are ex officio members of the Board of Directors of the Canada Development Corporation. (b) See 1.

5. No. See 1.

CROWN'S FINANCIAL INTEREST IN POP SHOPPES OF CANADA

Question No. 1,188—**Mr. Andre:**

1. What is the Crown's precise financial interest in Pop Shoppes of Canada as administered by the Department of Finance through the Canadian Development Corporation and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): 1. The Crown has no financial interest in Pop Shoppes of Canada, nor does the Department of Finance administer any interests through the "Canadian Development Corporation". The Canada Development Corporation, which is not a Crown corporation or an agent of Her Majesty, is a corporation in which Parliament authorized the government, by the CDC Act, to acquire shares. The Government is now one of more than 17,000 shareholders.

2. See 1.

3. See 1.

4. (a) The Deputy Minister of Finance and the Deputy Minister of Industry, Trade and Commerce, are ex officio members of the board of directors of the Canada Development Corporation. (b) See 1.

5. No. See 1.

[*English*]

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

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Friday, April 14, consideration of the motion by Mr. Chrétien that this House approves in general the budgetary policy of the government, and the amendment of Mr. Stevens (p. 4439).

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, in this debate I had been dealing previously with the problems of foreign ownership. I want to return to that subject briefly in terms of its relationship to the budget we are now examining.

I had pointed out that in considering the decline of the dollar one should look at the same time at the amount of interest and dividends which has been hemorrhaging out of this country for a long time to the absentee landlords. We have a surplus in our manufacturing sector. We continue to outsell our competitors abroad, but our problem lies in what we pay for the capital which we keep introducing into Canada. We keep looking at a very significant figure. The deficit in our service account for interest and dividends is almost double that of our trade surplus. That is where the hemorrhage has been.

The idea that Canadians are not efficient or cannot compete, or that they do not have the education or the skills to

compete in the western world, is simply not true. It will not bear serious examination when one looks at the balance of payments account.

We have been merrily encouraging capital of every kind and description, without discrimination, to come to Canada, since I arrived in this place in 1972. We started with a foreign investment review agency—a wonderful thing and a far better term than a welcome wagon. Look at its operation in 1976-77. Out of 235 applications, 19 were disallowed. The turn-down rate is something like 10 per cent. Of those persons applying to acquire Canadian businesses already in operation, the rejection rate is only 10 per cent. We have not merely been encouraging the setting up of new operations, but we have been encouraging a foreign takeover at a rapid rate. In terms of operating new businesses, out of 207 applications 14 were disallowed, which is a 7 per cent turn down rate in that area.

This portfolio was previously under the jurisdiction of the Minister of Finance (Mr. Chrétien). The Minister of Industry, Trade and Commerce (Mr. Horner), that famous progressive liberal from Alberta is now operating and managing the Foreign Investment Review Agency. Talk about putting a fox among the chickens! There it is. If hon. members thought the previous minister tried to stream foreign investment into productive areas, hon. members can bet this one will not touch it with a 10-foot pole. He does not care where the money comes from and he does not care for what purpose it is used. In any kind of long-term industrial strategy, problems of unemployment and of the declining Canadian dollar will not be solved as long as this massive hemorrhage of Canadian funds abroad continues. Canada has a branch plant economy. Until Canada leans to grow up and mature as an economy, as long as this country continues to be a branch plant economy, Canadians will be the first fired and the last hired.

Now we come to the question of research and development. Here we have a budget which is moving to a 150 per cent write-off for research and development for corporations. This is an admission that we are not doing enough research and development in Canada. All these changes in the budget will have no effect whatsoever unless it is understood that research and development are done at the head offices of multinational corporations. They could not care less how much research and development is done in a branch plant. The reason is obvious. They do not want the branch plant competing with the head office in sales anywhere in the world.

The major multinational oil companies are the spoiled brats of the corporate sector. They always have their hands out. This time they are getting a special oil depletion allowance of an extra 50 per cent, I think—I would have to check the figures. In any event there will be no money going into research and development. The research and development for the oil companies are done in Los Angeles, San Francisco. They are not interested. In an industry which is 99 per cent owned abroad, they are not interested in employing Canadians in research and development unless it is in the United States.

These multinationals pick our brightest graduates from our engineering schools; our best scientists are constantly encouraged and recruited to leave this country. Our best people leave Canada because Canadian politicians have never had the foresight or the guts to understand that until we own and control our own economy, Canada will not grow up providing employment to our better skilled and more intelligent people. They will continue to be attracted abroad, and they will continue to make contributions in technology in countries like the United States. That same technology then comes north to compete with our struggling industry here.

So there is 150 per cent write-off on research and development. In school I did not understand what 150 per cent was. I thought one went to 100 per cent and wondered how you get the other 50 per cent. The reality is this: if you happen to be in the manufacturing industry you could write off the whole cost of research and development now. What the government has said is, "Take another 50 per cent." It could have been done another way. It could have said, "Here is a handout, folks." The corporations not only get 100 per cent but all those taxpayers out there, like you and me, have to reach into their pockets and pay money back. That is a good old deficit position. Remember the corporate welfare bums? Just add it to the list, brother. There they are. There's another 50 per cent, and there's the hand in my pocket again. They have some record. The manufacturing sector in this country is spending .7 per cent of its sales returns in research and development. That is a miniscule amount. Mr. Speaker, if we want research and development the heights of this economy must be controlled by Canadians and owned by Canadians. Those decisions have to be taken by Canadians, not abroad.

• (1552)

We are in the glue all right. We have an $11 billion deficit and I agree there is not a lot of manouvering room. The gnomes of Zurich have looked at it and said, "These guys cannot run a peanut stand, we don't have any confidence in their operation." And as is the case when any operation is in the glue that deep, they have started to speculate against the Canadian dollar. Even if ministers had wished, they probably could not have done much in terms of providing public employment unless they had been willing to reorder their priorities and hurt their friends for the first time. And they were not prepared to do that before an election—it is a little dangerous to play around with the upper middle class in Canada because they all vote. They are very careful, when going to the polls, to make sure they have a government which will continue to give them the kind of subsidized upper class housing, subsidized retirement savings programs, and all these wonderful things of which the upper middle class has taken such tremendous advantage. The government is not about to produce a budget which would reorient that situation.

Let me tell you briefly what should have been done in the budget, Mr. Speaker. One and a half billion dollars—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but his time has expired. He may

continue, however, if he has the unanimous consent of the House.

An hon. Member: No.

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, in opening my speech I would like to join all those who preceded me in congratulating the Minister of Finance (Mr. Chrétien) who presented what I would call a responsible budget.

No doubt that when the Minister of Finance decided to present a budget to the Canadian people, he did so essentially and exclusively in view of economic considerations. I listened to the hon. member who spoke before me and who tried to play politics with the general aims of the budget. I want to say to him immediately that the views and goals which the Minister of Finance set for himself in presenting the budget were essentially to encourage economic recovery and the rate of industrial development, and any hint of an election ploy the hon. member wants to see in that budget is unfounded. Undoubtedly, Mr. Speaker, had the Minister of Finance of Canada wanted to come up with an election budget, he would have filled it with many more concessions to Canadians, Canadian companies, and all groups of society. The budget would have provided for much more reductions of all kinds to the various groups of Canadian society. But the Minister of Finance of Canada consciously and courageously decided to present a well balanced and reasonable budget knowing full well that in the following days some hon. members of the opposition would try to use that budget as a political weapon.

He even took a risk which, in my opinion, is a precedent in the history of the preparation of budgets in Canada—close consultation with his provincial counterparts, the ministers of finance of the various provinces, in order to make them a part of the decision making process, to the extent that economic issues were concerned, before preparing his budget. However, shortly before the Easter recess when the Minister of Finance decided to introduce that budget, he had several alternatives among which to choose. One of them, of course, was to cut down the income tax rate. He did not do so and decided to reduce selected taxes because he understood and recognized that a cut in the income tax rate would not be equally favourable to all categories of Canadians.

When one considers that a sizeable number of Canadians do not pay any income tax or live on a fixed pension, or fixed income, one readily understands that an income tax cut is highly illusory for them. So he chose to follow the route suggested by several very well-advised authorities in the economic field, whether it be the Economic Council of Canada, the Canadian Chamber of Commerce or distinguished Canadian economists who had advocated and favoured a tax cut. Now, what did the Minister of Finance do? He consulted all provincial ministers of finance and, for three weeks, intensive consultations were held with all the provinces of Canada.

I think that Canadians can appreciate and understand how important the Minister of Finance felt it was to consult the provincial authorities before taking that decision. As everyone knows, it is the provinces' responsibility to set and apply the retail sales tax. The Government of Canada has never wanted or tried to intrude directly and unilaterally in that particular field of provincial jurisdiction. The federal government has offered to share the cost of a provincial sales tax cut without any discrimination with regard to the products. Several provinces—

Mr. Crosbie: Nonsense!

Mr. Ouellet: The hon. member for Newfoundland feels it is nonsense to have reduced by 3 per cent the sales tax in the provinces of Newfoundland. Well, to my mind he is the one who will not make sense when he says such things to people in his province, for they have accepted that reduction as a very wise and proper decision which, besides, has been recognized and accepted by the provincial government of his province.

An hon. Member: That he didn't know!

• (1602)

Mr. Ouellet: What is a little special about the government's decision to prepare a budget in close co-operation with the provinces is the fact that the Quebec government has decided recently to put forth a proposal which differs from that of the Minister of Finance of Canada (Mr. Chrétien).

Now, it is quite all right for the Quebec government to hold different views on sales tax but what is unacceptable is the fact that the Quebec finance minister, Mr. Parizeau, has remained silent throughout the three weeks of negotiations and made no comment to the Minister of Finance of Canada. That is unacceptable and shows at the very least a lack of good faith on the part of the provincial minister of finance. What strikes me most is that the Quebec premier should recently state on television that Ottawa has fooled around with the most intimate parts of the Quebec government. Well, Mr. Speaker, if the Quebec finance minister stood silently by and let his federal counterpart to mess around with his government's most intimate parts, I say it was gross ignorance on his part or perverse enjoyment.

Playing the offended virgin and hollering rape when pawing has been going on for three weeks is, I think, overreacting to the real situation. I suggest the serious point in this whole issue is that two provinces—British Columbia and Saskatchewan—have indeed proposed a number of changes during these discussions with the Minister of Finance of Canada. These proposals were presented to all provinces during the discussions and consultations the Minister of Finance had with them and they were accepted.

It is obvious that, had Quebec finance minister Parizeau made some proposals before the introduction of the federal budget, they would have been taken much more seriously and considered by the federal minister and his provincial counterparts before the finalization and the public introduction of the federal budget.

The reaction of the Quebec minister of finance came only two days after the federal budget and now it would be inequitable and unfair for the Canadian government to accept Mr. Parizeau's proposal without offering the same to other provinces. And there are some particularly dangerous aspects to this proposal. I am thinking of the following aspects I would like to mention this afternoon because it seems to me that they could lead us down a dangerous slope.

In fact a sudden and selective cut in the sales tax is discriminatory for Quebec producers and retailers because it will help some and penalize others. Besides, the selectivity in favour of Quebec products means in fact the establishment of a tariff on imports from other provinces and this in itself is a very dangerous and inappropriate method.

In a way, that measure is fully anti-Canadian, and it is a protectionist move within a Canadian province. It is a dangerous balkanization of the trade sector in Canada, particularly in our present economic situation and at this time of our history. Third, I think that, technically, Quebec's decision is particularly most counter-productive because it will encourage tax avoidance in some sectors and it will certainly be very expensive to collect.

Looking at the way most developed countries operate, one can see that there are no differences in sales tax rates, that all items are either taxed at the same rate or not taxed at all. Some products are taxed, others are not, but you very hardly and seldom find differences in tax rates among products, with variations ranging from 2, 4, 5 or 8 to 10 per cent, depending on the items. No developed country in the world has ever established that kind of differences in sale tax rates and, in any case, it seems to me most illusory and most dangerous to implement that kind of system in the province of Quebec or in other Canadian provinces. So it appears to me in light of what happened these past few days that the government of Quebec acted in bad faith because had Quebec finance minister Parizeau really wanted to protect in some way selected Quebec products he should have said so before the federal budget was made public. He should have indicated well in advance of the federal budget his preferences and hopes as to an agreement between Ottawa and Quebec on the sales tax, something which had indeed been done by British Columbia and Saskatchewan and which could very certainly have been done had Mr. Parizeau said so before.

It is obvious in this case that the Quebec government is in a position where it wants to favour certain Quebec manufactured products. This as such is in no way opposed by the government of Canada. On the contrary, if the government of Quebec wants to take the sales tax off certain products manufactured in Quebec, we have no objection. On the contrary, we congratulate the government of Quebec for finally taking its responsibilities and being prepared to take specific action to support the economy of the province of Quebec instead of passing exclusively linguistic measures which are causing irreparable damage instead of really helping the Quebec economy.

I should remind hon. members that the offer of the federal government is valid for six months and is still on the table. Indeed, the Canadian government indicated that it is ready to consider that the provincial contribution of 1 per cent not be required on every product to benefit from the federal contribution of 2 per cent and that the provincial government could reallocate its contribution on certain products only. In other words, the Minister of Finance of Canada (Mr. Chrétien) already indicated to Mr. Parizeau that there is a way out, that within the budget of the government of Quebec there is a way of rearranging those decisions he has to make as Quebec minister of finance to fully take advantage of the Canadian government's offer.

● (1612)

I wish to reassert that the Canadian government will always be ready in the next six months to consider, in consultation with the other provinces concerned—not only on the sly with the Quebec government, but in consultation with all the other Canadian provinces any other proposals that the Quebec government may have for the sales tax which will not be equivalent to using federal funds to break up the Canadian market.

However, it must be clearly understood that this arrangement will be available to the other provinces and that the federal government will not accept that its contribution be used to break the Canadian common market and to cause additional distortions in interprovincial trade. What I want to say this afternoon during the budget debate, Mr. Speaker, is that the generous offer of the Canadian government to reduce the sales tax for all products sold in the province of Quebec still holds.

And if the Quebec government so wishes, at any time during the next six months, and we hope it will be as soon as possible, it will still be able to reduce by at least 2 per cent immediately or as soon as it desires the sales tax on all products sold in the province of Quebec. This loss of 2 per cent in the revenue of Quebec will then be compensated by the federal government. As for the other 1 per cent, if the Quebec government decides to apply its effort for reducing taxes exclusively in other areas, it is free to do so, it has sole responsibility in this regard and we shall not be the judges of decisions made by the Quebec government in this matter.

However, it seems clear that in the interest of all Quebec consumers the provincial government must now face the Canadian reality as soon as possible because, finally, this

controversy, this move of independence or this little crisis of the Quebec finance minister is motivated only by separatist sentiments and not at all by good intentions towards the population that the provincial government should serve.

If the Quebec government wants to abolish entirely the sales tax on clothes, fair enough, we have no objection. On the contrary, we will congratulate it for this action. As a matter of fact, one of my colleagues reminds me that in the first budget after its victory the Parti Québécois itself increased the sales tax on footwear and children clothing. If they realize now it was not such a good measure, let them remove it and we will congratulate them for it. But they should not do it with the Canadian government's money, they should not do it by trying to jeopardize the free common market that we enjoy in this country, they should not do it either to enhance their separatist option, because they have been elected not to bring Quebec to independence, but to give the people of Quebec a good administration. I think that this mini-crisis has been provoked exclusively by the Quebec government and by Mr. Parizeau. The Canadian government is not to blame if we are in this situation; the blame rests squarely on Mr. Parizeau. In my opinion, this small crisis will disappear in a few weeks.

I am basing myself on an experience we had some months ago. Mr. Speaker, you will remember that a few months ago, following a conference of energy ministers, namely the Canadian Minister of Energy, Mines and Resources (Mr. Gillespie) and the ten provincial ministers, it was agreed that the two levels of governments, federal and provincial, would strive to conserve energy in Canada and to introduce at both levels a series of measures designed to make the people aware if the need to conserve energy, to consider energy as a valuable asset that should not be wasted. Now, you will remember that following this federal-provincial conference where the federal Minister of Energy, Mines and Resources and the ten provincial energy ministers had agreed on a series of measures at the federal and provincial levels, the home insulation program also caused a minor identity crisis in the province of Quebec. You will remember that the Quebec government had reneged on the commitment made at the federal-provincial conference by his energy minister and was no longer ready to co-operate with the Canadian government in setting up a Canadian home insulation program throughout the country.

Of course, because of the step forward and the two steps backwards taken by the Quebec government, this program was not implemented within the province of Quebec at the same time as in the other provinces, and on that occasion, Quebec found a rather special allied in the province of Alberta which had special problems it wanted to solve before joining the national energy conservation program. So, for some months, we had a home insulation program offered by the Canadian government to all citizens of all provinces, a program which was quickly and heartily endorsed by almost all the provinces, but was turned down by the PQ government in Quebec because it felt once again that the Canadian government was forcing its hand in a field which it nevertheless acknowledged as being very important. Now, it took federal officials a few weeks, a great deal of patience and goodwill in order to reach positive conclusions and finally an agreement with the Quebec government, so that the people in Quebec could benefit from this program just as all other Canadian citizens.

I believe, Mr. Speaker, that the same thing will happen in the case of the sales tax which now is a ticklish problem in Quebec. In a few weeks from now, a solution will be found by the officials sent by the Quebec Minister of Finance in co-operation with the Canadian government officials, which will enable the minister, Mr. Parizeau, to save face, just like it was possible, a few weeks ago to enable the Quebec Minister of Energy, Mr. Joron, to save face because he had turned down a program that was capital for all Canadians, whatever their province of residence. I believe it is essential, in the course of my contribution to this debate on the budget, that I refer briefly to the programs and measures the Canadian government has undertaken in the last few months, I would even say the last few years, in order to provide all Canadians with adequate housing at reasonable prices.

● (1622)

I think that objectively we can recognize that opportunities for Canadians to find comfortable housing at a reasonable price are better today than ever before. Through a series of government programs in 1976 we offered on the market a great many new housing units. In fact we have built in Canada some 265,000 housing units. It represents a significant number of homes that are offered to the Canadian people and that meet the needs of the majority of Canadians. And this housing production is not made at random but within a program launched two years ago by the Government of Canada to build one million new housing units for the Canadian people over the next four years. If we consider our performance we realize now that we have even exceeded our objectives and we will certainly reach that target of one million new housing units in Canada.

Obviously I do not think that a high number of housing starts is in itself the magic answer to our housing problems. However we must produce annually more housing in Canada if we want to meet the needs of the Canadian people and particularly a group of citizens, the senior citizens and low wage corners. It is absolutely necessary for the Canadian government and provincial governments to do better and more in that field. In fact, in 1976 we have financed only 12,000 units under federal-provincial shared cost public housing programs. I think that 12,000 units is not enough. The target I submitted to my provincial colleagues is 30,000 housing units a year over the next five years and the reason I submitted—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. minister but I wish to inform him that his

allotted time has expired. However he may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): There is not unanimous consent.

[*English*]

Mr. John C. Crosbie (St. John's West): Mr. Speaker, before I come to the main point of my address which is going to deal with the remarks of the Minister of State for Urban Affairs (Mr. Ouellet), whose remarks illustrate the insufferable arrogance of this government, the fantastic damage it is doing to federal-provincial relations and to the cause of national unity, let me just say this first: the theme of this budget was stated by the Minister of Finance (Mr. Chrétien) to be one of responsibility. That is what he said. His theme has been complete irresponsibility and complete oppression and destruction of a healthy sense of federal-provincial relationships. That is what has happened, Mr. Speaker.

Just before getting into my main remarks, I wanted to say this: before confederation we had an anti-confederation song so-called, which went something like this:

"Hurray for our own native isle, Newfoundland,
Not a stranger shall touch one inch of her strand;
With her face turned to Britain, her back to the Gulf;
Come hear at your peril, Canadian wolf."

That was our anti-confederation song, Mr. Speaker, which has been defused by the last 28 years of confederation.

I just mention that because I want to recommend to hon. members, who have been very supportive of Newfoundland in the seal fishery controversy, a book which has just come out, called "Haulin' Rope & Gaff", of songs and poetry in the history of the Newfoundland seal fishery, by one Shannon Ryan and by one Larry Small of the Breakwater Press in St. John's, Newfoundland, an enterprising press. This volume will show you, Mr. Speaker, why we are so defensive; why we defend the seal hunt and the importance it has in Newfoundland history and culture. It is 168 pages of poems and songs about the seal fishery and the part it occupies in Newfoundland life. So, before getting into my main remarks, I want to thank hon. members who supported us in the seal fishery and recommend this to them.

Mr. Darling: What is the cost?

Mr. Crosbie: Then they will see why it is so important to Newfoundland.

Mr. Darling: What is the cost?

Mr. Crosbie: I do not know what it costs. I was sent a free copy, but it would not be very much. It depends on how far the dollar falls.

[The Acting Speaker (Mr. Ethier).]

I want also to pay tribute—it may be my last time speaking in the House, if the Prime Minister (Mr. Trudeau) can screw up his courage, until the next parliament is called, and hopefully if the Prime Minister can screw up his courage, we may have an election called this week—

An hon. Member: He has screwed up everything else; he may as well screw up his courage.

Mr. Crosbie: He has screwed up everything else; he may as well screw up his courage. Is that what the hon. gentleman said?

Mr. Dinsdale: That is right.

Mr. Crosbie: So, it may be my last chance in this parliament, and I wanted to say this—

Mr. Collenette: It is your last chance, period.

Mr. Crosbie: —that it was an honour to have served with the hon. member for Halifax (Mr. Stanfield), the former leader of the opposition. I am very sorry to see he is not running again. He made a great contribution to Canadian political life.

Some hon. Members: Hear, hear!

Mr. Crosbie: I am glad I had 18 months to see him in action and listen to his advice in our caucus. I also want to say a parting word to the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), who had a great career, Mr. Speaker, in Canadian political life, in Saskatchewan and nationally.

Some hon. Members: Hear, hear!

Mr. Crosbie: I have a great admiration for that gentleman. I am sorry he has had some medical problems lately and he is not here, but I certainly wish him well in his retirement. He is one of the outstanding political figures in Canadian history, and I do not think anyone could gainsay that. There are other members—I cannot mention them all—we are going to miss on this side. The hon. member for Don Valley (Mr. Gillies) is not running again, for reasons I can well understand. He wants to get back to his former life in academia and business. Politics is a tough life, Mr. Speaker. You have got to have a thick hide. After ten years in Newfoundland politics, my hide is thick enough to last at least 50 years here, if the electorate keeps returning me.

Some hon. Members: Hear, hear!

Mr. Crosbie: Mr. Speaker, the Minister of Finance is also a very fine fellow. I like the Minister of Finance. He is engaging and he is refreshing. He is a great Canadian, but by golly, I have to say this also: he is a disastrous Minister of Finance. He should be somewhere else. It does not excuse him that he is costing this country tens of millions, if not hundreds of millions of dollars, because he does not understand that as Minister of Finance every word he utters is watched by people in the financial and industrial circles around the world; that a loose

word from him can cost tens of millions of dollars of losses to us in foreign exchange, and waves of speculation; that he has to be very careful with every word that he utters. He does not realize that.

If his colleague, the hon. Minister of Industry, Trade and Commerce (Mr. Horner) is properly called "loose lips"—and he has been very loose with his lips; if I get a chance, I will expand on that—the Minister of Finance is being "flip lips". He is too flippant. He is too flip with his lips. Every time he flips his lips, he can cost us tens of millions in foreign exchange. He is not careful enough. He is not thinking out the remarks he makes enough. There is too much confusion. We already have a government in which no one has confidence, in the business and industrial community, in any event. Now we have a Minister of Finance who says one thing about the dollar, and we have the Minister of Industry, Trade and Commerce who says the direct opposite. This is costing this country dearly, Mr. Speaker, but I will come back to that later.

This budget was not a boost to the economy. It could be described mainly as a goose to the economy. There is going to be a little jump up, but that jump is going to subside very quickly. It is going to come down very quickly. It is a rubber duck budget. If you want to run out and buy your rubber duck tomorrow, you will save three cents. This is all this budget amounts to. It was a rubber duck that sprung a lot of leaks before it was brought down, and has sprung a lot of leaks since, Mr. Speaker.

All the Minister of Finance did in this budget was thumb his nose at the Canadian economy. There is nothing else he could do. His hands were tied behind his back. He already had a deficit of $11.5 billion. He could not really spend very much. So, all he could do was thumb his nose without using his hands, and the Minister of Finance is a marvel at that.

The most serious deficiency in his budget is the subject which was addressed by the Minister of State for Urban Affairs this afternoon, and that is the situation with respect to the sales tax.

I make this prophecy: if by some mischance the kind of attitude represented by the Prime Minister, the Minister of State for Urban Affairs and the Minister of Finance, gets them re-elected to operate the government of this country again for another four or five years, then I give national unity very little chance to be accomplished, and see nothing but a disaster for federal-provincial relations.

Mr. Dinsdale: Heaven forbid!

Mr. Crosbie: Now, the kind of federal-provincial thinking which goes on in this government is illustrated by the minister of intergovernmental affairs, the hon. Minister of State for Federal-Provincial Relations (Mr. Lalonde). I do not remember his district. There was an article on him in *Maclean's* magazine a few weeks ago. There have been nothing but articles on Liberals in that magazine in the last few months. And I notice they just got a $1 million advertising contract from the government to advertise to tell Canadians they should travel at home. I do not know if there is any connection. *Maclean's* is a Liberal house organ, and that is all it is. But in this article here on the Minister of State for Federal-Provincial Relations there was one astute thing said, and I quote at page 32 c:

● (1632)

Lalonde reflects what seems to some people pretty much the basic problem today with all federal Liberals. They don't argue their cause, they take it for granted. Positions are declared ex cathedra and then Canadians are lectured on them.

That is what is happening today on the sales tax. There is a federal sales tax, Mr. Speaker. I think it is something like 10 per cent, and if the federal government wanted to reduce sales tax, they could reduce their own sales tax. They have their sales tax. They have an excise tax. But they wanted to reduce a retail sales tax, and direct taxation is specifically an area of provincial responsibility, and most of the provinces, except Alberta, have a retail sales tax, a direct retail sales tax. The minister wanted to have a reduction in the retail sales tax across Canada, so he suggested to the other provinces that he would make money available.

In the case of the four Atlantic provinces, he said that if they reduced their sales taxes 3 per cent he would reimburse them for all of the amount that they lost as a result of that. And they accepted; naturally they accepted. Who can expect independence from the four Atlantic provinces when they are economically inextremis, when in Newfoundland we have an 11 per cent sales tax—not by choice but because of cruel economic circumstances? When someone comes along and says, "You reduce that tax to 8 per cent, and we will reimburse you that 3 per cent you lost," naturally you accept it, whether or not it is an interference in federal-provincial affairs. You have no choice.

This offer that was made by the Minister of Finance was a mafia offer. It was an offer that you could not refuse, just like in "The Godfather." Godfather Chrétien made an offer that most provinces could not refuse and did not refuse, with the exception of Quebec, which has a long history—whether Liberal governments have ruled or Union Nationale, and now the Parti Québécois of refusing to accept these kinds of offers from the Government of Canada. Time after time they have done that, and the Parti Québécois is following in that tradition. And Mr. Claude Ryan has said himself—it is obvious from his remarks—that he would be taking the same kind of position they have taken. I quote from *The Globe and Mail* of Monday where Mr. Ryan says:

"The tax is quite evidently one that belongs to the sovereign authority of the provincial Parliament to impose, to withdraw or to change," he told the press conference.

Next quote:

"It is surely not desirable that measures be taken which seem to want to impose, under financial penalties, changes which come under the jurisdiction of the provinces."

That is a support for the position taken by Quebec because it summarizes what has happened.

Well, what has happened? Alberta received no assistance. They are a special case, they have no sales tax. B.C. and Saskatchewan, there was a special case made for them. They wanted to remove the sales tax for 9 months and reduce it by 2 per cent, and that was agreed to by the Minister of Finance and by the Prime Minister. That was a special case.

If we look at the sales taxes across Canada, there are all kinds of exemptions. Newfoundland already exempts clothing, it exempts footwear, it exempts now the sales of electricity. P.E.I. does the same. What is exempted differs in every province. The 11 per cent in Newfoundland did not apply to clothing and footwear in the first place. So, there are special cases. All across Canada we have got special cases, different exemptions. We have got different rates. The rates vary, Mr. Speaker, from 5 per cent to 11 per cent in Newfoundland. So, the rates are different all across Canada.

The reduction that was implemented as a result of the minister's budget is discriminatory because in one province it will save the consumer 27 per cent, and in other provinces varying percentages depending on how high their sales tax was in the first place. So, it is different. There are special cases in every province. It means a 25 per cent reduction for Quebeckers if they had reduced it 3 per cent—27 per cent it meant in Newfoundland from the burden on consumers; 29 per cent in Ontario and British Columbia because their tax rate was less; 37 per cent reduction in the Maritimes, and 40 per cent in Manitoba and Saskatchewan, if the federal proposal was accepted. So, it differs in all provinces anyway. Consumers were being treated differently in every province by this proposal.

But Quebec came back and said that they did not want to do it in that manner, that they want to assist not only their consumers but certain Quebec industries. So, they want to reduce and take the 8 per cent off furniture, footwear, clothing, and what was the fourth—textiles. So, that is what they wanted to do. The federal government said to them, "There is $226 million that it will cost in Quebec if you reduce your sales tax over-all 3 per cent for six months. We are going to give you two thirds of that, and you have to come up with the other third if you do what we ask you to do." That is $184 million from the federal government, and they would have to put up $42 million if they did this. If they accepted federal dictation, this is what they would get from the federal government.

Well, they have come back and said no, they want to take 8 per cent off four specific areas. It does not make them any different from Newfoundland. Newfoundland does not tax clothing now, does not tax footwear, but it will help their consumers who will buy clothing and textiles and footwear, and furniture; and it will help the Quebec manufacturing sector which is heavy in that area. Now, what is wrong with that proposal, Mr. Speaker? What is wrong with it? It is a provincial tax. Surely to God, cannot members opposite see that this is a fantastic intrusion into provincial rights and jurisdictions to try to force this over on a province that says it does not want it.

[Mr. Crosbie.]

You noticed today in question period when our leader, (Mr. Clark) and the hon. member for Kingston and the Islands (Miss MacDonald) referred to this "Briefing Notes for Consultative Task Forces" put out by the Department of Industry, Trade and Commerce—I got it from them this morning.

When we look at page 19 of that report, the section on industrial adjustment, we see that it says at page 18:

> A review of industrial prospects indicates that, even in a buoyant economy, particularly difficult problems of industry adjustment involving significant contraction in employment are anticipated in such sectors as leather industries, textiles and clothing, furniture and shipbuilding. These industries together employ around 244,000 workers . . .

And then it goes on to say below:

> The regional pattern of industrial activity makes the question of adjustment more problematic. The sectors listed above with severe adjustment problems are generally concentrated in Quebec.

The government's own study shows this. It warns that there is going to be significant contraction in leather, textiles, clothing, and furniture, and says that the severe problems are generally concentrated in Quebec. And when the Quebec government comes forward to try to utilize this federal offer to assist in those areas, the federal government says no, and then tries to pretend it is some kind of criminal action, a separatist action by the Parti Québécois that they have made this other suggestion.

Now, Mr. Speaker, there can be no satisfactory, no smooth federal-provincial relationship with this government while that kind of attitude is exhibited by the government that operates in Ottawa. This is a perfect illustration of why the Prime Minister is the last man in Canada who can ever come near to solving our unity problem with Quebec. He is too stiff necked about it; he is too inflexible. He will not budge. He has got his own fixed ideas, and it does not matter what the provinces think or what the province of Quebec thinks, or what the people in the province of Quebec think. He is going to force his way on them. That is his attitude.

How can Canada survive if that is the kind of attitude that stays in office in Ottawa? In my opinion, Mr. Speaker, it will not survive. This action of the government was exemplified here today by the minister for urban affairs with his stupid argument that he put forward today, exemplified by the Minister of Finance, exemplified by the Prime Minister on Friday, who by a cheap tactic tried to imply that anyone who thought their policy was unwise was a separatist. By God, Canada is on the road to ruination if the majority of the Canadian people will buy that kind of dangerous guff. What did the minister of urban affairs have today to justify their attitude? And, by the way, I have not got time to go into it, but we all know that the four western premiers have come out and said this is an intrusion in federal-provincial affairs, a shocking way to run things, and flippant remarks of the Prime Minister could prejudice ongoing discussions in national unity. We are all familiar with what they have said and how right they are. And they are upset with this federal interference, although they all accepted what was offered because, as I say, politically unless you were in Quebec it was an offer you could hardly refuse.

What did the minister say to justify this kind of club held over the people of Quebec? He said it was on the grounds that they have got a separatist government. This is an attempt to make the people of Quebec suffer, by the federal government to bludgeon them into thinking that they are suffering because they have got a Parti Québécois government. That kind of tactic is never going to keep this country together. What justification was given for it? He said there were negotiations for three weeks. Nonsense! The four western premiers put the lie to that. They said there was no such thing. There was some consultation, but in the last couple of days they could not talk to each other because they were told it was budget secrecy. So that is a figment of the imagination.

● (1642)

He said the minister of finance in Quebec said nothing when these matters were discussed with him. Why should he have said anything? It was his jurisdiction. It was his sales tax. Why should he have to speak to the Minister of Finance of Canada when the Minister of Finance of Canada comes in with a bludgeon to try to tell him what to do with his sales tax in Quebec. So, if Parizeau said nothing, I say I agree with him—Parizeau did not have to say anything.

Then he went on to say there were four or five other points, that if Quebec does this, they have to offer it to the other provinces. Fine! Good! If they agree, as they should, that Quebec can do this, then they should offer it to the other provinces. There is nothing stopping them.

The minister said that if this went ahead it would aid some people and penalize others by selective cuts. So what? I have explained that every sales tax in every province in Canada has got penalties for some and selective cuts for others. Some exempt clothing altogether, like Newfoundland, and then they tax other things. It is different in every province. That is no argument.

Second, he said it was a measure of protectionism and was going to lead to balkanization of Canadian commerce. What absolute tripe! We have got ten provinces now, all with their own sales taxes. We have got that now. There is no leading to balkanization in that. In a certain manner we have got balkanization in Canada under our present system. We have got protectionism. The real kind of protection is where a provincial government says that you have got to be located in the province to get any work there, that there is a 10 per cent differential in your favour if you bid and if you are from within the province, but not if you are from without. That is where the real balkanization is, not in these sales tax proposals.

Third, the minister said it was going to cost a lot, and it would lead to tax evasion. I do not know how he arrived at that conclusion. One did not follow from the other. The rates now vary in every province, as I have explained.

Fourth, he said the Quebec government acted in bad faith. They should have spoken to them earlier and told them what they proposed. Why? I have already dealt with that. Where is the bad faith? The bad faith is in the federal government that will use its fiscal powers to try to bludgeon the provinces into doing what it, the federal government, wants them to do, whether they think it is best for them or not.

Fifth, the minister said the "feds" would agree to Quebec reallocating their own one per cent contribution. Now, Mr. Speaker, that reveals an attitude. The minister said the great federal government, the great Trudeau federal government, would agree that Quebec could use its one per cent of the cost, the one per cent it was putting up, the $46 million—they would agree to Quebec using that selectively, but their 2 per cent contribution would have to come off all items.

Imagine the federal government saying to Quebec, "You can do what you like with your own money." Isn't that a great concession from the federal government? Imagine the minister having the gall to get up in this House and tell us, pretend to us, they are making a great concession. It is arrogance unparalleled. By God, we have got to get that across to the Canadian people. We have got disaster staring us in the face if this kind of man gets back into the Government of Canada with this kind of attitude. It will be a federal system no longer, it will be a unitary system if this crew ever gets back in. God knows what will ever happen to the country. Big deal! They are going to allow them to do what they like with their one per cent.

The minister said it was a small crisis provoked by Quebec. How was it provoked by Quebec? It was provoked by the government that brought the budget in last Monday—a week ago Monday, not by Quebec. Quebec provoked nothing. Quebec has come in and said, "This is our sales tax, this is what we want to do with the offer you are making", and the federal government is attempting to crush them down in an exhibition of raw fear and force in federal-provincial relations. I, for, one hope that Mr. Parizeau sticks to his guns.

I had six years of coming up to federal-provincial conferences and seeing the hon. crowd opposite throw their weight around and try to crush all opposition with their financial strength and the fiscal strength they have. I say this is the greatest example we have had yet of the attitude of the Trudeau administration to federal-provincial relationships in Canada. It is a centralist, arrogant, strong-arm, Kung Fu—you do what they like or you get their fiscal foot right in the face—government, a government that somersaults all over Canada putting its fiscal foot right in your mouth if you are not careful, if you do not agree, if you do not do what they say. It is the Godfather. It is the Liberal mafia making offers you cannot refuse across Canada. Let us get the old movie "The Godfather" on and you will see that just what happened in "The Godfather" is what is happening here.

If we are going to have unity in Canada, Mr. Speaker, it has got to be unity in diversity. If Quebec wants to do things in a certain way in its own jurisdiction, it has got to be allowed to do it, and the same in Ontario or Newfoundland or wherever. We have not got a unitary government. The PC party does not believe in a unitary government. We believe in a co-operative federalism. Our leader and the people who serve with him are not going to take this kind of approach in federal-provincial relationships. Not on your life! We are going to hold Canada

together by allowing for diversity, by allowing for conciliation and discussion and compromise. That is the only way this can be treated if we do not want Quebec separating, or other parts of this country getting fed up and attempting the same thing. The Prime Minister cannot do that. We have seen it time and time again, and this is the latest illustration of that situation. There cannot be a serious approach to national unity while this is allowed to continue.

It is a political approach that this government has taken. They know in six months' time the provinces are going to be blamed when taxes go back up again. How are the people of Newfoundland going to feel about the Newfoundland government when in October, as winter comes on, the sales tax goes back up from 8 to 11 per cent? The same thing will happen here in Ontario, or in nine months time in Saskatchewan and in British Columbia. All that odium is going to go on the provincial governments, not on the government that caused the whole situation with its band-aid approach, its cheap political approach. Politics are interfering with everything. Even Canadian national unity is only a matter of attempting political gain for the government opposite. What a way to approach trying to save our country. It is enough to upset one.

This budget, Mr. Speaker—I will leave that topic now. I wish I had a couple of hours to cover the ground properly.

Unemployment. Here we are in Canada—raging unemployment—16.5 per cent in Newfoundland, and 19.4 per cent is the actual rate down there. Even in mighty Ontario, St. Catharines, it is 13.2 per cent; Sudbury, 13 per cent; Kitchener, 10.8 per cent; Windsor, 11.2 per cent. I am starting to feel sorry for the mainlanders, Mr. Speaker. Central Canada, the industrial heartland of Canada, with these tremendous rates of unemployment—where is Canada headed with her manufacturing industry operating at 80 per cent capacity? The Science Council of Canada says we are approaching deindustrialization. Negotiations are going on over at Geneva and the minister is unable to answer properly any questions we ask about what is happening.

Canadian industry is on the threshold of hari-kari—the hari-kari being carried out by this government. We are used to unemployment in Newfoundland but they are not used to it in Ontario. My heart bleeds for them. St. John's, Newfoundland, 15.8 per cent urban unemployment; Chicoutimi, 20.4 per cent. There are no new steps taken in the budget to relieve unemployment. It is the opposite. Because of the hash of our economic affairs they have made, the Canadian dollar is trembling. It is like a floating kidney. The floating Canadian dollar does not show health, Mr. Speaker. It shows there is something wrong. When your kidney starts to float around it shows there is something wrong with your health, and when the Canadian dollar starts floating around it shows there is something wrong with our economic health. It shows how the people in the rest of the world regard us. They know we are sick.

Poor Jack Horner! "Loose lips" and "Flip lips"! When the two of them get through with the dollar we will be lucky if there is anything left of it.

[Mr. Crosbie.]

What is there for the unemployed, the over one million? I mentioned the farce last night that we had at the first ministers' con-job conference. What has been done in Newfoundland? We have Canada Works down in Newfoundland and they pay the lowest wages anywhere in Canada in Newfoundland on the Canada Works projects—a maximum of $115 per week. The unemployed in Newfoundland were shown a vision that Gull Island was going to start this year and they were going to get 11,000 jobs. They learned later on that it was just another study.

There was a suggestion a year ago that we should have a project where 400 loggers would be employed for three years clearing the reservoir for the lower Churchill hydro development—to provide work for 400 men for three years. There are a lot of unemployed loggers there. The federal government makes a niggardly offer after a year that it will pay $10,000 per job. They know the project will cost $25,000,000 and will result in lasting value because the reservoir must be cleared, even though we do not know for sure exactly when the project is going to go ahead. So the federal government is not assisting there.

We have an oil refinery at Come-By-Chance in my district. The Minister of Energy, Mines and Resources (Mr. Gillespie) could care less. He has not done a thing. He has not flicked a toe or finger to get that Come-By-Chance oil refinery going again to help our unemployed.

The Minister of DREE—I got a fatuous silly letter from him yesterday about the National Sea Products Fish Plant proposal in Arnold's Cove, Placentia Bay, in the area of the worst unemployment down there. They applied last October. They were going to expand their fish plant, at a cost for an additional $4 million. They requested a loan of $1,104 million and a grant of $335,000. It is going to create 67 new all-year round jobs down there. They employ 18 now full-time during the year, and 32 part-time. They applied to DREE. That was in October. It is an area of fantastic unemployment, perhaps 40 or 50 per cent unemployment, and the minister has not given his O.K. yet. The federal Department of Fisheries and the Environment said in January that it was all right from the fisheries point of view. I had a silly letter from the minister yesterday saying they had to consider the 200-mile limit, to consider the fish stocks. I say he has to get the lead out of his drawers and help us put these people to work.

● (1652)

What kind of a government is it? The Prime Minister said in May, 1972, that we can be obsessed with unemployment. He was laughing off unemployment. He said we can be obsessed with unemployment, on March 11, 1972, as reported in the Montreal *Star*. I say "Yes, Mr. Speaker, we damn well can". There are one million people obsessed with it. Any government that is not led by a man obsessed with unemployment in Canada today should resign and get out and let people take over who are obsessed with unemployment. I am obsessed with it, the hon. member for St. John's East (Mr. McGrath) is, and all the members on this side are obsessed with it.

We do not want a government that is going to sit on its duff and do nothing. We do not want governments with ministers who say the fat times are over, who attempted to blame it all on the Canadian people when they were speaking their baloney out in "Kelowney" British Columbia, last summer. I have the clipping here which came out of the paper. The fat times are over. Everyone is to blame but the Canadian government. The Canadian people are to blame for everything, not the Canadian government.

Investment intentions are down. Businessmen are not investing. We are falling behind in investment. We have a Prime Minister who said a couple of years ago that the government had to regulate everything. He is now cosying up to the businessmen himself, but the Minister of Public Works and Minister of State for Science and Technology (Mr. Buchanan) was criticizing businessmen just the other day. They have not got any hustle, he said. The Minister of Public Works and Minister of State for Science and Technology said that while ITC officials, and I quote, "bust their behinds" to get export orders, Canadian businessmen take it easy. He said he reported this to the Prime Minister who stated, and I quote, "Judd, Amen; that's the story I get on all the trips I have taken. We Canadians seems to lack the entrepreneurial spirit, lack that hustle". That is what the Prime Minister said. That is the output.

They want us to encourage businessmen to invest and do more. They are saying that their civil servants and themselves have more hustle than Canadian businessmen. Well, by golly, if that is the case, Canadian businessmen should all go and jump in Lake Ontario tomorrow. If they have not got more hustle than the hon. crowd that I have seen opposite for the last 18 months, they are in dire straits indeed. It is no wonder they are not investing. They are not going to invest until they get a government in which they can have some confidence. It must be near the close of my time.

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

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, it is a pleasure to follow the hon. member for St. John's West (Mr. Crosbie), the great Pagliacci of the Conservative party. I was delighted to hear his valedictory address. He is entertaining and persuasive, if one does not stop to think about it. I must say that I agree with the hon. member's tribute paid to the hon. member for Halifax (Mr. Stanfield). He is a great member of this House, a great leader of his party and a great Canadian who will be missed very much. I have said those things in other places at other times about the hon. gentleman.

"Fat lips" referred to "flip lips" across the way here. I do not know quite to whom he was referring, but he kept on speaking about the Minister of Finance (Mr. Chrétien) and unsound policies, which is the way to shake confidence in the dollar, in the economy, and in the hearts of the Canadian people. He disparages the dollar, which is a competitive dollar. I do not know what the hon. member's policy would be. I do not know what his party's policy would be, and I do not know what the policy would be of any of their finance critics relating to the dollar. Would they let it float, would they peg it, would they intervene and, if they intervened, to what extent would they intervene? Do they think a competitive dollar at honest levels is a proper thing, or not? I say it is an opportunity dollar which allows us to be competitive in the world today, if we take advantage of it and if our own confidence is not shaken and the confidence of others who invest in this country is not shaken by the type of words we have been hearing from across the way.

I think the hon. member misses the point on the sales tax issue. He has been very flippant on the question of who is right. Of course there was a co-ordinated effort among the provinces and the federal government. There were discussions with the Minister of Finance (Mr. Chrétien) and the finance ministers of the provinces. It is the first time as far as I know that this has happened in the history of this country. That is co-operative federalism. That is putting your money where your mouth is. It is this type of consultation which will get us further.

We do not need to continue to score debating points in a pre-electoral period. We are in the midst of a serious debate on the budget. We need rational and constructive comments and criticism; a real assessment of the situation.

In my view, and in the view of many other responsible Canadians, we are on the verge of the greatest strategic industrial development in the history of our nation. We cannot lose confidence in ourselves, and we cannot allow those criers of doom and gloom to get us down. Then there are those people who suggest we are going bankrupt, as I heard the hon. member for St. John's West say last night, and those people who say we are winding down.

However, I would like to quote from the *Globe and Mail* of April 15, 1978, part of an address made to the Empire Club of Canada in Toronto. It reads:

> We must set aside the unworthy and unfounded notion that this country is winding down. We are sharing in the problems of the rest of the world, but we are also sharing in its opportunities.

The address goes on to say:

> In terms of average growth, our economy has outpaced the United States and the Organization for Economic Co-operation and Development total economies, since 1973.

The same speaker said:

> Again during this most recent four-year period, real output grew almost twice as fast as in the United States (6.1 per cent compared to 3.1 per cent). Manufacturing employment in Canada is up slightly, while manufacturing jobs in the United States have declined by 2.3 per cent.

The address continues:

> Before looking ahead, we should appreciate that the ground we hold is good, and that an extreme assault, from either the right or the left, on our existing economic and governmental structures is not justified and would only get in the way of feasible and sensible initiatives.

Reading further along in the address:

> The big levers of fiscal policy will sustain moderate growth. Furthermore, federal monetary policy is now on the right course to restraining inflation.

And reading again from the address, I quote:

> ... but nevertheless, a far-reaching and genuine enterprise strategy was hammered out at the recent First Ministers' Conference. A consensus has been reached on vital issues including the need to set goals, to improve investment and the business environment, and to deal head-on with sectoral problems.

It is a very hopeful speech given by a responsible Canadian, a responsible minister of finance, the Hon. Darcy McKeough, Ontario Treasurer.

In spite of our partisanship, particularly in a pre-electoral period and before we lose the hon. member for St. John's West, no matter what party we belong to we should look honestly at the country today, and this budget in relation to it.

It is a responsible budget. It is a budget of concern, and I think concern is required. World economic conditions are difficult. We share those, and we have some of our own. It is a competent budget. It looks forward to growth. It shows cohesion in the relationship between provinces and the federal government. It shows innovation with the 150 per cent tax write-off for research, development and design. This is very important with the opportunities which are opening up. It is a signal, not only of a tax credit to make it worth-while for companies large and small to be innovative and entrepreneurial, but it is an indication that this government believes in the private sector, it believes in the entrepreneurs, and it believes in those who are prepared to do the research, development and design, to innovate and to fight for those markets. It is appropriately stimulative in present conditions.

It is very difficult to balance between inflation and growth and creation of jobs. It is the right amount of stimulation according to most economic observers that I have read, and certainly according to responsible finance ministers. It is not going to change or get dramatically better overnight. We are going to see slow, steady progress—perhaps not steady, but progress, anyway—over the next few years.

● (1702)

Anyone who suggests simplistic answers or magic answers is either a liar or a fool. They do not exist. Simplistic criticism is not adequate in a situation like this. What we need is the sense of responsibility the minister has shown, and the determination to overcome short-range problems while looking at medium and long term prospects. We are not going down the drain. We are not going bankrupt. That sort of talk withers the spirit of Canadians who want to get on and do their jobs.

There are just as many opportunities in Canada today as there were when I was a young man growing up, for anyone who is willing to go out and grab them. They are not handed out on a silver platter. They were not handed to me on a silver platter. You had to go out and fight for them and work for them. I am convinced the young people in Canada today are prepared to do this. The opportunities are great.

I heard the hon. member for St. John's West speaking last night about the various developments which are planned or which are under way. I enjoy listening to him for light entertainment, now that Archie Bunker is off the TV.

Look across the country and note the tremendous development in the Foothills pipeline, for example—some $10 billion. Think of the number of jobs which will be created during its construction, and the effect of the line on our balance of payments once it is completed. Consider the Beaufort Sea development. There is an indication that this is one of the greatest natural gas finds in the world and its exploitation might require further pipeline development—I do not know at this time.

Investment in the Alberta tar sands project with Syncrude III coming along amounts to $2.5 billion—I get these billions mixed up, there is so much development going on by people who have so much confidence in our country. I believe Imperial Oil is putting some $4 billion into oil sands development. I understand, after speaking to one of the directors recently, that the technology is coming into place in connection with the Polar Gas undertaking in the Arctic islands. Eventually that gas will be brought down to eastern Canada.

Massive investment is also being made in the Gull Island development, which again will lead to a great deal of employment. These things do not happen overnight. And there is the Bay of Fundy project. Look at a map and imagine how much power could be generated from the Fundy tides. Billions of dollars would be required for such an investment, but think of the number of jobs which would be created.

One can hold various opinions about nuclear power, but we are a nation which possesses perhaps the safest and most advanced nuclear power plants, and we are fortunate enough to have a stable supply of uranium within our borders. All this means we are possibly the only country in the western industrial world which will be self-sufficient in energy. It will not be cheap energy, but it will not be any more expensive than it is anywhere else.

I think we should be grateful to the OPEC nations in a way, because their action in raising energy prices has forced us to exploit our own resources, and the cost of doing so is finally economic. This has attracted investment in Canada and assures our future, as well as doing some excellent things for our balance of payments account. I have some figures here showing that the cost of our imports from abroad is presently $3.4 billion a year—I am speaking of oil imports alone—so self-sufficiency in energy is terribly important. Also, it will bring us a stability which no other country in the world enjoys.

There are other advantages which we possess and which are of immense importance—I am thinking of the industrial sector. I think of Bombardier-Montreal Locomotive Worthington in Montreal, with its development in light, rapid and comfortable transportation, all of which are leading to major orders from around the world, one recently from Venezuela. I think of Canadair with its Challenger, a world leading executive aircraft—some 125 are already on order, cash on the barrelhead, firm orders in a highly competitive market. I think of de Havilland in Toronto, a world leader in short take-off and landing aircraft, doubling its production, I understand; a

oubling of the production of Buffalo aircraft, with the Twin)tter still a world seller, and the Dash 7 finding an ever more romising place in world markets. I think of Bristol Aircraft ut in Winnipeg and of a number of contractors for my lepartment in Nova Scotia and the Atlantic provinces engaged in high and medium technology industry of a kind which is blossoming all over the country.

When we assess ourselves, Mr. Speaker, I believe we should also assess our social advantages, because we cannot just talk about our country in economic terms, even though the economic and the social are very much intertwined. We should consider the advantages which we have in place and which other nations do not—developments which have largely taken place in the last ten years under this government.

I remember particularly the first time I ran for parliament in 1968 going from door to door in my constituency of York North, knocking at doors and being greeted sometimes by little children, and sometimes by grandmothers or grandfathers who looked sort of cowed and beaten, who had to live with their daughters and sons or sons-in-law or daughters-in-law—we all know the tensions this can create. Grandchildren are wonderful for a couple of hours, so they tell me, but to be there all the time may not be so enjoyable, and having to be a guest in the home of the children of one's family, in a garret or basement, can be soul-destroying. It destroys one's dignity, one's self-respect. I do not say we have gone far enough, but we have gone further in the last ten years than in all previous history. That is pretty good, and I hope we go further.

I ran a seminar for senior citizens in my constituency. I run these seminars for various groups—for businessmen, for youth. On one day I ran a seminar in the morning for youth and in the afternoon for senior citizens. We offered transportation to the senior citizens because mine is a large riding for an urban constituency. It is located to the north of Toronto and takes in many small communities. I do not think we had a single call to our offer of transportation, although there might have been just one or two. But the people came in their own cars or those of their friends and jammed the hall. That would not have happened ten years ago. The people were well dressed; they were well fed. They were happy and they had dignity, self-respect, and I was tremendously moved to see that difference which had taken place in just ten years.

It is my belief that you can judge the quality of a society more by the way it treats its senior citizens than by any other measure. I include along with senior citizens other people in society who may not be capable of looking after themselves.

I do not think we need to worry much about the young or about the middle aged. We can take our knocks and do our thing. It does not hurt us. It helps us. It is a sort of crucible of life. And it is the spirit which built this country. But I think we should know that the society in which we live will allow us the dignity of security and independence in our senior years. I put a very high priority on that, perhaps for very selfish reasons, because one day I will be a senior citizen myself, that is, if I am lucky.

When one is in the productive years one can change jobs, go back to school, start a business, or even do something as ridiculous as going into politics. But one has that flexibility and you have the time. But senior citizens have neither the flexibility nor the time. I would not want to start judging what a senior citizen is. I do not believe 65 is a magic age—I have seen some very dynamic people who were in their mid-eighties and nineties. And I have seen others who had been in a tough production job on a line for 20 years, and who were really senior citizens much younger. But what is important to me is that we have removed the fear and restored dignity to those people.

Another thing which is important to people in those years, Mr. Speaker, is that they have seen under Liberal governments medical insurance plans built up, which means that a family is no longer devastated by the occurrence of an illness or an operation. We forget about that. We take these things for granted. It is true that they are costly, and we probably now have to worry about the cost of the delivery of health services, but I would much rather worry about that than their availability. I do not want to have to worry about people losing their life savings, their homes or their businesses. Losses like that absolutely destroy families, but that was part of every-day life in our society not many years ago. We have this as a base to our society in Canada, and I think that is particularly important.

• (1712)

Then there are those things of the spirit, and I mention this particularly because when the Minister of Finance was minister of Indian affairs and northern development he established more areas for national parks in Canada than had ever been established in the whole history of our country.

Some hon. Members: Hear, hear!

Mr. Danson: That is a very special heritage for which we Canadians can be grateful. I come from Toronto, and I think of Algonquin Park, which is just 150 miles north of Toronto. I have often wondered who the politicians and civil servants were who set this preserve aside. It was about 100 years ago. It was just as remote—or perhaps more so—from populated centres then as the new national parks are now.

Mr. Darling: Don't forget it is in the paradise riding, my riding of Parry Sound-Muskoka.

Mr. Danson: That makes it even more beautiful. It joins Muskoka and Parry Sound. It is a beautiful place to which thousands and thousands of Canadians go weekly for recreation. There is a game preserve there. We are properly and carefully cropping the lumber there without destroying the natural environment. Some day, perhaps 100 years from now, I hope someone will stand up in this House and speak about Jean Chrétien. I have done some research on the Ontario public servants of that time under Sir Oliver Mowat, the premier at that time—obviously a Liberal premier—who had such foresight and sensitivity.

In addition,—and this is in the provincial field largely, but in the post-secondary school field it is certainly largely federal initiative—we have developed an education network. Perhaps there are several levels of government, but there is only one level of taxpayers. The schools we have now which we did not have ten or 15 years ago are quite incredible. I will not deal with the quality of education or the nature of it at this time, but the physical infrastructure is there. In addition, community colleges have been established. The CEGEPs in Quebec have given another dimension and another opportunity for our young people to obtain relevant educations. Rather than having Ph.D.s driving taxicabs, people can now learn skilled trades and become semi-professionals. Those people are extremely valuable.

There are community centres across the country which were started largely under our winter works programs. There is a quality of life in our large and small communities across the country. I know that every principal community in my constituency has an arena, a community centre, which got off the ground because of federal funds. Those are the social assets we have which we do not want to underrate. They are much better than they are in almost any other country in the world.

Some hon. Members: Hear, hear!

Mr. Danson: In the society we are developing, young people are growing up today, swelling our labour force and causing us temporary problems, even though we are creating more jobs than at any time in history. We are creating jobs at a rate higher than the rate in any other industrialized nation. Because of the baby boom—and we love them—people are having difficulty adjusting, but they are adjusting, and adjusting well. In my experience, both in my portfolio and in other work through the Katimavik program, I have seen young men and women who want challenge which is relevant to them. They are prepared to dig in and work hard. They are not much concerned about economic return. I do not mean they are unconcerned, but that is secondary to being busy and doing something relevant, to them. That is happening at this time.

I mentioned the industrial capacity which is developing and the innovation which is developing. In my department there are tremendous programs going. We are now spending more on capital equipment for defence than at any time previously in our history. We have the largest peace-time programs which have ever been engaged in by a federal government.

We are spending over $1 billion on long-range patrol aircraft, about a quarter of a billion dollars on armoured personnel carriers which are being built totally in London, Ontario, almost $200 million on Leopard tanks, about $2.3 billion on the new fighter aircraft which we are assessing at the present time and $1.6 billion for the first six ships under our new ship program. These are tremendous expenditures, but I think what Canadians realize all too little is that while we buy some of this equipment abroad, we also sell a great deal abroad. We are not in the business of producing heavy armaments, but we are involved in more sophisticated and important technology which we sell to other countries.

We buy from other countries, and other countries buy from us under defence-sharing agreements. I do not have precise figures with me, but we are very much in balance. Amounts vary from month to month and year to year. Sometimes we are ahead, and sometimes we are behind, but we drive very hard bargains.

I am more interested in the qualitative aspects of industrial benefits than I am in quantity. We are hopefully going to buy 150 aircraft. If one Canadian company turns out 150 sets of wings, when the contract ends, the plant closes down, its workers are out of work, and a community is perhaps decimated. I do not say we do not want that type of business, but we should either have it for the whole series of that aircraft or have something which we do better than anyone else, and competitively, rather than things for which we perhaps have to pay a premium, although premiums are sometimes well worth paying. Things we do which spin off far beyond our defence capability have a structural effect in our economy. That is why these billions of dollars which I am responsible for spending will be used strategically as leverage to get the type of industry which spins off in other than defence fields as well as defence fields.

The difficulty with defence-dependent industry is that defence expenditures rise and fall, and those industries rise and fall with them. That also often prevents the Minister of National Defence from making the best military decisions. Sometimes he has to make a decision to keep a plant going rather than to buy the best equipment. That has happened in our history before. The opportunities for innovation and for development which come from these programs are great indeed. This is enhanced by our competitive dollar, the opportunity dollar which we have now.

I think the level of our dollar is a real reflection of its value. I sometimes wish it was not called the dollar. I wish it was called a beaver or a maple leaf or something like that because it has a value, and we cannot pretend it does not. It reflects, primarily, our productive worth. Sometimes we price ourselves out of certain markets for various reasons. The present level of the dollar will price us back into certain markets, where we belong. Where should it settle? That does not really matter. I am not an economist. I think it should settle where it should settle, and intervention should take place only to keep an orderly market and to keep psychological considerations from impinging on our dollar. The lower level of our dollar creates job opportunities and encourages innovation, entrepreneurship, and competitiveness.

There are many other government support programs like the enterprise development programs, the Federal Business Development Bank, and the research and development incentives the Minister of Finance just introduced. There is the Export Development Corporation. All these programs back up the businessman and the entrepreneur who will create jobs in this country for those young people who want to get started.

Instead of the soul destroying gloom and doom we get from hon. members opposite, and the constant carping which makes Canadians lose confidence in themselves and which makes

others outside Canada lose confidence in us, we should remember that we are one of the richest and strongest countries in the world. This irresponsible flip-lipping we get here and outside this place from day to day is what is destroying confidence in our dollar more than anything else. I think it is time for responsibility. Our Minister of Finance has demonstrated that with a very even-handed approach. He is interesting and charming, and he has a great deal of charisma. I happen to think he is one of the great Canadians, and so do most Canadians.

Some hon. Members: Hear, hear!

Mr. Danson: Now more than ever we need to build on the strengths we have. There are opportunities for the future, and we have to look at them with our heads up. We must keep our eyes on the horizon rather than looking down with our boots in the muck which is being raked up by hon. members opposite all the time.

Some hon. Members: Shame!

● (1722)

Mr. Danson: We need enthusiasm, which we as Canadians and Liberals have; we need determination, which we as Canadians and Liberals have. We must not be spooked by the doom sayers and soothsayers across the way or those who do not know where they are going, do not know what to do, and just sit there wringing their hands.

Some hon. Members: Hear, hear!

Mr. Danson: We need sound fiscal policies with our potential energy self-sufficiency and with a good industrial base, that is being strengthened, with a highly educated, sophisticated and skilled work force, with innovation, of which we need a great deal more and which this government is encouraging. We have a strong social base and we have freedom which is as great as that in any country in the world and greater than in most others. These are precious freedoms which we want preserved: freedom of the press, freedom of religion, freedom of speech, freedom in our courts, freedom in our political system. Nobody tampers with those. Try and tamper with any one of those, and anyone of us here would be prepared to lay down our lives for it. These we take for granted.

We live in a country of unparalleled beauty, diversity, and richness. Rather than be depressed in these times, I like to look for the opportunities which exist. Businessmen and young people know they exist, and I suspect even members of the opposition know they exist but do not want to admit it. They are so intent on trying to score political points each time they get up, each time they face a microphone or a camera, that we might destroy ourselves, our spirit, and lose our energy and enthusiasm for this great and beautiful country of ours.

Some hon. Members: Hear, hear!

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, it is certainly a delight to follow the optimistic and enthusiastic Minister of National Defence (Mr. Danson) and I commend him on his remarks. We are all optimistic about the future of Canada and we have every confidence in it. It is because we are an optimistic people and we have so much going for us that even the present government cannot destroy the country, although it has done its best to do so during the past ten years. The minister stated that we are on the eve of one of the greatest upsurges ever. Certainly that is a true statement, because the upsurge will begin the day following the next federal election when a new government will be formed and the illustrious group opposite will find itself on this side of the House.

Some hon. Members: Hear, hear!

Mr. Darling: I would like to pay a special tribute to some members of parliament who will not be standing for re-election, such as our former leader, the hon. member for Halifax (Mr. Stanfield), the former leader of the NDP, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), and other outstanding members who, for different reasons, are retiring or moving into other fields of endeavour. It might be a good idea at this time to say goodbye to a good many other members, especially on the opposite side of the House, who are not aware at present of the fact that they will not be back here. Many of them are really nice guys and gals, but in order to defeat this Trudeau government there are many nice members of parliament on the government side who will have to go. Therefore, we will wave a fond farewell to them at this time.

Again I want to commend the Minister of National Defence for bringing in new equipment for our armed forces, equipment which is now on order and will be delivered shortly, but none too soon because much of the stuff was hanging together with bailing wire, and so on. So, more power to him, but it should have been done before. I say this having had the privilege of serving as a member on the committee to which the minister answers.

I should like to quote another statistic, and again I am delighted the minister is still here. He gave us a glowing account of what is coming, and I am not disputing it, but I would have liked to have placed on the record at this time a glowing account of the number of personnel in the armed forces, which at present stands at around 80,000. Back in 1968 when the Prime Minister (Mr. Trudeau) took office, the number stood at 102,000. We live in precarious times and, with unemployment as high as it is, it seems to me that the number should be closer to 100,000. I believe that serious consideration should be given to increasing the number of our armed forces personnel.

It appears that there have been glowing reports about the wonderful Minister of Finance (Mr. Chrétien). I agree that he is a great guy and a fine man who has contributed greatly, but he is in a tough position as Minister of Finance. He can be the most engaging person in the world and he can be most charming. I have had the privilege of sitting on the committee which questioned him when he was minister of Indian affairs and northern development, and I give him full marks for his

performance. But now he is in the big league as Minister of Finance and, as has been said time and time again, if he coughs or sneezes in the wrong way, it can cost us a lot of money. He holds a very important position. I see that his chair is vacant at present, but I am glad to see that his parliamentary secretary is coming into the House now. I ask him: if his minister is such a great guy, why are we in such a heck of a financial mess?

It appears that the minister is not so fast on the skateboard as he would like to be because, in spite of his budget statement a week ago on Monday, he is pursued by inflation and unemployment. The latest increases, which followed closely on the heels of the minister's latest attempt to restore a measure of confidence in this country, are a source of great concern and worry to everyone across this country. The continued decline in the dollar is cause for alarm. All Canadians should be reminded of the fact that even when the government tries to zero in and put all its resources behind one problem, the results are far from encouraging.

The latest inflation statistics will surely drive home the fact that Canadians all across the country will have to face a lower standard of living. With wage increases limited to 6 per cent, prices will continue to rise rather than wages.

I was pleased to see the reduction in the sales taxes and I hope this will provide a spur to consumer spending which the economy needs. However, I am disappointed that the reduction is only a temporary one. Six months are not a long enough time to provide a strong and lasting stimulus to the economy. Moreover, the reduction will end at one of the most economically difficult times of the year when unemployment is reaching a crest and the approaching winter will force the cost of living upwards, as happens pretty well every year.

The reduction in the sales tax and the new options available under the registered retirement savings plan will not help the lower income groups in any significant way as these people are not likely to be able to afford to rush out and buy high price items which will be most affected by the tax reduction. It is also true that the benefit of the sales tax reduction will be swept away quickly by the continuing high inflation in most provinces. When the sales tax cuts end in either six or nine months, prices will jump up again. The truth is that the effect of sales tax cuts on inflation will be temporary. Even with the cuts, inflation will still average at least 7 per cent in 1978.

Rising inflation has forced all of us to re-evaluate the worth of the dollar in relation to consumer goods, but the continued decline has made us take an even more serious look at the value of the Canadian dollar. In 1971 terms, our dollar is now worth only 59 cents.

● (1732)

In 1968 when the present Prime Minister assumed the reins of government, our dollar bought twice as much as it buys on our present market. Perhaps I should not say "government", considering the disgraceful record of departed ministers. In the past ten years the purchasing power of our dollar has declined while the government has allowed unemployment and inflation to rise almost unchecked. On the same topic of the dollar, I find it particularly distressing that investor confidence in Canada is so low. Why is that so? The present government has created an economic climate that investors are wary of and that even Canadians worry about. We have all seen the increasing number of newspaper and magazine reports about the growing numbers of Canadians who have taken their money and flown south or at least across the border where they feel it is safer. The political and economic climate of Canada is not conducive to investor confidence right now. That must be changed, and it must be changed quickly before it gets worse. The government must adopt an economic strategy for Canada, instead of the series of half measures and patch-up jobs which have been handed to us. At the very least, Canadians deserve that.

The estimates of the amount of money going to the United States are astronomical. When I was out west with the housing committee two or three years ago, because of red tape and the many other obstacles, real estate men and companies were saying that as much as $1.4 billion had been committed to building apartments, housing, etc. in the United States. I have mentioned before that investors could go across to the United States, and with a minimum amount of red tape they could start a subdivision or an apartment building in a matter of months, whereas in this country holdups because of planning and other things can last as long as six or seven years. I am not even considering other investments, such as in the state of Florida which has been so attractive to Canadians. We have heard the suggestion that Canadian Francophones have decided that Florida is a much better climate for their money, and millions of dollars have been poured into that state, much to the detriment of the Canadian economy.

It is not surprising that the budget failed to predict the unemployment rate for the rest of the year. It did not dare to, in light of the most recent statistics: 38,000 more unemployed in the month of March alone, making a grand total of 1,045,000. The seasonally adjusted rate of unemployed rose to 8.6 per cent, up from 8.3 per cent. I am certainly skeptical, as I am sure many other people are, about the actual number of jobs which will result from the proposals set forth in the budget of the Minister of Finance. It is regrettable indeed that the budget did virtually nothing to zero in on what is certainly the most serious problem facing this country today. It is singularly disappointing that the government saw fit to formulate proposals to aid the economy without raising any levers to alleviate the very unacceptable level of unemployment we are now faced with. The government has acted irresponsibly in choosing not to deal directly with this problem.

To pass off crisis unemployment levels as partly due to the increased numbers of women and young people on the labour market is merely an attempt to avoid the root of such a serious problem. The government knows full well that the reason there are more women working now than ever before is that they have to supplement the incomes of their husbands in an effort to keep pace with the spiralling cost of living. The problem of youth unemployment is especially crucial, yet these people who

more than any other group are affected by high unemployment levels were left out of the picture a week ago Monday night. Unemployment is the most crucial economic and social problem confronting us today, and yet this government does not seem to realize that.

Consumer spending is still weak. Canadians save more money per capita than anyone else. Surely that is an indication of the perception that Canadians have of their economic future. Perhaps hon. members on the other side of the House will say that I am spreading doom and gloom, as the hon. Minister of National Defence said. We on this side of the House are telling it as it is. There is no purpose served in glossing things over and saying the rainbow is just over the mountain. That is quite true, but how high is the mountain, and how far away is it? We on this side of the House are telling it as it is and being accused of spreading doom and gloom. I am far from being a pessimist, but if this government remains in power much longer, Canada will be certainly heading down the drain.

During his statement the Minister of Finance noted that the economic growth potential will not be achieved in 1978. This means Canada will have failed to achieve its growth potential for five straight years. This should not be the case, not in a country such as Canada, where the sheer magnitude of our resources and people demand that we should be one of the leading nations of the world.

It is my belief the government's wasteful and exorbitant spending habits have dragged this country into the economic abyss we now find ourselves in. The federal government now overspends per Canadian as much as they spent per Canadian in 1968. The Minister of Finance has predicted a $10.9 billion budgetary deficit for the fiscal year 1979. Hon. members who sit on the Standing Committee on Finance, Trade and Economic Affairs realize that that amount is always added to by supplementary estimates which come in because of over-expenditures that have accumulated during the final part of the fiscal year. That $10.9 billion amounts to an incredible $462 for every Canadian. In the fiscal year 1968 total budgetary spending per Canadian was only $488.

I was particularly impressed with the Minister of Finance's confession of wrongdoing on the part of the government. It is a true statement that confession is good for the soul. I should like to refer to a short excerpt from that confession which reads as follows:

> We all came to expect too much of the economy. Governments increased their spending too quickly.

Those final words are fascinating, but what I find even more remarkable is that while the government painfully admits this, there is almost nothing in the budget to make a significant reduction in government spending. If there are no changes in personal or corporate income taxes, or in the federal sales tax imposed at the manufacturing level and built into many prices, it is because of the government's record spending and its reluctance or inability to curb such practice.

Confidence in Canada has sunk slowly in the past ten years. It must be revived. I suppose that is the revival the hon. Minister of National Defence spoke about for the future, which of course will follow the next election. I doubt that can be done by those who sit across the floor. How can they accomplish that when it is their deplorable spending habits which have compounded greatly the economic problems of the country? Their spending habits have increased the estimates for 1978-79 to four times the amount of the estimates of 1968-69, just ten years ago.

• (1742)

This country, Mr. Speaker, is in dire need of new policies and practices. This country needs a little spring cleaning. Possibly, a June spring cleaning is what we can look forward to. We need a little fresh air. Only then will the economy begin to recover.

The minister is talking about hot air. I am going to tell hon. members that the Liberal government has had this very problem over the past ten years, and even more so in recent years. This government has plunged this country into debt, and that cannot be excused. Canada's debt to the rest of the world stood at $106 billion at the end of 1977, up 10.4 per cent from a year earlier. It is important to remember that the service to the debt must be paid by taxes which amount to $894 per person employed during 1977, up from $792 in 1976. The government budget tabled this spring indicates another increase of more than 10 per cent during 1978.

This government has had their chance to give this country what it needs, a budget to restore confidence. Instead we have half measures with an election twist. A budget should seek to reassure. What we have witnessed is a government that has exhausted itself and can no longer provide solutions to the country's economic ills.

I was pleased to hear, Mr. Speaker, the Minister of State for Urban Affairs (Mr. Ouellet) speaking earlier today. I had the privilege, and have had the privilege for a number of years, of serving on the urban affairs committee. In fact, the committee met this morning to discuss the estimates of Central Mortgage and Housing Corporation. During the discussion, I was very interested to quiz the minister to find out how successful the CHIP program, the insulation program for the other eight provinces in Canada, was, and I was able to get the following information which may be of great interest to my colleagues on all sides of the House.

As most members are aware, Prince Edward Island and Nova Scotia have had a plan in effect for approximately a year and a half up to the present time. This plan was much more generous in that it was not taxable. The grant under the plan goes as high as $500, and these are the figures and the applications that have been received by the ministry: In Prince Edward Island, of the 20,000 applications received 16,000 grants have been approved and the amount of $5.5 million has been paid out. In Nova Scotia there have been 97,000 applications received of which 55,000 were approved and $19.5 million paid out. In the eight other provinces there has been a total of only 20,435 applications received, of which 15,000 were approved and only $3.3 million paid out.

I will concede, Mr. Speaker, that that program has been in effect only since September, but it has not been as successful as the ministry expected because it has not been as generous. If I may repeat, in the other eight provinces the grant is added to income, and those who are in the middle income tax brackets, and so on, find that it is of very little use. The other thing is that that $500 pays only up to two thirds the cost of the material. Of course, a good many smaller homes which might be able to insulate will get only $333. I suggested to the minister that if $500 is spent for insulation there should be no percentage deduction.

On Friday the hon. member for Ottawa-Carleton (Mrs. Pigott), who is our critic on housing, mentioned how important housing is to the people of Canada. Certainly, that is an understatement, if anything. We on this side of the House are very, very concerned about the many Canadians who do not have proper and adequate housing, or even affordable housing, although we know that there are a great many homes available for sale if you have the money. That is the catch. It is most important that housing be made available for those in lower income brackets. Again, I recommended, as I have for years, that tax on tax is unfair, that real estate taxes on a home should be deductible from income tax up to a certain amount. At the time I suggested $500. That could probably go as high as $700 or $800 today. Once again I repeated it and recommended that the minister submit it to cabinet.

Another thing that this party has recommended is that mortgage interest payments should be deductible, as they are in the United States. A great many people are finding that the cost of carrying a home mortgage is crippling, and they are just not able to make ends meet.

It has been a privilege, Mr. Speaker, to add a few comments on this, the last budget of the Trudeau government before they go down to defeat in the next federal election, which, I presume, we will hear about in the immediate future.

Hon. A. C. Abbott (Minister of State (Small Business)): I want to say, Mr. Speaker, what a privilege and pleasure it is to rise this afternoon and to follow my hon. friend from Parry Sound-Muskoka (Mr. Darling), who gave us some interesting if defective comments. He reflected on some opinions that I am afraid his normal good sense waived in favour of repeating some of the points that we have heard these last days on the budget debate by the variety of financial critics that the Tory party possess. As the days go by, however, more and more of their number have chosen to stand down from the fray. Many of them, as has been said earlier, will be missed, but I can think of some who might go and not be missed.

The other day I was up in Parry Sound-Muskoka, and a very beautiful part of the world it is. I had the pleasure of meeting with a number of small businessmen and a number of Liberals, an ever-growing number of Liberals up there.

Mr. Darling: Not growing fast enough.

Mr. Abbott: No, there is not enough of them yet, but I have every expectation that by election day there will be a good many more. While I do not suppose there is a more popular member here in the House than the hon. member for Parry Sound-Muskoka, I am afraid, from the enthusiastic warmth that I received there, that he is going to be enjoying more of that beautiful country than he is able to today.

The problem that we have seen over the last few days, both in question period and in the House on the budget debate, has been a worrying, depressing attempt by the opposition, desperate and hungry as they are for political power, to debase this budget. Languishing in opposition, as the Canadian people have justifiably seen fit to let them for so many years, they have exhibited those tendencies that people tend to develop in desperation and have tended to look at the Canadian economy not as loyal, patriotic, positive thinking people who should know better, but as opposition critics who are seizing every opportunity in an attempt to denigrate the accomplishments not simply of this government, but, in the eyes of the world, the accomplishments of the Canadian economy, the Canadian worker and the Canadian people.

• (1752)

The opposition have attempted by every method that they can develop to lower the esteem in which this country is held. I am not suggesting that all our problems are occasioned by opposition criticism, but it is very clear that they render no service to this country and no service to their own party when they attempt to mislead parliament and the Canadian people about the kind of shape the economy has been in over the ten years of this government.

I think it is essential, if anybody is to speak in this budget debate in order to counter this kind of inflammatory, libellous and false accusation that the opposition has been marshalling in the last few days, to refer to the period from 1964 to 1975. It will be seen that our rate of economic growth was exceeded only by Japan. Our job creation in a country with one of the world's fastest growing labour markets was the best of all industrialized countries.

Between 1967 and 1976, Canada's gross national product in constant dollars grew by 53 per cent, just double the 26 per cent U.S. growth in g.n.p. Our real disposable income rose by 73 per cent versus 33 per cent in the United States, while our inflation rate stayed steady with theirs. Without belabouring statistics, I should add that in the eight short years from 1967-75, Canadian productivity in our goods producing industries increased from 65 per cent to 85 per cent of U.S. productivity levels. For durable goods, the productivity gap narrowed all the way from 30 per cent to 2 per cent.

There is no question that in Canada we faltered economically in the past two years. In part, as the Prime Minister (Mr. Trudeau) told the Economic Club of New York recently, it was because we became the victims of our own real income, and therein, as all of us know, lies the psychology of inflation. We tended to forget about that still remaining productivity gap, demanding and granting wage settlements that were harmful to our exports and made imported goods more attractive. By 1975, wage settlements averaged 22 per cent. Average

Canadian hourly earnings in manufacturing exceeded the U.S. average by 7 per cent at that time.

We had to take drastic medicine, and did in late 1975 with an anti-inflation program of price and income control. The controls, now coming off, are accompanied by strong federal efforts to reduce government spending and intervention in the affairs of the private sector. It is a gradual road back. But now our rates of wage and cost increases have subsided to reasonable and competitive levels. Our record of productive time lost through industrial disputes has shifted from one of the worst in the industrialized world in 1975 to one of the best in 1977. Unemployment remains unacceptably high, but jobs are once again being created very rapidly—more than 280,000 new jobs between February 1977 and February 1978. Our historical average is 250,000 jobs each year.

The outlook for investment is improving. As the Conference Board in Canada has noted, new orders for machinery and equipment are just one sign that the base for industrial capital investment in Canada is firming up. We look to 5 per cent real growth this year and a rate of inflation declining by year end to 6 per cent. The recent annual report of the Bank of Canada commented as follows:

> Wage and salary increases have declined sharply from the 'extraordinary levels' of two to three years ago, and 'there is today evidence in many quarters of more realistic attitudes towards increases in money incomes'.

I have taken these few moments to state what I hope is a straightforward message, Mr. Speaker, and, I think, a fair one. It underlines the comments of the Minister of Finance (Mr. Chrétien) which I think are testimony to the responsible nature of his budget. The opposition can say what they like. They can draw conclusions from their own statistics and paint a picture of gloom and doom. But the fact is that this country has had ten years not simply of good government, but ten years of real prosperity.

I have not much time left and there are a number of things I want to speak about, particularly the budget brought down on April 10 by the Minister of Finance. I think it is also important to take not simply that budget when talking about the area I want to spend some time on—that is, small business and the importance of taxation to small business—but to take the preceding budget and the taxation apparatus that Canadians enjoy today. I suggest that hon. members who wish to consult those who are knowledgeable in this area. I could cite names such as John Bulloch of the Canadian Federation of Independent Business and other experts. They will find that no country in the world has a better taxation system or one that gives greater advantage to small businessmen.

I want to take a few moments after dinner to go through certain of these items in some detail. Before I get on to this section of my remarks, I wonder if I could call it six o'clock and return after dinner to discuss this important area.

Mr. Deputy Speaker: Is it agreed we call it six o'clock?

Some hon. Members: Agreed.

Mr. Deputy Speaker: It being six o'clock I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Turner): Order, please. At six o'clock the Minister of State (Small Businesses) had the floor.

Mr. Abbott: Mr. Speaker, before the dinner hour I made a few comments which I hope will correct some misunderstandings and misapprehensions which exist. I can see some hon. members opposite are still in doubt; some of them take a little longer to understand the facts than others. I attempted on authoritative grounds to show that ten years of Liberal government since 1968, far from being the kind of dismal years that have been reflected upon by the opposition, have indeed been years of great growth, great prosperity and great creation of job opportunities.

Unlike the Tory opposition desperately craving power at the risk of distorting the facts, I have been citing factual evidence to support my proposition. I suggest it is an ill-service to the country for the opposition to take the kind of tack they have been taking. I also said, and again I suggest authoritatively, on the basis of any knowledgeable, fair-minded observer, including those in the small business community that have reason to know, such as Mr. John Bulloch of the Canadian Federation of Independent Business, that there is no country in the world today which has better tax incentives for small business than Canada.

An hon. Member: What about the United States?

Mr. Abbott: I include in that the United States.

The Acting Speaker (Mr. Turner): Order, please. The hon. Minister of State has the floor and I suggest we all listen.

Mr. Abbott: Thank you, Mr. Speaker. Your judgments are always good but I strongly recommend that one.

In order to supplement this statement of fact I would like to spend a few moments relating some of these tax incentives, not simply those of the recent budget but those of the more recent past.

Of course, the most important of these is the low rate of corporate tax and the dividend gross-up and credit. As hon. members are aware, the small incorporated businessman with income below $150,000 per year or retained earnings of up to $750,000 pays some 20 to 21 percentage points below that of the larger business.

In addition, under the new system of the dividend gross-up and credit an individual who is the recipient of earnings from

an incorporated small business, under the small business tax rate, enjoys a substantially lower marginal income tax rate than that of wage earner, salary earner or person earning dividends from a larger business. For instance, a taxpayer with $30,000 of income pays only 26 per cent on additional income received from a small incorporated business. A wage or salary or unincorporated business income would bear a 46 per cent marginal tax rate. The high income taxpayers also enjoy a significant tax deferral on their income from incorporated small businesses. As long as the income is retained in a corporation it bears the low corporation rate of 25 per cent. It is only upon the eventual distribution that the taxpayer pays; then in the case of the high income earner it would be substantially above those at the corporate level. So that there is a distinct saving for those choosing to invest in small businesses in this form.

In addition, in the 1977 budget there was permitted employee stock option liberalization. This provides that employees of a small business can receive options, and it is only when they sell their stock that they pay tax and then it is at the capital gains rate rather than at the higher rate of tax they would pay if it was in the form of earnings.

● (2012)

Family farms, both incorporated and unincorporated, may now be transferred to other members of the family free from tax, whereas in the past this has not been the case. Again, this is a measure most beneficial to those who have an interest in family farms and I believe hon. members opposite who take an interest in agriculture are gratified by this measure.

An hon. Member: We shall take the credit.

Mr. Abbott: Take the credit if you will but at least acknowledge the benefit.

Another great benefit which is available under this beneficent regime which has been so widely criticized is in the area of income splitting among family members in corporations. Family members can now be employed in an incorporated business and receive incomes. Anyone familiar with this situation will know that members of a family who own or share in an enterprise can now receive income from it at substantially lower tax rates than they would pay if they were receiving it as one income from the business, as is the case with an unincorporated business.

There are a number of other benefits, such as the elimination of federal sales taxes for small producers of handicrafts; the deferral of capital gains on voluntary sales of fixed assets, thereby allowing firms to relocate without the penalty of taxation; the option offered to venture capital investors to choose whether to be taxed on a capital gains basis or on the basis of ordinary income. An amendment to Part IV dealing with refundable tax removes the hindrance imposed on corporate investors taking a minority interest in other businesses. There is assistance with respect to metric conversion by tradesmen and retailers. There is a 3 per cent inventory allowance, and a provision for making expenditures on research and development admissible for tax credit. An increase in the dividend tax credit has been made and in the field of capital gains the present $1,000 exemption has been extended.

I have not covered all the ground, Mr. Speaker, but I have listed examples which go a long way to back up the proposition I have advanced, namely that far from having suffered from a system which is inferior to that in other countries the small businessman in Canada, as is acknowledged by small businessmen and experts in this field, enjoys tax benefits superior to those in any other country in the world.

In my opinion, the Minister of Finance has added to these various incentives by the most direct and positive measure which could be carried out in the circumstances facing him by applying a direct reduction in the sales tax of 3 per cent. The obvious benefit of this is that it places purchasing power directly in the hands of the consumer, thereby creating an incentive for the consumer to spend money at the local retail level. So far from describing the tax system of this country as detrimental to small business, far from regarding the budget as having done nothing for small business, the combination of this budget and the budget of March, 1977, together with the tax apparatus which has been set up in the past, goes a long way to adding to incentives for small business people to set up business.

Nobody, least of all myself, suggests there is not or will not be room in the future for further improvements. I think all of us could, in inventive moments, think of areas in which improvements in the tax system could take place. Perhaps modifications in the capital gains tax division, the possible creation of small business investment companies which could take advantage of the tax system and draw capital for investment in small business are good examples. There is the Bank Act which the hon. member opposite speaks of.

Mr. Whiteway: When it comes.

Mr. Abbott: Well, when it is brought in I am sure hon. members will find that it, too, contains measures which will be beneficial to the country and beneficial to the small business community and to new entries in the banking field.

We who are working very hard in this area of small business need not stop, however, at describing the benefits under the tax system, happy and progressive though it is. There have been a number of other improvements which have done a great deal to give heart to the small business community. One of the most important concerns the Small Businesses Loans Act.

Mr. Darling: Oh!

Mr. Abbott: The hon. member for Parry Sound-Muskoka (Mr. Darling) says "Oh!" I can assure him that when I was up in his constituency the other day businessmen in Bracebridge were delighted to hear about the improvement in that act.

Some hon. Members: Hear, hear!

Mr. Abbott: The legislation was amended in the spring to raise the limit to $75,000. Recently the interest rate was

amended. Small businessmen are now encouraged to find they will be able to borrow money under the act to expand their businesses, and these amendments will really do a great deal. I have spoken to representatives of the chartered banks and they have assured me that this act has hitherto not been an inducement. Yet last year, despite the fact they claimed they lost money, they lent as much as $80 million. So I believe that with the improvements in the legislation we shall now see a real volume of business being done to help the small business community.

I turn to the activities of the Federal Business Development Bank. Here is an institution which has served the Canadian businessman well. It now has nearly $2 billion in loans outstanding, having lent over $300 million last year. Its affairs are being conducted by an aggressive new management with new ideas, and I believe that this bank, too, will prove of even greater assistance to the small business community than it has in the past.

We also have the CASE program under the direction of the Federal Business Development Bank. Here is an important program which is being offered to the small business community. Almost 2,000 consultants drawn mainly from retired business people are advising at low or nominal fees and showing small businessmen how to improve their management techniques. Dun and Bradstreet, a firm specializing in bankruptcies, indicates that 90 per cent of bankruptcies are caused by poor management. Failure among small businessmen is all too frequently brought about by a lack of understanding of management techniques. The Government of Canada, through the CASE program, is bringing assistance to them which is unavailable in any other form at the price.

In addition, we have taken an important new initiative in moving toward the reduction of the paper burden by the creation of an office in government whose purpose is to reduce the paper burden on small business.

Mr. Whiteway: Hurrah for that!

Mr. Abbott: I am glad to hear that expression of enthusiastic support. I suggest that progress will be made, that we shall shortly see some demonstrable results from this program and that there will be far fewer forms to be filled in by business people and a great deal less government interference with their daily work.

I am sorry there is so little time available to me in which to give a fuller resumé of all the things this government has tried to do for the small businessman. Recently we opened a small business centre in the Department of Industry, Trade and Commerce staffed by a knowledgeable group of people who are there when visiting businessmen come to Ottawa. They will not only tell them where to go; they will help them with their problems, assist them in making appointments and give them advice with regard to government programs.

● (2022)

In addition, this small business centre has a "hot line" which anybody in Canada can call. The number is Zenith 03200. Anybody can call and get an answer which does not pass the buck but which really gives a response. I urge the hon. member for Parry Sound-Muskoka to call that number when he gets home, to see if I am right.

While many other governments would sit back and ask who could do more, this government is not prepared to rest on its laurels, deserving as it may be. It is not prepared simply to acknowledge that in the last ten years Canada has enjoyed a growth and prosperity unequalled by any other country in the world with the exception of Japan.

We are now looking at a number of positive incentives such as the one I mentioned, the creation of small business investment companies and the setting up of venture development centres to help small businessmen who want to get into business find people with money.

The other day I sent a couple of officials up to Whitehorse, where they spent three days because we are very concerned that not just the great corporations which are making steel pipe or making valves, etc., receive the benefits of the pipeline. We are interested in seeing that the small business community also enjoys the benefits. When those officials returned they advised me that there is a great deal of enthusiasm in that community, and I believe we can do much to help them.

In addition to these positive, beneficial and progressive ideas and programs, responsible programs were enunciated in the budget by the Minister of Finance who, notwithstanding difficult times, accepted his responsibility, delivered a sober, constructive and responsible budget, and yet offered Canadians incentives.

What are we getting from the desperate crowd of power-hungry politicians opposite, who crave above all else to sit on this side of the House, probably by their desperation and irresponsibility permanently denying themselves that privilege forever?

Some hon. Members: Hear, hear!

Mr. Abbott: What we get from the Leader of the Opposition (Mr. Clark) are reckless suggestions that they would cut taxes by up to $3 billion. They would restrain government spending and do a lot of other things at the same time.

Mr. Whiteway: You are right.

Mr. Abbott: The hon. member says I am right. He is the only one who believes it because the Canadian people are not going to buy that kind of rubbish. The Canadian people will listen to that kind of irresponsibility and ask themselves whether they are satisfied to hear "Joe Who?"—the Leader of the Opposition—enunciate what he is going to do for the economy when he cannot even secure a seat in his own home town. Canadians will ask themselves whether they should listen to a man who is trying to urge upon his colleagues that same sense of irresponsibility. His colleagues are a feeble army of financial critics who are, to serve their own ends, attempting to foster in the minds of the Canadian people an apprehension that this country is going down the drain.

No, Mr. Speaker, I suggest that the people of this country will consider the responsible statements of the Minister of Finance. They will see where this country stands after ten years of Liberal government, and I suggest they will reject the gloom and doom we hear from the opposition and once again demonstrate at the polls just where they think the Tory party should reside.

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, I welcome the minister's assurance that our banking system will now use the new Small Businesses Loans Act, because in the past it and the Farm Credit Act have been major stumbling blocks. Our banking system has been hesitant to use those two acts.

If I understood the minister correctly, he said that last year some $80 million was lent under the Small Businesses Loans Act. At the maximum rate of $75,000 per businessman, that amounts only to just over 1,000 loans, so I think that is not a record to be proud of.

It seems obvious that this parliament is winding down. The sooner we go to the country, the better, because this government has almost overwhelmed Canada with its permissiveness, disunity and economic incompetence in the past decade. The budget indicates no basic change in the philosophy of this government. Generally speaking, if you tax something, you get less of it; if you subsidize something, you tend to get more of it. The approach of this government is still the same. It continues to tax work, growth, investment, employment, savings and productivity and to subsidize no work, consumption and debt. Ten years is enough!

Ten years ago we were a nation proud of our heritage, confident in our capabilities and purpose and sure of our direction and destiny in world affairs. It was this confidence and purpose which held together our widely scattered provinces and racial groups. Today, however, this spirit of national unity and purpose has given way to doubts, fears and uncertainties in every province.

Even ten short years ago there were few Canadians who were not convinced that Canada had the capacity, resources and will to survive as a strong and independent North American nation. Any suggestions of separation or of joining with the United States would have been ridiculed. Indeed, we assumed that the rest of the world envied the strength of our judicial structure, the soundness of our banking system and economic policies and the integrity and reputation of our police forces. Our stability, respect for law and order and educational standards were all matters of great pride.

However, in the span of only a few years much of this solid structure has crumbled, and we now find ourselves groping and wondering just what has happened so suddenly. Canadians are weary of inflation, bureaucracy, political scandals and the false promises of our leaders. They are tired of the shopworn government we have which no longer commands respect. People generally are sick of the new morality which seems to have something in it to offend everyone.

[Mr. Abbott.]

What are the answers, and is a cure possible? If we continue this downhill slide while at the same time having resources of all kinds, we are certainly headed for an ultimate bust if we do not learn a few simple lessons. The picture may be bleak, but it is not hopeless.

Canada is one of the wealthiest nations on earth, yet we look with envy on the Arabs. We over-react to the significance of their energy wealth. Certainly they have oil, and lots of it, but they are lacking in many resources, particularly the human resources which we have in Canada.

In Canada we, too, have oil and natural gas. We also have tremendous forests, agricultural reserves, coal, iron ore, nickel, lead, uranium; you name it. And probably the greatest wealth of all, not often thought about, is our water. Imagine what the Middle East would give for an ample supply of fresh water. The Arabian countries have lots of oil, but they are short of welders, electricians, carpenters, engineers, chemists and pipe fitters. We have them in abundance, and it is this great Canadian resource of skilled people that we have to take advantage of.

The Japanese have virtually no resources. All they really have going for them are about 90 million workers who have some incentive to work. Imagine what our agricultural producers and small business people could do if they could just have a tax-free kitty to put a few dollars into in good years, to be drawn upon in poor years.

We have to upgrade the resources which leave this country. The natural gas which goes south to the United States comes back in the form of plastic. Wood from our forests goes south and across the Pacific and comes back as furniture or plywood. Our coal and iron ore which go to Japan come back as Toyotas. Probably half of the goods purchased by our overtaxed workers is made elsewhere, from coal, oil, natural gas, wood or other materials, extracted from this country.

● (2032)

In order to upgrade our raw materials we must have a climate to encourage investment in Canadian manufacturing. Since the end of the World War II we have visibly lost strength and status among the world's more powerful industrial nations. We have tended to concentrate on redistributing the wealth we have rather than creating new wealth.

We may well look at Germany's economic miracle after World War II. They proceeded on the basis that it was easier to give everyone a larger slice out of a bigger cake than to gain anything by fighting over the division of a smaller cake. The German government did three things: the first was to abolish state planning and end price controls; second, they established freedom for the consumer to buy what he likes and recognize his freedom to work with or without union membership as a basic right of every citizen; third, they encouraged greater productivity of goods to help bring down prices. They established a 48-hour work week and overtime wages were made tax free.

We cannot find a solution in Canada by still more spending and more borrowing for social services and less individual

incentive. We cannot serve long term unemployment through more welfare because it will only bring another generation into being as wards of the Crown. Our problems will not be solved outside this country. The job is internal and the unity of our country will never be secured with a sick economy.

So is it any wonder that our people are bitter when we see American TV ads for automobiles which are $2,000 cheaper than our automobiles? It is particularly irritating when a good number of people realize that the automobile in question was manufactured in Canada. Home appliances are offered at substantially lower prices in the United States. Many U.S. models are identical to Canadian models built in Canada by the same company with headquarters in the U.S. Housing prices are much higher in Canada. Also, mortgage interest rates at time are more than double here, and they are not tax deductible as they are in the U.S. Higher and higher personal income taxes required to pay for social programs all add to this frustration.

One of our real problems in Canada has been the failure of our federal government to bargain properly with the public sector. Salary scales have gone completely out of control, putting undue pressure on the private sector to equal the wage gains of government employees.

However, I believe the attitude in Canada is changing and that we are going to recognize that a restoration of the incentive system is really the only way to bring about prosperity. We should be using our energy surplus and our great natural resources to negotiate bilateral trade agreements with the United States in particular, with Japan and the European Economic Community, to promote substantial growth in the manufacturing sector in this country.

It does not seem unreasonable, if we agree to export several hundred million cubic feet of natural gas to the United States to assist in their gas shortage situation, if we ask that some of the export be in the form of manufactured products derived from Canadian natural gas. Indications are the United States is willing to discuss such an agreement. The United States being our principal trading partner, this is the logical place to start.

One of the fictions we have been living under for the past decade, and it is a most insidious one, is that our political rights guarantee equality in all things. This has come to mean equality not only at the starting line but at the finish line as well. Well, I just do not believe it. We should all have equality, not only at the starting line, but while the race is on. The guarantee should be freedom—freedom to achieve or to fail, freedom to make the most of every talent and ability we have, and freedom to run the race as best we can. Finally, we should have freedom to receive the rewards of that effort. We need a change in policy, attitudes and outlook, a new Canada with a new government.

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, I am pleased to have this opportunity to speak out and express my opinion on the budget, especially in these hard times. Mr. Speaker, this budget must be considered in light of the present economic and political situation. No budget can be made in a vacuum, without regard for the reality of the day. I would like to consider some blatant examples of the way the government persists in giving everything to the rich and nothing to the poor.

But first I would like to comment on the 2 per cent provincial sales tax rebate that the government has proposed. Once again it is the low income earner who will foot the bill because the government will have to take this money somewhere or else transfer it to the already heavy debt. Furthermore, the government should have offered solutions that come under its jurisdiction and not act on behalf of the provinces. I am not against federal aid in a sense, but that should only occur after certain other measures are taken such as lowering the federal tax, increasing the basic exemption from $2,700 to at least $4,000, the government should also have increased the excise tax on products we could easily produce ourselves here in Canada. With regard to the controversy that opposes the Quebec government to that in Ottawa, to my mind, having a protectionist policy is not turning everything upside down. I feel the proposal of the Minister of Finance (Mr. Chrétien) was not adapted to the needs in Quebec. Hardly any automobiles are manufactured there and a 2 per cent reduction on that product would not have helped the province. The last budget proves that this government is unable to apply measures that take into consideration the particular needs of the provinces generally.

I should now like to discuss the amounts earmarked for research and development. The new tax credits the government proposes for R & D are another example of inadequate solutions to current problems. The government wants to allow companies to deduct 50 per cent of their additional expenditures on R & D. Applied research especially is involved here, as new technologies are wanted to improve existing products. However, those new tax credits favour big business which already enjoys the benefit of other government measures. But nothing is being done to help independent researchers. The situation of the researcher in Canada is unacceptable. Allow me to quote a paragraph from the article by Margaret Munro, published in the Ottawa *Citizen* on April 10, 1978, on the lack of efficient government assistance to research, and I quote:

[*English*]

This sort of unexpected oscillation is not only destroying Canada's medical research community but it's costing the taxpayer millions of dollars. A researcher spends six months setting up his lab and the next thing you know he loses his grant, he says.

[*Translation*]

It is truly unbelievable, Mr. Speaker, that a researcher should have to live in financial and material poverty in Canada. It is also unbelievable that in his budget the Minister of Finance did not provide concrete measures to help research and development in hospitals and universities.

I would like to quote some questions submitted by Dr. John Kucharczyk, executive secretary of scientific policies of the Canadian Federation of Biological Societies, to my colleague the hon. member for Abitibi (Mr. Laprise):

[*English*]

Is the Canadian neglect of scientific research more serious in some sectors, i.e. universities, than in others? Is the neglect concentrated in particular areas, i.e. social sciences and natural sciences?

[*Translation*]

Mr. Speaker, we of the Social Credit Party of Canada say that the measures put forward in the budgets last year and this year do not meet the real needs of Canadians. These measures tend to favour research and development through tax deductions. This is effective for the government in office because it attracts favours and election funds from large companies. This explains the cuts which were made to the funds allocated to medical research at the university level. Given the shortsightedness of Liberal members, the government hastens to tell the people that funds earmarked for pure research done mainly in universities should be cut to increase the funds allocated to applied or industrial research.

Another question read as follows, and I quote:

● (2042)

[*English*]

Your party is on record as favouring an increase in R & D investment in the public and private sector from the current level of less than 1 per cent of the gross national product to 2.5 per cent of the GNP. What effect do you believe that an increase in Canadian R & D would have on the nation's economy?

[*Translation*]

We reply that the most obvious effect of research is the greater technological and consequently economic independence from neighbouring countries, especially the United States. Research is the only way to make our industries more competitive on the international market. Moreover, this will promote the hiring of more employees in research laboratories. From a medical point of view, it is a known fact that research improves the health of the population who can then have more productive activities.

Finally, only research and its effects can bring a final solution to the great problems of our times, such as unemployment, inflation, control over Canada's 200 mile zone and the protection of our environment. If the minister has understood what we have just said, he will agree that research and development can bring solutions to our economic problems, whether in the area of agriculture, of pulp and paper or elsewhere.

I would now like to say a few words about our debt. Another one of the false solutions proposed by the minister in his budget is the debt. We must wonder if the minister is aware of the definiton of debt. The Larousse dictionary gives one and it is not necessary to be Minister of Finance to understand it. At page 313 of the Larousse dictionary, we find the following definition: Something owed, an obligation. Mr. Speaker, we have an obligation of more than $11 billion. The debt for each Canadian worker amounts to $10,600. Every newborn in Canada owes this amount from the date of his birth.

Last Thursday, during question period, there was reference to the sales tax quarrel between Quebec and Ottawa. My colleague from Bellechasse (Mr. Lambert) asked the Minister of Finance if he could use the Bank of Canada to create new credits to increase the money supply. The minister replied that he had looked into the social credit theories as early as 1963 and that he was convinced that he was right to oppose them. But, Mr. Speaker, if the Minister of Finance is really serious, he should start to learn social credit philosophy and he would find out that if foreign investors consider Canadian bonds as valuable guarantees for their loans to the Government of Canada, our own bank, the Bank of Canada, could accept the same guarantees from the same government.

When foreign investors lend money to this country, they know that the wealth and labour of Canadians are good guarantees to buy Canadian bonds. So why should those who have been elected by Canadians not take their own responsibilities? And instead of maintaining a debt system, let us have a credit system so that Canadians may get rid of this debt system and perform as a sovereign people. Those same guarantees accepted by foreigners should also be accepted by the Bank of Canada and thus it would be able to monetize the credit of Canadians.

Mr. Speaker, how can the minister understand our philosophy when he does not even know what a debt is? Since the minister does not understand the basis of the economy, how can he put forward a sound budget? Current issues which can destroy Canada are not explained by the nature of this country but by the way it is governed. So, Mr. Speaker, there is only one solution and that is to elect a Social Credit government at next election.

[*English*]

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, in the budget debate there are always a number of matters a person would like to refer to, given the latitude one is able to exercise in debate, but tonight I want to deal with the major fiscal proposal which appeared in the budget, in fact the only fiscal proposal of any significance, and this is the proposed reduction in provincial sales tax.

But to do that, Mr. Speaker, we must enter the world of Alice in Wonderland, where words mean what the federal government chooses them to mean; where a hasty round of telephone calls becomes full consultation; where a proposal which was mentioned briefly in October, revived suddenly at the end of March, and then firmed up after six provincial budgets came down, is said to have undergone extensive negotiation; a world where Claude Ryan becomes a separatist and Allan Blakeney a closet Tory. That is the Alice in Wonderland world which characterizes the government's tax cut proposal.

Nevertheless, let us proceed. We begin with a proposal clearly and solely in the field of provincial jurisdiction, one obviously requiring full partnership between the federal and provincial governments to ensure its success. Not only was the opportunity to forge such a partnership in budget making missed, but it was missed because no serious effort was made by the federal government to achieve it. Yet the Minister of Finance (Mr. Chrétien) said the following:

> . . . for the first time in Canadian history we have achieved a certain level of co-ordination of fiscal policy between the federal and the provincial governments.

As we look back at this past week, all we can say is: some level, some achievement. Meanwhile in his remarks on the budget, the Secretary of State for External Affairs (Mr. Jamieson) referred to the tremendous progress made by the government in the area of federal-provincial co-operation. He stated that after the tax cut period there may be the following:

> . . . other new, imaginative and creative ideas flowing from this unique process which was introduced by the Prime Minister, and reinforced in these last few days by the Minister of Finance.

Let us take a closer look at this "unique process" which the minister extols. I will tell hon. members what is unique about the government's process of federal-provincial relations. At a time when most other forces in the country are aiming for consolidation, co-operation and compromise in the interests of unity, the federal government stands uniquely alone in its tactics of divide and conquer. If the government is doing anything imaginatively and creatively, it is fostering division rather than unity, resentment rather than accommodation. The manner in which the sales tax cut was put into place is just the latest in a long list of divisive federal government actions.

What is almost amusing about the sales tax issue is the fact that, while government members applaud what they perceive as a step forward in federal-provincial relations, or as an outstanding example of federal-provincial fiscal co-ordination, they seem to be the only ones applauding. Certainly the four western premiers have stated that the budget move contradicted the spirit of federal-provincial co-operation and consultation, and they said it could be prejudicial to ongoing discussions on national unity.

● (2052)

The reaction of the province of Quebec to this step forward in federal-provincial relations has been anything but ecstatic. All political parties in that province, the new leader of the Liberal party in the province of Quebec, and Quebec newspapers both English and French, have been unanimous in their criticism of the federal government's handling of the sales tax cut.

We have five of the ten provinces dissatisfied with the federal government's latest effort at federal-provincial co-operation. When one considers that, of the remaining five provinces, four do not have to make any financial contribution to the plan and the fifth was the originator of the idea, one can readily conclude that there is little reason to applaud the government's federal-provincial diplomacy.

It has long been my contention that the process of conducting federal-provincial relations requires as much sensitivity and consideration as do the substantive measures involved. Here, sir, in the government's sales tax proposal we have a concrete example of where their lack of sensitivity toward the process of federal-provincial relations has diminished the potential good in the substantive issue.

We on this side of the House have no quarrel with the sales tax cut in itself. We have said it is a good idea, and we have said that here in the House. We have, rather, argued that it will not be in effect long enough and that it will come to an end just when the winter unemployment season is beginning. It is not the measure in itself but how the measure was taken that invites the criticism, not just of the opposition, but of the House and of the provincial premiers, the very ones whose goodwill is essential to maintaining the plan or putting it into effect.

The Prime Minister (Mr. Trudeau) has made much of the proposed success of the recent first ministers' economic summit conference which he billed as the beginning of a new era in federal-provincial relations. He and his ministers have exaggerated beyond belief the degree of agreement that was reached by all the premiers on this detail or on that detail. They were supposed to have discussed all the urgent matters of joint concern at that conference. It was the logical place to do so.

But now what do we find? We find that in the two months following that conference the federal government brings in two major initiatives, the referendum bill and the sales tax proposal, both of which are of great concern to the provinces and neither of which we find was discussed or even mentioned at that much-vaunted economic summit conference. The renewed sense of partnership that the Prime Minister sought and thought he had in the first ministers' conference does not exist. It was all a façade and sham, an exercise in public relations designed to brush up on appearances, but to accomplish little of substance. How else can we explain the failure of consultation in regard to both the referendum bill and the budget proposal?

The main point of discussion here today is the sales tax cut. But, sir, it is not the only recent deviation from that conference high in February. Another breakdown in federal-provincial relations is that complete lack of consultation with the provinces on the referendum legislation. A process to which so much importance should be attached is abandoned by the federal government whenever it is convenient for them to do so.

The minister in charge of federal-provincial relations, when questioned in the House about consultation with the premiers, stated that the referendum legislation covered only issues under federal jurisdiction, knowing full well, of course, that the referendum legislation addresses itself to any question relating to the constitution of Canada. He did admit at a press conference that it could be used in the case of failure to reach agreement with a province on constitutional matters, yet he

has either the naivety or audacity to suggest that all constitutional questions automatically fall within federal jurisdiction.

When the federal government is defining matters that fall within federal jurisdiction and providing the questions to be posed, how long would it be, given the record of this government, before the people of Canada were faced with national referenda on matters of joint jurisdiction such as authority over agricultural marketing boards, and then move on to subjects of disputed jurisdiction such as resources taxation, or even to subjects of strictly provincial jurisdiction such as post-secondary education?

We all need to be wary of the government's perspective of matters that fall within federal jurisdiction, but given their preoccupation with their own importance the federal government continues to be blind to the needs, the aspirations and to the wishes of the provinces, the other partners of confederation. More than that, the federal government is oblivious to their own blindness in this respect. When criticized about the failure to consult with the provinces on the budget proposals, the Prime Minister and his Minister of Finance state: Oh, but we did consult with the provinces.

We all remember that phrase "profitable federalism". The federal government has their own version of that phrase. They were eager, indeed they were anxious, to have the provincial premiers at their side to endorse the generalities of their medium or midterm economic proposals. But when they had specific initiatives in mind, initiatives which would directly and immediately impact on the provinces, those proposals conveniently fell outside the boundaries of what could profitably be discussed at the first ministers' conference, even though the timing of the economic summit had been carefully chosen to give the first ministers the information they needed to adjust their budget planning in the light of the new proposals jointly agreed to at the time. The much vaunted mood of partnership that the Prime Minister spoke of, it now becomes clear, was taken seriously by the federal government only in so far as it served their own interests.

As I recall, looking back to that economic summit conference the general consensus at the close of the conference was that the federal government was the only government not to put forward a proposal. Now we know the reason why. It was not that they did not have proposals to make; it was just that they did not want to subject them to that forum. The Prime Minister and the Minister of Finance argue that the sales tax proposal had extensive discussion and that there was intensive co-operation over a period of six months. But when pushed, they reluctantly admit that it was raised briefly some six months ago and not by the federal government. Then it was allowed to lapse and only proceeded with a few weeks prior to the bringing down of the federal budget, after a flurry of telephone calls between the Minister of Finance and the provincial ministers on a one-to-one basis. At no time were the provinces able to discuss the matter among themselves, as would have been the case had the matter been properly brought up at the first ministers' conference in February. This is the place where it ought to have been discussed.

[Miss MacDonald.]

• (2102)

This kind of dealing is not consultation, and, further, bringing in a proposal which seriously affects provincial budgets after six provincial budgets have already been brought down is not co-operation. It was in some respects more akin to a lottery in which those provinces which bring down their budgets in April have a clear advantage over those which do so in March. The fact that four provinces were able to take the sales tax cuts into consideration in the budgets, with two provinces actually changing the dates and forms of their budgets—as the Prime Minister admitted yesterday—while six were not able to do so, give them a kind of special status and breeds resentment among the provinces. In no way does this exercise in federal bungling add up to partnership.

If you add to this, Mr. Speaker, the heavy-handed manner in which the government rejected the counter-proposal of Quebec, then the bungling becomes a fiasco. The handling of the sales tax with regard to the province of Quebec has been a disgrace, and when opposition members criticized the Prime Minister and his Minister of Finance for their inept handling of this matter, what was the government's response? They lashed out and called all their critics separatists. That is their stock response to criticism of any stance regarding Quebec. To disagree with the Prime Minister is to want to break up the country.

So desperate was the Prime Minister in assailing his critics that he was able to perceive what had escaped everyone else—that Allan Blakeney was a closet supporter of the federal Progressive Conservative party. That was the claim he made. All of this might fit very well with the Prime Minister's image of himself as the saviour of the country, but it does not fit at all well with reality.

The Minister of Finance was proud of his sales tax proposal and the way in which it took into consideration certain regional realities. It has been flexible enough to give special consideration to the Atlantic provinces with full compensation and to allow two other provinces to opt for a smaller cut over a longer time. Yet when it comes to the province of Quebec, which has an even higher unemployment rate than two Atlantic provinces, the government took on the attitude of inflexiblity. All three political parties in the national assembly in the province of Quebec, the newly elected leader of the Liberal party in that province, and both the English and the French press, all came out in support of Quebec's position; but the federal government remained rigid in its stand.

In a move of apparent accommodation, the federal government then turned around and offered Quebec a supposedly new deal, which was in reality a new twist to its rigid position. Meanwhile, the federal money sits there as a reminder to the province of Quebec that there is only one set of rules by which to play the federal-provincial game, and those rules are set in Ottawa. Is it any wonder, Mr. Speaker, that faced with such domineering rigidity, the province of Quebec hurls accusations of paternalism and federal domination? Is it any wonder that in the space of ten years of such domineering rigidity, this country has a national unity problem that is fostered right here

in Ottawa? Does the Minister of Finance not realize that by his actions he lends credibility to the Parti Québécois with allegations that Ottawa is paternalistic and domineering, or did he deliberately pick this fight? Did the minister deliberately pick this fight to shore up his government's sagging support in the rest of the country?

If this was his intent, his cynical manoeuvre served the tragic purpose of renewing fading support for a separatist government in the province of Quebec which he purports to oppose. The lesson to be learned here is that even a good idea badly executed works against itself.

It was with amazement yesterday that I listened to the Prime Minister express his puzzlement at the reaction of the western premiers. He said that they were upset, not about the content of the federal proposal, but about the form of its negotiation. That is precisely the point: given the blindness that I have already referred to on the part of this government, the Prime Minister will go on being puzzled as to why the western premiers are upset. The government has consistently overlooked the importance of the process through which negotiations are carried on, and in so doing has often jeopardized the substance of those proposals.

In federal-provincial relations as in most other areas of life, means and ends cannot be separated. Bad form on the golf course produces only a slice or a hook, but bad form in federal-provincial negotiations endangers the unity of our country.

Some hon. Members: Hear, hear!

Miss MacDonald: More than any other aspect, it is the form of federal-provincial relations that must change, and it cannot change so long as there exists an insensitive and remote federal government that does not respect the needs and wishes of the provinces. I am not a champion of the provinces against the federal government. The provinces must appreciate and respect the essential roles and powers of the federal government. But they would demonstrate that respect more readily if it were reciprocated or, even better, initiated by the federal government.

I would like to quote from the Conservative party's Kingston communiqué, which was a joint statement made by our leader and the then four Progressive Conservative premiers after their meeting last September in Kingston. In that document the Conservative party's view of the process of federal-provincial relations was clearly set out. It said:

> The federal government must be strong enough financially to influence the economy, bring about equalization of opportunity and stimulate under-developed sectors of the economy. But those national objectives can be attained without the federal government arbitrarily using its spending power, as it has so often in recent years, to force its way into areas of provincial responsibility. We are agreed that the federal spending power must be brought within constitutional bounds so that it never again is used by Ottawa to force action in areas not granted to Ottawa by the constitution.

Well, Mr. Speaker, the attitude of this government is one of take it or leave it. It is one of fiscal manipulation. If you take it you must do such and such. This attitude will not beget a sense of partnership, no matter how much money or how good the idea. Federal-provincial co-operation must be a two-way street; there must be input from the provinces, not just output from Ottawa.

● (2112)

Regional diversity is a fact of life in this country. Economically, politically and socially, the regions have different attitudes, different needs, different aspirations. It is essential that these attitudes, needs and aspirations find expression in federal decision-making. This budget was an opportunity for making that kind of accommodation for regional diversity in national policy. It should have demonstrated that such accommodation is possible. Instead, the episode has aggravated old tensions, reinforced old fears and put up hurdles which it will be difficult to clear if such a measure is attempted again.

The concept of a budget founded on federal-provincial co-operation, a concept which held out and still holds out so much promise, has been made into a travesty by what has gone on in the past several days. That travesty could have been avoided if only the Prime Minister had taken the premiers into his confidence by broaching this concept at the economic summit in February. He chose not to do so. The curtain on this tragedy of errors is now about to fall, but the consequences for the federal system have yet to make their presence felt on the stage. The Minister of Finance cannot escape the authorship of this budget; he and the Prime Minister must also accept the responsibility for the damage that has needlessly resulted from it.

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I have listened to and read some of the speeches made on the budget on both sides of the House. Coming as I do from an area that is diversified and probably has a little bit of all Canada, the constituency of Essex-Windsor which I represent—one of the most southerly parts of Canada and a very productive part—I sometimes wonder if I am in dreamland or if I live in Canada.

An hon. Member: You are on cloud nine.

Mr. Whelan: I have had the opportunity to represent this country as a member of parliament and as Minister of Agriculture at world meetings, and I can say there is no other country in the world that is envied as is Canada.

Some hon. Members: Hear, hear!

Mr. Whelan: We are envied for the freedom that we take for granted and for the things in which Canada has given world leadership. We are a northern hemisphere country, a country that many people refer to as the land of ice and snow. I am a representative of my constituency first and foremost. I know, Mr. Speaker, that I could not be Minister of Agriculture in our democratic society in Canada if I had not been elected in my own constituency of Essex-Windsor. Having had the opportunity to represent the people of Canada at many world meetings as Minister of Agriculture, it is hard for me to accept the tremendous admiration that people express for Canada without realizing what Canada is all about.

I wonder if some people in this country know what Canada is all about or why Canada even exists today. They should go back in history and find out why this country was created, why we created this confederation called Canada and how it came about. It is one of the most fragile confederations in the whole world, created mainly by two founding nations, the French and the English. Had it not been for those two groups working together, then—and some people may scoff at this—I would probably be the secretary of agriculture for North America! But those two founding nations together said they wanted to be different, that they wanted to be a country called Canada.

When I attend these world meetings I am proud that Canada has given leadership in food aid long before it became a "sexy" thing to be involved in and before other countries entered this sphere. My Department of Agriculture was in the forefront of providing help to developing countries and to the poor and underprivileged of this world. Other departments became more involved as time went on because food aid became a "sexy" thing to be involved in.

We have gained a respect that no other nation in the world has, whether it be the United States or the U.S.S.R. Of the 132 nations that attend the World Food Conference meetings, none has the respect that Canada commands. We aid our fellowman no matter where he may be in the world. We help on the basis of need, not because of their political philosophy or whether they are going to join our military alliance or whatever. That is why we are the envy of the world and the jewel of the world.

Sometimes when I sit here listening to dull speeches from the opposition about what a terrible country Canada has turned out to be I cannot believe I am in one of the most democratic parliaments in the world, the Canadian parliament. I can hardly believe I am the peasant child who grew up in Essex county, who was elected to one of the highest positions in the land and then appointed Minister of Agriculture. This is a country that offers a tremendous opportunity to anyone who wants to take it.

I listen to the opposition speak of gloom and doom in this great country that offers more opportunity than any other nation in the world at the present time, knowing that no other nation offers as much. There have been more inquiries from foreign corporations about investment in this country this year than ever before in our history. Does that say that this country is so bad? No, it does not say it is so bad. It says it offers more opportunity for investment than any other country.

We hear talk about the dollar. I see members here who are knowledgeable about agriculture but who say nothing about what the dollar has meant to them. I see people associated with the cattle industry, but they have not said that the dollar has brought the boom days back again to the cattle industry. We do not have an influx of cattle from the United States because our dollar is higher than theirs and they are not shipping cattle to us.

We are paying our debts in Canadian dollars to our banks, to our mortgage holders, to our trust companies and so on, and this has been beneficial to us. Whether it be in world trade, with cereal grains, oil seeds or whatever you like, this is one of the most beneficial things that has ever happened to us.

Today I heard a member of the opposition criticize the Minister of Industry, Trade and Commerce (Mr. Horner) for something he said about the dollar's value. If the opposition were honest, they would admit that this has been one of the most beneficial things that has happened, because we have been able to compete in the export of agricultural and industrial products.

We hear talk of gloom and doom in regard to development in our country. Mr. Speaker, when I was elected to this House in 1962 unemployment in my area—the great agricultural, productive area of Essex county within which is the great industrial city of Windsor—stood at 22 per cent. I was raised on a farm but I worked in factories. I know what life in an auto factory or a chemical plant is like because I worked in different occupations. I hear talk today about this great economic depression in this country. I wonder how honest some politicians are when they compare today to the dirty thirties and say this is the greatest economic depression we have seen. I was not in the work force in the 1930's but my older brothers were. I can remember those days and so can others. People were lucky if they worked for board in those days. They dared not take sick as there was no hospitalization, no medicare, no social services.

● (2122)

Let me talk about what is going on in my humble constituency of Essex-Windsor and the area where I live. Last year we had never before issued so many building permits, not only in volume but also in dollar value. In my area at the present time expansion is going on in the industrial sectors. In the agricultural business, which is still very important in that area, the Maple Leaf company is expanding by building a tremendous vegetable oil processing complex which will cost in excess of $50 million. The United Co-operative Company is building a large agricultural complex with an elevator system which will be the most efficient elevator system in Canada and will cost in excess of $22 million. The Redpath company and Labatt's brewery are going into a corn sweetener plant costing approximately $75 million, or maybe $100 million by the time it is finished. All of these things, plus many others, have taken place in that great economically depressed area of southwestern Ontario.

It does me good to go outside Canada and listen to what people say about this country. When I come back I realize how lucky we are to live in this country. All I can say is: "Thank God that we live in Canada".

To come back to my constituency, General Motors Corporation is expanding production facilities which will include 1,500 new jobs by 1980. Chrysler Corporation will be expanding their facilities and increasing manpower in that area. Do these people who will invest millions and billions of dollars in the auto industry in Canada and the United States of America not have confidence in what will take place in the economic makeup of North America? We have those people who print

doom and gloom about the auto pact. All I can say, Mr. Speaker, is: "Thank God for the auto pact and thank God for those politicians of the past." Some of them are still very active, such as our High Commissioner in Great Britain, the Hon. Paul Martin, who was one of the leaders in the auto pact and who realized the importance of having agreement that a certain portion of the North American auto market belonged to us.

Let us compare that situation to the farm machinery industry where there is no free trade and no such agreement. The hon. member from Winnipeg who is making a lot of noise over there and who will win his election on a hate campaign in Manitoba, should face the fact that maybe there would be a healthier farm machinery industry in western Canada if we did not have the completely free trade program. Maybe it is not so free trade because they are always great defenders when I criticize the U.S. ambassador to Canada as not so liberal in free trade.

Farm machinery parts can be brought into Canada duty free, but a machinery part manufactured in the hon. member's constituency could not be exported to the U.S. duty free, there would be 7 per cent duty. Agricultural chemicals come into Canada duty-free, but going into the United States there is about 14 per cent duty. We need more pacts like the auto pact, not less. We can improve upon them as time goes on and as we gain experience. They are not as bad as hon. members try to make them out to be.

The hon. member from Newfoundland pointed out today that my city had some of the most outlandish unemployment figures. He mentioned some figures about St. Catharines and the city of Windsor, but he did not point out the figures from the area where the hon. member for Perth-Wilmot (Mr. Jarvis) lives. The hon. member for Perth-Wilmot is not in the House tonight; he probably has some other obligations elsewhere and we will excuse him for not being here tonight. But I want to say that there is less than 2 per cent unemployment in the Perth-Wilmot constituency. Maybe that is why he figures it is not necessary for him to participate in the budget debate; he has nothing to worry about in Perth-Wilmot because of the government's actions. That hon. member's constituency has the least unemployment among young people—

An hon. Member: Why?

Mr. Whelan: Why? Because of government policy. The constituency which the hon. member represents probably has some of the highest incomes per farm family in Ontario and the area has possibly the highest farm incomes in Canada. Fifty-four per cent of the constituents have an income of $25,000 plus. This is the result of the healthy agricultural society which we have in Canada.

I am so tired of listening to politicians and even some farm leaders who talk about farm income going down. I received a letter from a so-called farm leader from British Columbia pointing out that farmers' incomes had dropped 9 per cent. Mr. Speaker, do you know how much farm income went up in 1975? At that time it had an increase of 187 per cent.

Some hon. Members: Shame, shame!

Mr. Whelan: From 1971 to 1975 there was an increase of 187 per cent.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Turner): Order, please. The hon. Minister of Agriculture has the floor.

Mr. Whelan: From 1971 to 1975 there was an increase of 187 per cent. Some people talk about it going down 9 per cent and 11 per cent. It has a long way to go down to equal the 187 per cent it went up. Figures are being used out of context. In British Columbia last year net income did not increase the way we would all like to see it, but it was not down, it was up. It increased three points on net income in British Columbia. I can go on and point out other farm production entities in Canada which have looked after themselves and are not doing all that badly. Some members on the other side of the House do not like to admit it.

The Canadian Horticultural Society gave an award this year to a person who had done more than anyone before in the history of the Canadian Horticultural Society.

An hon. Member: Who received that award?

Mr. Whelan: That award was to the Minister of Agriculture.

Some hon. Members: Hear, hear!

Mr. Whelan: If all these people from the Canadian Horticultural Society were Liberals, I could understand that, but I do not think the majority of them are Liberals in that organization. They are honest enough to recognize what this government has done for their organization.

Some hon. Members: Hear, hear!

Mr. Whelan: There is not one member of the horticultural industry producing those crops who has not benefitted from the action of this government. There is not one that is an efficient producer that does not have a net income that I know of. In addition, we have used stablization programs more since this government has been in power and since I have been Minister of Agriculture than ever before to assist those people in time of need, when they have experienced depressed markets.

I am so tired of hearing talk about farmers who have lost their net income. I wonder how many are honest enough to admit why farm land is higher in value in Canada than it is in the United States. The answer should be plain and simple to them. It is because farm income is generally better in Canada and because farmers, if they are efficient producers, are provided more security in this country than they are in any other nation in the world. None of our programs provide any kind of income for an inefficient producer who is lazy and does not want to work. He or she must work or they will not get

that kind of living or that kind of net income I have just talked about.

I have heard a lot of members talk about the dairy industry. A number of members who are listening to me tonight were in the House when I presented the new dairy program for 1978-79, but they did not even listen to what I was saying. I am sure a great many of them have not even read the informative briefs we gave them at the time. But I say there is no other country in the whole nation called the world—

● (2132)

Some hon. Members: Oh, oh!

Mr. Whelan: Mr. Speaker, whether we want to recognize it or not, we are citizens of the world, or of a nation called the world. The hon. member is laughing. It is too bad he does not widen his horizons a little because we are citizens of the world whether you want to call it a nation or a lithosphere. We are citizens of that great globe. Some of the members opposite, by their attitude, probably do not want to recognize it is round.

Some hon. Members: Oh, oh!

An hon. Member: Back to the budget debate.

Mr. Whelan: Someone says "back to the budget debate". I do not know what the hon. member for Peace River (Mr. Baldwin) said in the budget debate. I did not read his speech in the media anywhere. If he said anything at all it was probably about some kind of information scheme he was dreaming up which would put money in other people's pockets. He is talking about things in a democracy which have about as much to do with security of a family income as a snowball in hell. I have not received many letters from him lately about anything in his constituency, though in that constituency up in Peace River country even Peter's heritage fund could do a bit more by way of looking after the people there. The province of Alberta has so many billions to spare that they are piling them up. The hon. member for Peace River talks a great deal about Canadianism. If he can say that this heritage fund has created fairness in Canada I should like him some day to explain it to me as a peasant so that I can understand it.

The budget has done much more than most people realize to assist the farm community. Take the part in the budget having to do with research. It means that the private sector engaged in agricultural research can write off 50 per cent of the cost. That is what we want. We want more involvement in agricultural research in the private sector. This is the opportunity for those who have been saying they want to do more in the private sector. They have been given the chance.

I can see the hon. member for Medicine Hat (Mr. Hargrave) agreeing with me even before I make this statement because I know he has the welfare of the average Canadian corporate farm at heart. I do not know whether the hon. member's farm is a corporate farm, but if it is he will now be able to pass it on to his son or daughter free of tax.

Mr. Hargrave: That was one of my ideas.

Mr. Whelan: Yes, and I give credit to the hon. member for Medicine Hat, along with a lot of members on this side who made the same kind of recommendation as he did. We wanted to keep all those experienced people in agriculture and not oblige them to buy their farm twice. I want to tell the hon. member something. In many ways he is a great defender of the country to the south of us, though not all the time. Let me ask him whether farmers can do that in the United States of America. He knows they cannot do that in the United States. Even when a former minister of finance permitted the transfer of family farms without taxation to sons or daughters, Mr. Butt, the secretary of agriculture for the United States, said: "You must be out of your cotton-picking minds; we would never do that in the United States".

We have problems in Canadian agriculture but they are not of the magnitude of those experienced in the United States. The Minister of Finance (Mr. Chrétien) has shown his sincerity by listening to the wishes of members of this democratic institution called the House of Commons. He has shown his sincerity by reacting in a receptive way to the demands which have been made for this kind of provision. I know of no other country which would allow this to take place.

Canada, we must remember, was built by farmers. It was built by people who had not been given the opportunity to own land in their country of origin, whether it was the United Kingdom, Scotland, Ireland, France or another of the European countries. Their chance of owning land and building up new democratic institutions was pretty well nil, maybe even minus nil as far as that goes.

Some hon. Members: Oh, oh!

Mr. Whelan: I recently saw figures for Scotland which showed there are less than a thousand landowners in Scotland, most of them share croppers. That is why agricultural production in Canada is held in such tremendous admiration around the world. Such northern hemisphere countries as Russia, China and so on cannot understand how we are so productive, not only cereals but in dairy products, livestock, poultry and so on. No country is as efficient as we have become. And there is no nation in the world which lets its farmers run its business as we do.

The hon. member for Kingston and the Islands (Miss MacDonald) was talking about federal-provincial co-operation. I challenge anyone to look at any federal state and tell me where there is more co-operation between the various departments of agriculture in the field of food production than there is here in Canada. On the other hand, there is no other minister of agriculture in the world who has to deal as I do with such powerful provinces which are concerned with agricultural production.

Do hon. members think the secretary of agriculture of the United States has to call up 52 directors of agriculture in that country before he can make a decision? Not on your bottom dollar. They have authority federally. But we on this side believe in federal-provincial co-operation. We even have a separatist government in Quebec signing agreements with us

on such matters as national broiler marketing boards. They recognize this is good for agriculture. They recognize the constitution as it is, because it says agriculture should, first and foremost, be a federal responsibility. It is, and we are fulfilling that responsibility. This is why we are so productive. There is no other group in society which has increased productivity by 300 per cent in the last 25 years. Agriculture has done it. The farmers have accepted every form of automation and scientific break-through. But the incentive to create was there and was provided by government for the last 25 years.

Mr. Jarvis: The income of those farmers is going down.

Mr. Whelan: I have dealt with the hon. member's constituency. He even told me himself he had one of the richest, with one of the lowest rates of unemployment. As humble as the hon. member is, he certainly would not want to take credit for that.

● (2142)

Mr. Jarvis: I hope you don't either.

Mr. Whelan: The budget debate could go on for several days, in which case the hon. member for Perth-Wilmot would have an opportunity to take part in it. I am sure he would want to, and if he wants to put the facts on the record, he will tell us how wonderfully the farmers in Perth county are doing. He will tell us all about those things.

I want to say a couple of things about the Minister of Finance. I met Jean Chrétien when he first came to Ottawa.

Mr. Deputy Speaker: Order.

Mr. Whelan: I meant the Minister of Finance. I cannot get used to the formality of not being able to call a person by his first name in parliament, because in our rural communities we always do that.

Some hon. Members: Hear, hear!

Mr. Whelan: I have been to the Mother of Parliaments. Sometimes I think our parliament has detoured away from the instinct of democratic parliament. I do not want this to be a lesson to you, Mr. Speaker, but recently I visited the House of Commons in the United Kingdom. The members there put their feet up on the Speaker's table. They laid on the benches and nearly went to sleep. I said to one minister afterwards, "Mr. Minister, if we did that in the parliament of Canada, which is on television, we would be run out of the place". That minister brought me down to the ground pretty quickly. He said to me, "Mr. Minister, this is the house of commoners, and it must always have the image of a place for commoners". I sometimes think we detour away from that here.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Order, please.

Mr. Dean Whiteway (Selkirk): Mr. Speaker, the Minister of Agriculture (Mr. Whelan) has once again demonstrated to the country his ability to speak without notes and without facts.

Some hon. Members: Hear, hear!

Mr. Whiteway: He takes pride in the fact that he is born of a humble background. I was born the son of a cobbler from Nova Scotia.

An hon. Member: The son of a what?

Mr. Whiteway: The son of a cobbler from Nova Scotia. Down there the fishermen have a little adage about which the Minister of Agriculture might be aware: Even fish would not find themselves on the hook if they kept their mouths shut.

We are going to be quoting the minister's speech tonight to every farmer in this country, because there will not be a farmer who will not want to hear about the prosperity he has missed for years. We will quote the minister's every word to every farmer, and we will see how the minister's words stand up when and if the Prime Minister (Mr. Trudeau) dares to issue the writ.

Hon. members opposite speak firmly and boldly, yet it is April 18 and there is no writ of election. Where is the Prime Minister tonight? I expect that he will walk down that aisle opposite with a writ in hand, and when he does, we will see about this decade of progress about which the Minister of Agriculture talks, the Trudeau decade. The Minister of Agriculture is shaking his head. Well, let him go behind the curtain, have a caucus with his leader and see if he has the guts to issue the writ tonight.

Some hon. Members: Order.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but it being 9.45 p.m. it is my duty, pursuant to Standing Order 60(7), to interrupt the proceedings and put forthwith the amendment now before the House.

The question is on the amendment in the name of the hon. member for York-Simcoe (Mr. Stevens). Is it the pleasure of the House to adopt the said amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

The Budget—Mr. Whiteway

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

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

● (2152)

(Division No. 41)

YEAS

Messrs.

Alkenbrack
Allard
Andre
(Calgary Centre)
Baker
(Grenville-Carleton)
Baldwin
Beatty
Beaudoin
Benjamin
Blackburn
Brisco
Broadbent
Cadieu
Clark
(Rocky Mountain)
Clarke
(Vancouver Quadra)
Coates
Cossitt
Crosbie
Crouse
Darling
Dick
Dinsdale
Dionne
(Kamouraska)
Elzinga
Epp
Fraser
Friesen
Gauthier
(Roberval)
Gilbert
Grafftey
Hamilton
(Qu'Appelle-Moose Mountain)
Hamilton
(Swift Current-Maple Creek)
Hargrave
Holmes
Howie
Huntington
Hurlburt
Jarvis
Johnston
Knowles
(Winnipeg North Centre)
Knowles
(Norfolk-Haldimand)
La Salle
Lawrence
MacDonald
(Egmont)
MacDonald (Miss)
(Kingston and the Islands)
Masniuk
McCain
McGrath
McKenzie
McKinley
McKinnon
Mitges
Muir
Munro
(Esquimalt-Saanich)
Murta
Neil
Nowlan
Oberle
Orlikow
Patterson
Peters
Pigott (Mrs.)
Ritchie
Rynard
Saltsman
Schellenberger
Scott
Skoreyko
Smith
(Churchill)
Stevens
Stewart
(Marquette)
Towers
Wenman
Whiteway
Wise
Woolliams
Yewchuk—76.

NAYS

Messrs.

Abbott
Allmand
Andras
(Port Arthur)
Baker
(Gander-Twillingate)
Basford
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Buchanan
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (Miss)
(South Western Nova)
Campbell
(LaSalle-Émard-Côte Saint-Paul)
Clermont
Collenette
Comtois
Condon
Corbin
Corriveau
Côté
Cullen
Cyr
Danson
Dawson
De Bané
Demers
Dionne
(Northumberland-Miramichi)
Douglas
(Bruce-Grey)
Duclos
Dupont
Dupras
Duquet
Faulkner
Fleming
Foster
Francis
Gauthier
(Ottawa-Vanier)
Gendron
Gillespie
Goodale
Goyer
Gray
Guay
Guilbault
Harquail
Herbert
Holt (Mrs.)
Hopkins
Isabelle
Jamieson
Jones
Joyal
Kaplan
Lachance
Lajoie
Lamontagne
Landers
Lang
Langlois
Lapointe
Leblanc
(Laurier)
LeBlanc
(Westmorland-Kent)
Lefebvre
Lessard
Loiselle
(Saint-Henri)
Lumley
MacDonald
(Cardigan)
MacEachen
MacFarlane
MacGuigan
Maine
Marceau
Marchand
Martin
McIsaac
McRae
Milne
Munro
(Hamilton East)
Nicholson (Miss)
O'Connell
Olivier
Ouellet
Parent
Pearsall
Pelletier
Philbrook
Pinard
Portelance
Prud'homme
Railton
Raines
Reid
Roberts
Robinson
Rompkey
Rooney
Roy
(Timmins)
Roy
(Laval)
Sauvé (Mrs.)
Savard
Smith
(Saint-Jean)
Stollery
Tessier
Trudeau
Trudel
Turner
Watson
Whelan
Wood
Yanakis
Young—116.

● (2212)

Mr. Speaker: I therefore declare the amendment lost.

It being after ten o'clock, this House stands adjourned until tomorrow at two o'clock in the afternoon, pursuant to Standing Order 2(1).

At 10.15 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, April 19, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

VETERANS AFFAIRS

REQUEST WAR DISABILITY PENSIONS ADHERE TO 1973 FORMULA—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise under the provisions of Standing Order 43. The urgency of my motion is related to the uncertainty of the length of this parliament, and its pressing nature is related to the deplorable inflation rate which this government's failure in the economic area has permitted to become one of our nation's major concerns. I therefore move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this government bring forward without delay legislation restoring the basic amount of the war disability pension in accordance with the 1973 formula and for according prorated pensions to widows of veterans where the veteran's pension is less than 48 per cent.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

ANNUAL INCREASE FOR EMPLOYEES—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to Standing Order 43. In view of the fact that the possibility of a federal election call increases daily, in view of the fact that employees of the House of Commons are now three weeks late in receiving notice of their annual April 1 increase, and in view of the fact that the April 1, 1977, increases were in the order of 3 per cent below the cost of living increase for that year, I move, seconded by the hon. member for Timiskaming (Mr. Peters):

That this House instruct its commissioners of internal economy to immediately table salary increases for House of Commons personnel equivalent to no less than the cost of living increase since April 1, 1977.

Mr. Speaker: Presentation of such a motion for discussion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

RAILWAYS

EXTENSION OF BRITISH COLUMBIA RAILWAYS' LINE TO YUKON—MOTION UNDER S.O. 43

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I rise on a matter of urgent and pressing necessity and ask for unanimous consent of the House to a motion which seeks to end the uncertainty and the concern of all residents of north-eastern British Columbia over the fact that a vital section of the British Columbia Railway may be abandoned.

Having regard to the fact that the entire industrial base supporting the town of Fort Nelson as well as the general area of northern British Columbia relies almost exclusively on the railway for its survival, and considering that the abandonment of this railway from Fort St. John to Fort Nelson would place in jeopardy several hundreds of jobs, and further considering the importance of that section of the BCR in the context of the northwestern rail authority as recommended by Mr. Justice Hall, I move, seconded by the hon. member for Vancouver Quadra (Mr. Clarke):

That the government enter into discussions with the province of British Columbia immediately with the view of applying the resources and jurisdiction of the federal government not only to prevent the abandonment of the British Columbia Railways' northern line but to plan, jointly with the provinces of Alberta and British Columbia, the extension of this rail line to the Yukon and the establishment of certain interchange connections with other northwestern railways, in order to accommodate such industrial development schemes as the Alaska Highway pipeline which are already committed for the area.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1412)

[*Translation*]

BANK OF CANADA ACT

COST OF LOANS TO GOVERNMENT—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with an important matter of pressing necessity.

In view of the fact that current public financing is likely to debit the present and future generations of Canadians towards foreign financiers at the daily rate of $31 million guaranteed by Canadian bonds; considering also that the primary aim of the Bank of Canada is to control credit in the interests of the economic life of Canadians and since the policy of that organization is dictated by the Canadian Parliament, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the House direct the Minister of Finance (Mr. Chrétien) to take all necessary steps as soon as possible to have the Bank of Canada Act amended to enable it to grant to the federal government long-term loans guaranteed by Canadian bonds at interest rates based on administrative costs which could help stimulate the Canadian economy.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

EXTERNAL AFFAIRS

FAMILY IN U.S.S.R. PREVENTED FROM EMIGRATING TO ISRAEL—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise under the provisions of Standing Order 43. My motion concerns the detention of a family in the Soviet Union. In 1970, Vladimir Slepak applied to Soviet authorities to emigrate to Israel. He was refused permission on the grounds that he had been involved in secret work. Since then, Mr. Slepak has been harassed, refused employment and imprisoned. His wife, who is a qualified radiologist, also has been refused employment. One of their sons has gone into hiding in order to avoid being drafted into the army; another son has fled the country altogether. In view of this totally inhumane treatment, I move, seconded by the hon. member for Portage (Mr. Masniuk):

That this House direct the Secretary of State for External Affairs to discuss with Soviet authorities the possibility of the Slepak family being allowed to leave the Soviet Union and take up residence in Israel.

Mr. Speaker: Presentation of such a motion for discussion can be done only with the unanimous consent of the House. Is there unanimous consent?

[Mr. Speaker.]

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE BUDGET

EFFECT OF SALES TAX PROPOSALS ON QUEBEC INDUSTRY

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the Prime Minister. As a result of the first ministers' conference in February it was decided to set up some 22 consultative task forces on Canadian manufacturing with representation from the provinces, business and the federal government. The government prepared a document for them setting out their policies, objectives and comments on the manufacturing sector. I refer to page 11 of that document, which reads as follows:

In the Quebec manufacturing sector the overriding issue is one of adjustment to competitive pressures on the traditional sectors—textiles, clothing, footwear and furniture.

Also, it states that average manufacturing employment in Canada dropped by 34,000 last year, with 30,000 of those a net loss in Quebec in those sectors. My question to the Prime Minister is: In view of these findings by the government as expressed in the government's own official documents, why is the government opposing the suggestion of the province of Quebec that the sales tax be eliminated in the areas of textiles, clothing, footwear and furniture, which would therefore help Quebec consumers in those areas to spend more and encourage those manufacturing sectors and manufacturing employment in Quebec? Why does the government continue to oppose this?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member has misunderstood the government's position. We have not opposed this; on the contrary, I have said repeatedly that we understood the Quebec government taking these steps to bolster its own particular industry. Therefore, we are not opposing it. Obviously, this is a tax within provincial jurisdiction. They are free to cut those taxes, as indeed other provinces have increased and cut taxes in other areas. We know of one province which has no sales tax at all. This is entirely within the jurisdiction of the provinces.

Not only do we not oppose it, but we supported it in other ways: we have brought in quotas; there are tariffs which exist; there are many measures of direct support from the Department of Industry, Trade and Commerce which have been made to these sectors so that jobs could be created and retained in that area. It is a misunderstanding to say we are opposed to it. What we do say is that if the province wants to do that by its own budget, with its own tax resources, we applaud it. If it wants to co-operate with the federal government in a series of tax measures that will help the whole

country and not only industries in one province, then this is what we proposed on budget night.

● (1417)

Mr. Crosbie: Mr. Speaker, this is federalism so rigid that it is rigor mortis federalism. In this same document the federal government makes the finding that there are particularly difficult problems in respect of textiles, clothing, leather, furniture and shipbuilding concentrated in Quebec; and the government made special arrangements with British Columbia and Saskatchewan to meet their suggestions. The government is using $800 million of the taxpayers' money across Canada to assist in lowering these provincial sales taxes, but the government is refusing to assist Quebec in lowering its sales tax on these items. Now, how—

Some hon. Members: Sit down.

Mr. Speaker: Order.

Mr. Crosbie: Mr. Speaker, my question for the Prime Minister is the following, and I know the hon. gentleman does not like this: How can the Prime Minister justify a special deal for B.C. and a special deal for Saskatchewan, and how can he justify special protection in Newfoundland in respect of clothing and footwear when he refuses to assist in Quebec where manufacturing industries are very hard hit and where, in spite of the federal government's measures, employment has been lost? How can he justify that?

Mr. Speaker: Order, please. Surely the hon. member realizes that he is putting forward an argument in that question and not searching for information.

Mr. Crosbie: Mr. Speaker, my question to the Prime Minister is this: Apparently the federal government's policy to assist in maintaining employment in those four industries in Quebec has been a failure and further assistance is needed because 30,000 jobs have been lost.

Some hon. Members: Question.

Mr. Crosbie: If the government will not assist Quebec in the way they have suggested, what other measure of assistance will it give for that sector in that province if it will not agree to flexible federalism in this area?

Mr. Trudeau: Mr. Speaker, of course, I do not agree with the premise. When we talk about flexible federalism, as the hon. member refers to it, we mean federalism in which the federal government and the provincial governments get together—as we did in February—to try to chart a course for the economic future. That is exactly what was done by our Minister of Finance when during a period of three weeks he met with the finance ministers of every province and his officials met with the officials of the finance departments of every province.

That is our position. We believe in co-operation and we have practised it. The other day I offered to put before the House and the hon. member the dates and times during which this subject was discussed with the provinces individually and collectively. In so far as helping these particular industries, Mr. Speaker, I just indicated to the hon. member that we have taken several measures, the most recent one in the area of establishing quotas, to protect those very industries.

I would like to hear clearly from the hon. member, on behalf of his party, or perhaps even from the Leader of the Opposition, that they are saying they support the Quebec measure, one which tends to discriminate against the industries of other provinces. I have not heard that yet.

[*Translation*]

SALES TAX PROPOSAL OF QUEBEC

Mr. Roch La Salle (Joliette): Mr. Speaker, I would also like to direct a question to the right hon. Prime Minister on that subject. In view of the fact that at a press conference last week the Prime Minister stated that the aim of Quebec's proposal was to undermine federalism, in light also of the large scale support given to the Quebec government for its proposal, both in the National Assembly and by the general public and even by people outside Quebec, would the Prime Minister be willing to reiterate today that all those who believe that the Quebec proposal meets Quebec's special needs, who support that proposal, also want to break up the country?

Right Hon. P. E. Trudeau (Prime Minister): That may be the hon. member's opinion, Mr. Speaker, but not mine. I do not say that those people intend to break up the country.

● (1422)

Mr. La Salle: Mr. Speaker, I have a supplementary.

I was referring to a statement made by the Prime Minister who said that the Quebec proposal was of a separatist nature, as the Minister of Finance states in a document which he presented only to his colleagues and which he did not make public. In any case, in the circumstances we admit that the proposal made by the federal government has been accepted by some provinces through special arrangements. How can the Prime Minister refuse to make a special arrangement for a province he knows well, with the problems he is aware of, when he accepted—and we are proud about it—special arrangements with other provinces.

Mr. Speaker: Order, please. This is exactly a repetition of the question asked by the hon. member for St. John's East.

[*English*]

ELECTIONS

REQUEST FOR PUBLIC DEBATE ON TV DURING NEXT ELECTION CAMPAIGN

Mr. Edward Broadbent (Oshawa-Whitby): Considering that a public debate on television would be the single best means, in a modern democracy, for the parties and their leaders to convey their positions to the electorate in an election, I would ask the Prime Minister if he would end the vacillation of his party on this question and accept in principle the offer that has been made jointly by the CBC and the CTV for a public debate in the coming election campaign?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the leader of the New Democratic Party tends to forget that this government for three years attempted to get television into the House of Commons, and finally got the support of the other side of the House. We are having debates on television every day that parliament sits and we are going to continue to have these debates in front of the television cameras.

As to what happens during the election campaign, perhaps the hon. member can come around and talk about that when we have decided to have an election campaign.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, the master of the half-truth strikes again. The Prime Minister knows very well that it was this party that first proposed televising debates in the House, and that it was his party that took ten years to implement it. I would like to ask him, instead of vacillating on the question, why does he not say now, in advance, than when the election is called—whether it is next week or the week after; whenever—he, as leader of his party, will commit himself in principle to taking part in a public debate on television?

Mr. Trudeau: Mr. Speaker, for a party that has been wanting to have television for so long—

Mr. Broadbent: Why don't you answer the question?

Mr. Trudeau: Why did the hon. member make a preamble if he does not wish me to comment on it?

Some hon. Members: Oh, oh!

Mr. Trudeau: I have not noticed that any of the provincial governments which are headed by the NDP have introduced television into their Houses. Is there some fear there?

Some hon. Members: Hear, hear!

Mr. Trudeau: I repeat, if the hon. member wishes to make plans for the coming election, he can make plans if he wants. As far as we are concerned, we have an order paper, we have bills to pass, and we will discuss the election when the election is called.

Some hon. Members: Hear, hear!

[Mr. Speaker.]

Mr. Broadbent: The Prime Minister, Mr. Speaker, is as coy as ever. Considering the fact that the senior officials in his party know that if the election is to take place in late June or early July, they must know within a matter of days, in terms of their scheduling, whether they can arrange such a debate, does the Prime Minister not recognize that his backing away from such a debate makes it quite conceivable that it will not take place in the future?

Mr. Speaker: Order. The hon. member for Bellechasse.

* * *

[*Translation*]

ANNIVERSARIES

REQUEST MUNICIPALITIES CELEBRATING TRICENTENNIALS BENEFIT FROM FESTIVAL CANADA

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the hon. Secretary of State.

Considering that several municipalities will celebrate their tricentennial in June or early July, which is an uncommon event in the life of a municipality, and that the program Festival Canada is under his jurisdiction, could he tell the House whether he has made plans to enable these municipalities to benefit from Festival Canada?

[*English*]

Hon. John Roberts (Secretary of State): Of course, Mr. Speaker, the purpose of the Festival Canada program is to celebrate Canada's birthday, not particularly those of municipalities. In view of the hon. member's representations, however, I will look into the matter and examine any cases that he brings to my attention.

* * *

TRADE

GATT NEGOTIATIONS RESPECTING AGRICULTURE

Mr. Jack Murta (Lisgar): Mr. Speaker, I would like to direct a question to the Deputy Prime Minister who I believe is in charge of answering questions in the House in connection with GATT negotiations. We on this side are concerned that during the GATT negotiations the government may sell out Canadian agriculture.

● (1427)

Since a number of very serious problems are still outstanding, one being the Japanese non-tariff barriers which, while reduced to manufacturing, are still very high with respect to Canadian agricultural products, specifically livestock and processed oilseed products, what position is the government taking to get the non-tariff barriers removed on trade with Japan?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, in a general way the question of non-tariff barriers and their elimination is featuring more prominently in this GATT negotiation than any previous negotiations. It is one of the objectives to achieve a reduction of these non-tariff barriers on all products that are impeded by these devices.

Mr. Murta: Mr. Speaker, that was no answer at all. We all know that one of the reasons for this round of talks is to try to reduce non-tariff barriers. I am speaking specifically about agriculture. Many people in this country are concerned about it. If the minister does not know the answer, I wish he would tell the House. Another area we are very concerned about is greater access to the European Common Market for grains, dairy products and oilseed products. Can the minister inform the House what position our negotiators are taking on the question of access to those markets?

Mr. MacEachen: Mr. Speaker, as the hon. member knows, Canada has already tabled its requests and its offers in the field of agriculture before its partners at Geneva, and other participants in the negotiations have done likewise. As I indicated in a reply to a question asked two days ago, at the present time participants in the negotiations are examining these proposals and counter-offers, seeking improvements or adjustments. It is not possible to make these offers public, however, because in accordance with the practice they are confidential to the negotiators.

Mr. Murta: Mr. Speaker, a final supplementary question. I am really asking the Deputy Prime Minister if he will inform the House in a general way, taking Japan and the European Common Market as two instances, how we are moving toward the lowering of non-tariff barriers. Is this something we are firmly committed to as a government?

Mr. MacEachen: Mr. Speaker, our objective is greater access for Canadian agricultural products to other markets and securing that access whether in the form of removal of tariffs or non-tariff barriers. Certainly, one of our objectives is greater access to the agricultural markets of the world.

* * *

THE CANADIAN ECONOMY

BUDGET PROPOSALS RESPECTING SALES TAX

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in absence of the Minister of Finance, who I understand is taking a sabbatical in the west, I will direct my question to the Prime Minister. It centres on the manufacturing sales tax at the federal level that the government has left in place notwithstanding the budget brought in on April 10.

Would the Prime Minister indicate if consideration has been given by the government to reducing the 12 per cent federal manufacturing sales tax in Canada, bearing in mind that 12 per cent means that next to Pakistan we have the highest such tax of any country in the world?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am surprised that the hon. member does not know that the Minister of Finance is in Vancouver to attend meetings of the Inter-American Development Bank. These meetings are attended by ranking bankers of the world, and he has been elected chairman of that meeting. It is a pity that the economic critic for the opposition does not understand the importance of international developments on economic affairs in Canada.

• (1432)

Mr. Stevens: Mr. Speaker, my question is to the Prime Minister. I might add it is a pity his Minister of Finance does not understand the consequences of our economy in Canada.

With respect to the manufacturing sales tax, is any consideration being given to reducing this tax, which at 12 per cent means that we are tied with Tanzania and Ghana as far as our tax level is concerned, bearing in mind it is regressive? In short, you would not get tangled in the meat-grinder as you are with the provinces if you had chosen to reduce that tax as opposed to the provincial sales tax approach which you took.

Mr. Trudeau: Mr. Speaker, the hon. member is making comparisons with other countries, and he knows how misleading that can be. He knows that many other countries have turnover taxes and rollover taxes. They do not have this same kind of federal sales tax, but they have the equivalent and it is much higher in other countries. I am surprised the hon. member is not informed of that.

An hon. Member: It is not true.

Mr. Trudeau: In so far as why we chose the sales tax rather than the federal tax, it was for a very simple reason, Mr. Speaker. One reason which should be convincing to the hon. member is that this is the form which was judged best by the treasurer of Ontario, and it was supported by every other provincial finance minister. That is a good enough reason.

Mr. Stevens: Including Parizeau?

An hon. Member: Talk to Darcy.

Mr. Stevens: Mr. Speaker, my final supplementary question is to the Prime Minister. Is the Prime Minister aware that with the sales tax level in Canada being approximately 20 per cent higher than that in the United States, it results in a Canadian having to earn, say, $44,000 to have the same take-home pay that an American has at $27,000 after tax? If he is aware of that, is any consideration being given to removing some of the double-taxation that exists in this country among the federal, provincial and municipal levels?

Mr. Trudeau: Mr. Speaker, it is quite obvious that these are arguments that the hon. member has just thought about. If he had thought about them, he could have made these points during the budget debate.

An hon. Member: What is your answer?

Mr. Trudeau: He has lost his chance of speaking now and he is trying to crowd in a new part of the debate. These are arguments, Mr. Speaker. We have been debating the budget, and we will continue to speak about it for the next two days—

Mr. Stevens: When are you going to speak?

An hon. Member: You haven't spoken yet.

Mr. Trudeau: If the hon. member has good suggestions and he can get some of his colleagues to believe they are as good he thinks they are, maybe he can crowd them into some of their speeches; but I doubt it.

HIGH LEVEL OF INFLATION

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister.

Some hon. Members: Oh, oh!

Mr. Hees: Just wait, boys; here it comes. As inflation is just below 9 per cent and has been going up steadily, giving every indication that it will continue to rise, and as this parliament gives the indication it is about to end with a general election to be held, would the Prime Minister undertake to give this House one last exciting demonstration of how he wrestles inflation to the ground?

Some hon. Members: Oh, oh!

* * *

ENVIRONMENTAL AFFAIRS

POLLUTION OF OTTAWA RIVER—FEDERAL-PROVINCIAL STUDY

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr.Speaker, my question is addressed to the Minister of State (Environment). Recent press reports concerning pollution levels in the Ottawa River indicate that a federal-provincial study by the Ontario, Quebec and federal governments has found very high levels of phosphorous and mercury in the Ottawa River system.

Considering that this report has not been made public as yet, and that there are serious health implications for all communities depending for their water supply on this river system, can the minister tell the House if he has received such a report and, if the answer is in the affirmative, when does he intend to make it public so that it can help speed up the provision of better pollution control of the Ottawa River?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, I am aware of this particular report. We are consulting with the minister of environment for the province of Quebec about certain aspects of the report. He made some comments about the accuracy of some of its contents. I expect to be hearing from him again very soon. We will be making the report public.

* * *

ADMINISTRATION OF JUSTICE

CIRCULATION OF DRAFT BILL ON INFLATION MONITORING AGENCY

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I hope my question will illustrate the tenacity required to get an answer from the Minister of Justice. Eight weeks ago I asked the minister about the act to establish an inflation monitoring agency. At that time he said he would have to find out the answer. Two weeks ago he said, after notice, that he had undertaken to get the information and that he would get it immediately and supply it. Last week his office said—

Mr. Speaker: Order, please. If the hon. member has a question, will he put it.

Mr. Clarke: I want to ask him again, who instructed Mr. D. Maurais to draft this bill and who authorized its release across the country?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I am amazed at the hon. member's tenacity about trivial points. This, of course, is characteristic of his record in his riding—

Some hon. Members: Oh, oh!

An hon. Member: At least he is going to run again.

Some hon. Members: Oh, oh!

Mr. Basford: The draft bill to which the hon. member refers was drawn up by an officer of my department on the instruction of officers of the Department of Finance. It reflected, in part—I emphasize, in part—a cabinet decision that we obviously had to prepare various proposals dealing with withdrawal from the control program. The instructions issued to the drafting officer went beyond the cabinet decision. It was a draft supplied to the Department of Finance whose officers discussed it, in the new climate of federal-provincial relations that exists in this country, with provincial finance officials.

Obviously, the draft bill to which the hon. member refers does not reflect government policy in terms that we have introduced other legislation, and as a result of close federal-provincial co-operation and discussion we have arrived at different agreements for the post-control period.

Mr. Clarke: Mr. Speaker, I am shocked that the minister thinks that draft bills floating around the country are such trivial issues. Is the minister telling the House that the Minister of Finance lied to the committee when he said that he did not know anything about this bill, and the Minister of Justice now says that it came out of the Ministry of Finance?

Mr. Basford: Mr. Speaker, I do not know my colleague's statement in the finance committee. It is conceivable, as far as

I know, that the draft bill to which the hon. member refers was never reviewed by ministers because, as I say, it never represented government policy.

RECOMMENDATION LEGISLATION COVERING RAPE BE AMENDED

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Justice. It concerns the report of the federal Advisory Council on the Status of Women which recommended that the subject of rape be dealt with in the Criminal Code by being placed in a different category from sexual offences, to emphasize the violent nature of the offence rather than the sexual nature of the offence.

Can the minister advise the House what action he proposes to take with regard to that particular recommendation? Could he also advise whether the Law Reform Commission made a similar recommendation to him?

Hon. Ron Basford (Minister of Justice): Over the past two years since the last amendment to the Criminal Code with regard to rape which represented a considerable advance in the law, we have been receiving representations and doing studies as to changes in the law. When those changes are proposed, they will be made public.

Mr. Leggatt: Mr. Speaker, we have had a substantial increase in reported rapes and we continue to have a low conviction rate for that particular crime. The Law Reform Commission have recommended a change in terms of cross-examination techniques for the victim. There is still a continuing problem that the exploratory nature of those cross-examinations is making the complainant the victim rather than the person who committed the offence.

Given the fact that there are recommendations from both the federal Advisory Council on the Status of Women and the Law Reform Commission to de-emphasize the sexual nature of rape, and also that rape crisis centres continue to be inadequately funded, can the minister advise whether there will be additional funding for rape crisis centres in view of this problem? Can he give us a time schedule as to when we can expect legislation with regard to these very worth-while recommendations that have come before him?

● (1442)

Mr. Basford: Mr. Speaker, with regard to the hon. member's remarks about there being a higher complaint rate, I think part of the reason for that is attributable to the amendments we made in the last session easing the burden of cross-examination of the complainant and the amendments which were made to encourage complainants to come forward and lay a complaint and have a charge prosecuted.

With regard to rape centres, I appreciate the immensely valuable work they are doing. However, with regard to their funding I can make no commitment because essentially the funding of those centres is a provincial responsibility for the provincial attorneys general. With regard to a time schedule as to changes, I am not in a position to give that information at this time. We have been carefully studying and analysing the proposals we have received from the Status of Women committee, the rape crisis centres and the Law Reform Commission. When we are ready to propose changes in the law, as I indicated, they will be made public.

* * *

TOURISM

ADVERTISING TO PROMOTE TOURISM IN CANADA

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. It relates to the tourist insert in *Reader's Digest* entitled, "Canada . . . it'll never cease to amaze you", a publication designed to promote tourism in Canada, keep the Canadian dollar at home and support national unity. Inasmuch as the eastern edition neglects the west and the western edition neglects the east, will the minister advise why his department, the tourist and publicity branch, reinforces east and west balkanization in this way?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, a number of editions of various magazines are put out across Canada. The whole idea is to make Canadians more aware of this great country. There may have been incidents, as the hon. member has suggested, but in other papers there has been a complete mix of both parts of Canada.

Some hon. Members: Hear, hear!

Mr. Dinsdale: Did budget cutbacks after the project was well under way force drastic changes in the text of the booklet that contained the errors and omissions pointed out recently by the hon. member for Carleton-Charlotte, whereby Fundy national park was placed in Nova Scotia, rather than New Brunswick—errors and ommissions that are detrimental rather than helpful to tourist promotion? What is the minister doing to correct this situation?

Mr. Horner: There are a number of typographical errors in the book, which we regret. One was pointed out by the hon. member for Moncton. There is one that has not yet been pointed out by any member opposite, but which I noticed. We are making an attempt to have these corrected.

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EXTERNAL AFFAIRS

NEGOTIATIONS ON PROPOSED FLOODING OF SKAGIT VALLEY, B.C.

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is for the Secretary of State for External Affairs. As the minister knows, for some years there has been a debate over the flooding of the Skagit Valley, British Columbia, by

Seattle City Light. I understand the minister has received a communication from the association opposing that flooding, suggesting that because the American northwestern United States now need our power and we have a surplus of electric power, this could be a lever to use against Seattle City Light in the sense of encouraging them to make a settlement with the province of British Columbia so that that valley will not be flooded. Can the minister report to the House what he is prepared to do and what the situation is in this regard?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I thank the hon. member for bringing it to my attention, and tell him quite frankly that I have not yet seen those reports personally. They may be in my office or in the department. I will undertake to make inquiries and respond to him as quickly as possible.

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[*Translation*]

SOCIAL SECURITY

GUARANTEED ANNUAL INCOME—GOVERNMENT POSITION

Mr. Louis Duclos (Montmorency): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. Can the minister tell the House how the negotiations with the provinces are faring with regard to the implementation of a guaranteed annual income which would, in particular, ensure an adequate income to Canadians of 60 to 65 years of age who can no longer work for health reasons but who, on the other hand, are not yet eligible for the old age security pension?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, the solution which had been outlined and suggested to the provinces to meet the needs of the elderly of preretirement age had indeed been a guaranteed annual income. But if the hon. member wants to know about the negotiations with the provinces in that regard, I must unfortunately advise the House that the result is negative. Since the provinces rejected our proposal for a guaranteed annual income over six months ago, we are now proceeding to that end through another mechanism, which they indicated they favoured, namely income tax.

* * *

[*English*]

INDIAN AFFAIRS

WITHHOLDING OF FUNDS FROM NATIONAL INDIAN BROTHERHOOD

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. In light of the fact that the minister is withholding $1.7 million from the National Indian Brotherhood and $28 million is being held back while the Beaver report is before Treasury Board, is the rationale for these actions due to the fact that the National Indian Brotherhood has withdrawn from the cabinet consultative committee, or is it because his own department's administration is in chaos, with a 17 per cent increase in the cost of administration and a multimillion dollar deficit in his budget for the province of Saskatchewan?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, that question demonstrates that the hon. member is totally confused. The only way I can reasonably deal with his problem is to talk with him privately.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Brisco: In light of the minister's answer, it is obvious he is trying to hide the fact that his department is in a chaotic state. If the minister is in serious difficulty with the National Indian Brotherhood over the lack of auditing controls within his own department, and the multimillion dollar deficit in Saskatchewan, is that the reason he is not prepared to bring his estimates before the standing committee and let us look at the can of worms he is afraid of?

Mr. Speaker: Order, please. Surely that question is argumentative.

* * *

ROYAL CANADIAN MOUNTED POLICE

INVESTIGATION INTO SALE OF MILITARY EQUIPMENT TO IRAN

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is to the Solicitor General. Some time ago an RCMP investigation was started into a rather strange series of transactions sponsored by the Department of Supply and Services, called Project Iran. My understanding is that it involved the sale of certain military supplies to the royal imperial government of Iran, and that the RCMP investigation related to the payment of certain agency fees and commissions involved in that sale. Has that RCMP investigation been completed?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I am not familiar with the allegation the hon. member is advancing. I will look into the matter and report to him further.

Mr. Lawrence: If the minister refreshes his memory about this matter, he will see that some members on this side of the House have been aware of certain matters relating to this transaction for some time. We have been unwilling to speak about it publicly because we did not want the allegation made that we were in any way impeding a police investigation into the matter. It should not take the minister very long to find out if the police investigation is still proceeding. Can he undertake to let us know within a day or so whether that investigation is still proceeding?

● (1452)

Mr. Blais: Mr. Speaker, I was not aware that hon. gentlemen were aware, because the hon. gentleman opposite did not previously make any of the allegations which have been advanced publicly known to me privately. I have not been very far away from the hon. gentleman and if he was serious about keeping this matter private for the purposes of investigation he could have made a previous effort to apprise me of the allegations.

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POST OFFICE

REMOVAL OF RESTRICTIONS ON HOUSE TO HOUSE MAIL DELIVERY

Mr. Leonard C. Jones (Moncton): Mr. Speaker, my question is directed to the Postmaster General. I would like to know when the restrictions on house to house mail delivery will be removed.

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I have already answered that question repeatedly. Though we are in the process of revising the whole postal policy with regard to door-to-door delivery, I think it would be hard to do better than we are now doing, for lack of the required financial resources.

* * *

[*English*]

EXTERNAL AFFAIRS

REQUEST FOR PROGRESS REPORT ON LAW OF THE SEA CONFERENCE

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. The Law of the Sea conference convened in Geneva on March 28 and it is scheduled to adjourn, I believe, one month from today.

In view of the importance of this conference to the people of Canada, especially those living in Atlantic Canada, I ask the minister whether any progress has been made on a number of substantive issues which are before the conference, such as a nickel production ceiling on seabed mining, a definition of the outer edge of the continental margin and the related matter of revenue-sharing in respect of seabed resources between the 200-mile limit and the edge of the margin, as well as establishing a regime for the prevention of marine pollution within the 12-mile territorial sea and the 200-mile economic zone, a problem which I am sure the minister is well aware has been highlighted recently by the *Amoco Cadiz* oil spill off the coast of Brittany.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I regret very much to tell the House and the hon. member that the current session of the Law of the Sea conference had produced very little up until at least the past few days, primarily because of a procedural dispute between the various groups of the more than 100 countries involved with regard to the matter of the role of the secretary general: I believe that this is his official title. In any event, much of the time to date has been preoccupied with this particular issue, with the result that not very much by way of substantive discussion has taken place on all of the matters to which the hon. member refers.

I can tell him, however, that in informal discussions and intercessional meetings of various groups a number of proposals are shaping up. They are tentative and therefore I am still hopeful, now that the matter of the role of the secretary general has been clarified, that they can make progress rather quickly in the weeks which are left. However, it is a matter of record and, I repeat, of regret that up until the present time not very much has been done. As a result, I am personally worried, and the government, and I am sure hon. members are worried, about the fate of the conference.

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CANADA PENSION PLAN

DELAY IN PROCESSING APPLICATIONS FOR DISABILITY PENSIONS

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is for the Minister of National Health and Welfare: it relates to the growing concern of many members of parliament about long delays in processing applications for disability pensions under the Canada Pension Plan.

Can the minister confirm to the House that there is a serious backlog in the processing of disability pensions, and can she explain how it happened that an individual with lung cancer in both lungs had his file sent to Ottawa marked "Terminal" last November, had urgent representations made on his behalf by the regional office and could have died on February 9 with no answer from Ottawa?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I gather that this question arises from the printing of an article two or three weeks ago in the weekend press—

Mr. Beatty: No.

Miss Bégin: —to the effect that the CPP was not functioning properly. I looked into that immediately. A few doctors who were assessing handicap cases and various other problems left the department almost at the same time. We are in the process of recruiting other doctors and I would like to apologize to the public for the delays. However, I consider the matter under control.

Mr. Beatty: Mr. Speaker, my concern did not arise from a newspaper article; it arose from the fact that in recent days

four of my constituents have suffered through serious backlogs because this government cannot administratively solve problems regarding applications for Canada Pension Plan disability pensions.

Can the minister confirm to the House that the branch of her department which processes disability pension applications has been seriously understaffed for a year and a half? Also, can she tell the House what advice should be given to applicants for disability pensions who have run into problems because their unemployment insurance disability benefits run out after 15 weeks and they are left waiting longer than three months before the government processes their applications for disability pensions?

Miss Bégin: Mr. Speaker, in the circumstances I think the best answer I could give would be to ask all hon. members or members of the public who know of any cases, to let me know. People will work overtime as much as is needed to solve the problem of the backlog which has arisen in some regions of the country.

* * *

HEALTH AND WELFARE

WELFARE COSTS—REQUEST GOVERNMENT FINANCIALLY ASSIST PROVINCES

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would like to direct a question to the Minister of National Health and Welfare. In view of reports yesterday that the number of employables on welfare in cities such as Hamilton, London, Sudbury and Peterborough has increased by 40 per cent to 50 per cent in the last year, and in view of the difficulties this will cause the people concerned and the cities in which they live, will the minister discuss with the Minister of Finance the possibility of the federal government's re-establishing a program of special grants to cities to help them meet these extra costs which are brought about for reasons over which they have no control?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I do not think the question should be addressed to me. Welfare is a provincial responsibility and questions of policy should be put to Mr. Keith Norton. Mr. Norton has not raised this problem with me. If the hon. member wants me to answer questions on the general state of the economy, he is playing a game.

Mr. Orlikow: Mr. Speaker, the problem of employables who are on welfare is not a problem solely in Ontario, as I am sure the minister knows. The problem regarding employables on welfare is caused to a large extent by the failure of the federal government to do something about creating employment. I think the minister cares about people, so I am asking her to discuss with the Minister of Finance whether Ottawa should not be sharing the increased cost of welfare in cities.

[Mr. Beatty.]

Miss Bégin: Mr. Speaker, we have just reached quite a significant agreement regarding financial arrangements with the provinces. The money involved is Canadian taxpayers' money. Under the agreement the provinces can set up whatever programs they think appropriate to cope with regional and local problems. Some provinces, such as New Brunswick, have developed programs which integrate manpower possibilities, services and welfare so that people on welfare rolls can be employed. It is not my fault if the government of Ontario decided not to go that route.

* * *

THE BUDGET

SALES TAX PROPOSALS—DISCUSSIONS WITH QUEBEC ON FORMULA

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Prime Minister. I hesitate to interrupt his conversation. I wonder if the Prime Minister is in a position now to tell the House of Commons whether the Government of Canada has initiated or is involved in any discussions at the moment with the government of Quebec regarding any changes in formula with respect to the sales tax measure introduced in the budget which might ensure the full impact of that provision upon the province of Quebec.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member knows we always hoped that the full impact would be felt in the province of Quebec, and we have indicated that we are prepared to discuss that. As a matter of fact, we discussed it for three weeks before the federal budget. It is possible that the Quebec government may want to suggest something further. I am not aware of any further proposition which the government of Quebec has made.

Mr. Clark: Mr. Speaker, once again the Prime Minister did not answer the question. I would like to try him on another matter of economic policy which has particular impact in the province of Quebec. In debate the other night, the Minister of Finance indicated that the drafting of Bank Act revisions has been completed and the only problem is translation. In other words, the policy is set. Is it the policy of the Government of Canada to include in the Bank Act caisses populaires and credit unions?

Mr. Trudeau: Mr. Speaker, of course, these two institutions would be included in the Bank Act. I presume the Leader of the Opposition would like to know what is said about that. The usual practice would be for him to see the bill at first reading.

Mr. Grafftey: Preferably after the election.

• (1502)

POINT OF ORDER

MR. FAULKNER—APPEARANCE BEFORE STANDING COMMITTEE

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I rise on a point of order. During the course of the question period the hon. member for Kootenay West (Mr. Brisco) misled the House; I will not say that he did so intentionally. He repeated the assertion he had made outside the House that I had refused to appear before the parliamentary committee dealing with my estimates.

The facts are these. My estimates have been before that committee since March 1. The committee has not met and it has not issued an invitation to me. I would have appeared before the committee had I been asked.

Some hon. Members: Oh, oh!

ROUTINE PROCEEDINGS

[*English*]

JUSTICE AND LEGAL AFFAIRS

CONCURRENCE IN THIRD REPORT OF STANDING COMMITTEE

Mr. James A. McGrath (St. John's East) moved:

That the Third Report of the Standing Committee on Justice and Legal Affairs, presented to the House on Wednesday, March 22, 1978, be concurred in.

He said: Mr. Speaker, it is not our intention to debate this motion. Indeed, we would like to see it receive speedy concurrence by the House. It has been on the order paper now for almost one month, since March 22. We have been waiting for the Minister of Justice (Mr. Basford) to be ready to proceed with the debate, and we feel that he has now been given sufficient time to make a statement or else that there has been sufficient time to allow the House to express itself on the recommendations in this unanimous report, the third report of the Standing Committee on Justice and Legal Affairs.

May I say, by way of historical background, that the report arises out of an order of reference of the House dated November 18, 1977, by which the House referred the subject matter of the following private members' bills: C-206, C-207, C-239, C-241, C-318, C-325, C-348, C-399, C-400 and C-402. All these bills deal with the question of pornography and suggest amendments to the Criminal Code to provide a more precise definition of pornography or obscenity and to provide for stricter penalties.

Very briefly, the committee held a number of hearings and heard witnesses.

Mr. Speaker: Order, please. The hon. member for St. John's East (Mr. McGrath) has the floor.

Mr. McGrath: Thank you, Mr. Speaker. I was saying that the committee held a number of hearings, heard witnesses from all across the country, chiefs of police from the major cities of Canada, representatives of the churches, and representatives of the scientific and academic communities, and as a result of the evidence and of examining some of the more blatant forms of hard pornography that are in fact being smuggled into the country as part of the underworld system of distribution of this kind of trash, the committee came to the unanimous conclusion in the form of its recommendations that there should be major changes in the Criminal Code. It recommended also a new definition to deal with the subject of pornography and, more particularly, the exploitation of children in this manner.

I want to pay tribute to the hon. member for Windsor-Walkerville (Mr. MacGuigan), the chairman of the Standing Committee on Justice and Legal Affairs.

Some hon. Members: Hear, hear!

Mr. McGrath: He is an outstanding parliamentarian and has demonstrated that he is able to preside over a committee with fairness and impartiality. I wish some of his colleagues opposite would emulate that kind of performance.

Some hon. Members: Hear, hear!

Mr. McGrath: I can assure my colleagues opposite, such as the hon. member for Ottawa-Vanier (Mr. Gauthier), that if they were to take a page out of the book of the hon. member for Windsor-Walkerville, we would get much more work done in committees, and committees of the House would become much more productive.

Some hon. Members: Hear, hear!

Mr. McGrath: I commend this unanimous report to the House and I hope that the House will give it speedy concurrence. We expect that if the House does concur in the unanimous recommendations of the committee, ultimately the Minister of Justice will do his duty and bring in a bill reflecting the recommendations of the standing committee.

Some hon. Members: Hear, hear!

Hon. Ron Basford (Minister of Justice): Mr. Speaker, may I reply briefly to the hon. member's remarks in moving concurrence of this report. Without in any way getting into a contretemps, may I say that I had hoped I might have more notice that this report would be called at three o'clock today. However, I want to second the hon. member's remarks regarding the hon. member for Windsor-Walkerville (Mr. MacGuigan), the chairman of the committee, and I want to compliment both that hon. member and all members of the committee on the work that they did in committee on the subject of pornography, which has concerned all members of the House and which certainly has been of great concern to myself and to my officials as well as to officials of the Department of National Revenue who are responsible for policing of the Customs Act. Also, it has been of great concern

to provincial attorneys general with whom I have discussed this subject on a number of occasions, and to local police forces who are responsible for the enforcement of laws at the local level.

The committee has done a great deal of work and its report is a valuable document. Therefore, we on this side will be supporting the hon. member's motion. However, in doing so I want to place several caveats on the record. As the committee has been advised, and as I have been advised by a formal communication from the provincial attorneys general, they would not like to see this subject legislated without having the opportunity to make further representations. We discussed this matter at the federal-provincial meeting of attorneys general last fall. The provincial attorneys general had a further discussion on the subject and they indicated to me that they wanted some changes made but that they would forward to me their concrete proposals.

During the course of the committee's hearings and proceedings I received a communication from the provincial attorneys general to the effect that they wanted to discuss changes in the law relating to pornography, first, at the federal-provincial conference of attorneys general to be held in July and, second, at the meeting of the commissioners of uniformity which will be held in August. Ever since I have been Minister of Justice I have introduced amendments to the Criminal Code only after consultation with provincial attorneys general who, after all, are responsible for the enforcement of the laws that we write here.

There are two recommendations of the committee that give me some concern. I do not have the committee's report in front of me, but one recommendation relates to the fact that the provincial attorneys general may be empowered under the Criminal Code to order that a person accused of producing, manufacturing or distributing pornography be subject to trial by judge and jury only. That is to say, a provincial attorney general, in spite of the election of the accused to be tried by a judge, may order that he be tried by judge and jury.

● (1512)

The second area deals with the calling of expert witnesses in a pornography trial. In such a trial, expert witnesses as to what community standards are will not be allowed to testify. I have some real grave reservations about that. It is one matter which I am considering and thinking about a great deal. It is a matter on which I want to consult the provincial attorneys general. There is a question as to whether that recommendation, if enacted in the Criminal Code, would not be contrary to the Bill of Rights, which provides that people are entitled to due process and a full and fair defence. I know this matter troubled the committee a great deal, and I know its recommendations have been made in very good conscience. On both sides of that committee, very good lawyers are represented.

What has been fundamental to our system of law is that an accused person is entitled to put to the court, or to the court and the jury, the fullest possible defence. It is up to a jury to weigh whether that defence is any good or not, and then make its judgment. At this point, without further consideration and study I am very hesitant about adopting the proposal that the accused is not entitled to call experts. I have some concern and fear that in fact it is contrary to the Bill of Rights.

I agree with the concern expressed by the committee in the substance of the report. In a statement to the committee, I indicated my concern about the issue. I hope to be able to introduce amendments to the Criminal Code very shortly, as I indicated to the committee. These amendments would deal with the recommendations of the committee's report, deal with the question of the definition of pornography, deal with the question of the use of children in the manufacturing and portrayal of pornography, and the banning of certain explicit acts by children in the production of pornography. I hope to introduce amendments which would increase the penalties applicable to both the manufacturing and distribution of pornography. In fact, I hope to introduce those amendments very shortly. In reacting to my concern about the issue of pornography, the concern of provincial attorneys general, and the concern expressed in the committee's unanimous report, I hope to introduce those amendments shortly.

Generally we on this side of the house would support the hon. member's motion, but I wanted to make those two caveats. I am not privy as to how long this parliament will be sitting, but I hope to have an opportunity to introduce the amendments of which I speak. I look forward to hearing the reactions of provincial attorneys general to the specific amendments I am proposing, which would result in the Criminal Code being amended to deal more effectively with the question of pornography. I indicated that in my statement before the committee, and it was indicated in the report of the committee.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I was very happy to hear the Minister of Justice (Mr. Basford) indicate that he would second the motion of concurrence in this report, which was the unanimous report of all parties. As has been stated by the hon. member for St. John's East (Mr. McGrath), we have attended many meetings and we have heard many witnesses.

It was refreshing to see the Minister of Justice displaying this afternoon that flexibility he can exercise on many occasions. When he came before us and gave his first statement, he was of the opinion that the definition of pornography under the Criminal Code was adequate. If we check the precedents in reference to that definition, we will find that was the greatest part of the inadequacy in reference to our study of this report. When one is dealing with community standards, one must remember that community standards differ from one place to another. I was most happy to see that now we have a Minister of Justice, even if he is leaving us, who is flexible enough during the short period of time between now and the election. He has changed his mind and now believes the report is correct, that we require a new definition of pornography.

In reference to the two reservations which were mentioned under the caveat he was filing, I emphasize the report recommended that only expert witnesses would not be able to testify in reference to community standards. We in this party believe

the jury system is fundamental to the freedom and liberty of the subject. If we are to use the words "community standards" in any definition, then it should be a decision made by juries without confusion from various experts. On the other hand, the report was most silent in reference to calling expert witnesses regarding other definitions or matters referring to pornography.

In reference to the question of trial by judge and jury, I am sure the Minister of Justice, with his wisdom, knowledge and expertise, as well as that of people within his department, is well aware that an indictable offence of this nature falling under the proper part of the Criminal Code, after some teeth have been put into the act, would mean that anyone could be tried by judge and jury throughout the country. Election by judge alone would not be legal under the Criminal Code as it stands now. Thus, there would be no real fundamental change.

The only province which would experience a change is the province of Alberta, from whence I come. That is the only province in Canada that can eliminate the jury, even on a serious murder trial. The reason for that is no one has ever amended the Northwest Territories Act which is incorporated in the Criminal Code. It was incorporated there because at the time the Northwest Territories Act was drafted there were not enough people in Alberta to gather together 12 good men and women to form a jury. The population of Calgary now is growing at the rate of 3,000 per month, so it is obvious that problem has been overcome.

I am happy to see the Minister of Justice has endorsed the report, has changed his opinion, has been very flexible, and is ready now, as he has done, to second this report, which was a unanimous study by all members of the House. I believe this report will be accepted across the land as a step in the right direction to stop the filth factory of material which is being imported from the United States into Canada.

It was shown in committee that $20 million was made in the maritimes alone from the sale of periodicals, magazines and other types of equipment which were studied by members of the committee. Perhaps the minister is straddling the line when he agrees and votes for the report, and files these caveats. I hope he does not straddle it too far, but stays with the unanimous recommendations of the report. We do not want half a piece of pie; the committee recommended that we get the whole pie and eat it.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I was a member of this particular committee and I have no hesitation in supporting the bald recommendations on changes to the Criminal Code. However, I have severe hesitation in accepting some of the rhetoric which went into the report and which is not relevant to the actual changes recommended by the committee.

I should like to review the specific changes recommended by the committee so that we do not mislead the press; the press is easily confused on this particular subject. The specific changes in the report dealt with the creation of a new section on child pornography. My party supports that change. It did not ban the testimony of expert witnesses entirely, but that testimony was banned in a limited sense. It dealt with the evidence that could be put forward to a jury regarding current community standards, which continue to be the criteria for cases of this nature. There is no ban in this report, as the press unfortunately has reported frequently, on the calling of any expert witnesses on the subject. What the committee decided was that to determine community standards a jury is a better forum than to allow someone from a university, who may not be as familiar with those community standards, to make a report with regard to them.

● (1522)

The private members' bills that were submitted to this committee represented a great case of overkill. In fact, if those private members' bills had been allowed to pass we probably would have wound up banning the bible since it specifically describes acts which would clearly have come within the changes that were contemplated by several members of this House in terms of the Criminal Code.

To show how dangerous this particular subject can be, when we look at the question of what we can control and what we cannot control, the decision of the Ontario censorship board in which it banned a movie called "Pretty Baby" is a classic case—

Mr. Baker (Grenville-Carleton): And rightly so.

Mr. Leggatt: This is a movie that has tremendous literary merit, a movie that the people of Ontario will no doubt see by simply crossing the river to Hull, making a lot of money for some people in Quebec. I am not against that, but that same censorship board approved a movie called "Taxi Driver" and that movie dealt almost exclusively with violence, sex and teenage prostitution. The movie the board banned dealt with the subject of a child who in her early years matured in a house of prostitution but was able somehow to come out of that grime and have a successful life. There is an interesting story in the Louis Malle movie.

This is the difficulty when members of parliament start sitting in judgment on matters that have great artistic merit. There is always an agony in this business in determining whether there really is sexual exploitation, or whether there is literary merit in what happens.

Therefore, I support the bald recommendations of the committee, but I stand here warning the committee and the minister that when it comes to changes in the Criminal Code which deal with censorship we should not ban those things which have classic literary merit, and that judgment is always going to be a discretionary judgment. It is not going to work if you apply the standards of some small community to the whole province in respect of what the people can or cannot see.

We are not opposed, of course, to increasing the penalties that are involved, but we are opposed to a present law, the Customs Act, that allows a customs officer, with no experience whatsoever as to what has literary merit, to decide on his own that a certain publication is unworthy for the eyes of Canadi-

ans. When you look at the junk that is allowed presently into this country, junk that is full of exploitation, junk that has no literary merit and junk that is shown in every film theatre across Canada—

Mr. Woolliams: Which side are you on?

Mr. Leggatt: Eldon wants to know which side I am on. He is always confused in this place. When you make this kind of decision the matter should not be considered in the simplistic way in which private members have advanced, that somehow all you have to do is ban the description of the sexual act and that will solve all our problems in respect of pornography. That will not happen. There has to be a judgment decision. Otherwise works of literary merit in this country and in our heritage would all be banned, and the great art of history would be banned. That is what will happen if you paint this subject with a broad brush.

If I can go back to the narrow question of the specific recommendations that were made by the committee, they are largely supportive of the position taken by the province of British Columbia which left the question of undue exploitation to the decision of a judge and jury. In this case it would now be left to the jury. I agree with that recommendation. There must be some kind of subjective decision in respect of what is or is not pornography.

It is pointed out that child pornography is a very special matter, and that the abuse of children is something that should be placed under control. We support that recommendation. We support the recommendations about increasing the penalty. However, there is a good deal of rhetoric, and if this were taken to its logical conclusion—and I am not talking about changes to the Criminal Code which the committee recommended and which are sound and wise—we would be banning anything that offends someone. As a result we would find that the cultural heritage of this country would become a pretty thin thing indeed. That will happen if we overreact on this subject.

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, I do not want to delay the giving of concurrence in this motion, and I sense that, following the lead of the Minister of Justice (Mr. Basford), the House will shortly be ready to do that. However, I do think it appropriate that I make a few comments.

I begin by thanking those hon. members who have made comments of personal commendation. Personally, I feel that the lion's share of credit should go to the hon. member for St. John's East (Mr. McGrath) and those other members on all sides of the House who put forward the bills which enabled the committee to deal with the problem that is the subject matter of this report.

I want to say a few words because this is a subject in respect of which rhetoric is of some importance. I agree with the comment of the hon. member for New Westminster (Mr. Leggatt) that one must not confuse the recommendations and the rhetoric either of the report or of any other speaker in this House. Nevertheless, I think it is very important to observe that the committee, in making its recommendations, on the one hand is not greatly extending the law that exists in radically new directions, but on the other hand is considerably deepening the law, if I may put it that way, in respect of the rights of two target groups who have not always been considered in our legislation. Those two groups are women and children.

Having regard to children, the recommendations of the committee are obviously there for all to see; they are to protect children from exposure to the material and also to protect them from being exploited by being involved in its production.

Having regard to women, I think the point has been missed by some of those in the media who have criticised our report. It is important to realize that the changes in the law and in the definition of the law which we have suggested, other than those aimed at protecting children, are particularly aimed at bringing the woman's point of view into our law in this area for the first time.

Some hon. Members: Hear, hear!

Mr. MacGuigan: That was our purpose in introducing the concept of the degradation of the human person, which expressed the views of women witnesses who appeared before us and who wrote us from across the country.

It was also the purpose behind broadening the definition through severing the link which previously had to be found between violence and sex, and the other categories and sex, and to say that even if sex were not involved, these other categories of crime and horror and violence could in themselves be considered to be obscenity when there is undue exploitation. The purpose the committee had in mind was to give protection in this branch of the law, for the first time, to the sensibilities of women, as the principal target group of most pornography.

If I may say so, I believe the people of Canada have a much more basic understanding of this issue than those who have written, accusing us of all kinds of intellectual and moral sins, comparing us to Cromwell, Mao Tse-Tung and others in history who perhaps are often thought of as having less savoury reputations. The people, as my own constituents have manifested, support such legislation very strongly, and I am sure that the members of this House who were involved in this study have received a great deal of support for the recommendations which we have made.

● (1532)

It is with a sense of pride that all of us who were involved with this subject can stand before the House and present this report and vote its concurrence.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, as the seconder of the motion for concurrence, I would like to say a few words with respect to this matter. Much has been said of the leadership given in this field by my colleague from St. John's East (Mr. McGrath) and the hon. member for Wind-

sor-Walkerville (Mr. MacGuigan). All of the laudatory comments that have been made with respect to them are certainly deserved.

The record and the country ought to know who were the other members involved in this matter, and it is extremely important that it be understood that this was an all-party committee.

It was expressing a concern felt in every part of Canada with respect to what is occurring and what is seen on the newsstands and what is available to people of tender years, for example—the exploitation, as the member has said, of women, and a whole host of other areas. I would like to say to the hon. member for Windsor-Walkerville, to my friend, the hon. member for St. John's East, and others on the committee that not only was the work of the committee supported in the letters and mail from one's constituency, particularly with reference to the members of the committee who received mail but it was supported from all over and from my own constituency as well. I can report to the hon. member that with respect to the official opposition the work of the committee was supported throughout.

Having said that, Mr. Speaker, I think it is important that we identify the members who served on that committee, and, indeed, who were the sponsors of the bills which were the subject matter of the reference to the committee. The hon. member for York South (Mrs. Appolloni), the hon. member for Kenora-Rainy River (Mr. Reid) the hon. member for Surrey-White Rock (Mr. Friesen), the hon. member for Selkirk (Mr. Whiteway), the hon. member for Provencher (Mr. Epp), the hon. member for Northumberland-Durham (Mr. Lawrence), the hon. member for Brandon-Souris (Mr. Dinsdale) and the hon. member for New Westminster (Mr. Leggatt) also concurred in this report.

I want to make this clear in view of what occurred just a few moments ago when the hon. member for Calgary North (Mr. Woolliams) was tempted to ask the hon. member for New Westminster where he stood with respect to the report. It is important to note, as the hon. member for Windsor-Walkerville has said, that the rhetoric—a word sometimes used in a pejorative way—and the sentiments and feelings expressed in that rhetoric, has been expressed by most people throughout the country.

If there is a standing vote today with respect to this report, I hope that the hon. member for New Westminster and his party will support it.

Mr. Knowles (Winnipeg North Centre): The answer is "Yes, we will."

Mr. Baker (Grenville-Carleton): I think it is extremely important that there be an expression from this parliament that is more than merely deep concern with respect to what we see, hear and read, and in regard to the exploitation that occurs, but that it goes against Canadian society. This parliament will not be fooled into thinking that the people of Canada are not extremely concerned about it.

I was not a member of the committte, nor did I sponsor a bill, but I supported the idea and I am pleased to be able to second this motion. I hope that if a vote is called it will have the support of all members of this House.

Mr. Speaker: Order, please. The hon. member for St. John's East, seconded by the hon. member for Grenville-Carleton, moves:

That the Third Report of the Standing Committee on Justice and Legal Affairs, presented to the House on Wednesday, March 22, 1978, be concurred in.

Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Mr. Speaker: Carried.

Motion agreed to.

Mr. Woolliams: Mr. Speaker, I rise on a point of order. Are there yeas and nays on this vote?

Mr. Speaker: Order, please. I asked the House if the motion was carried and the House concurred.

Mr. Woolliams: Mr. Speaker, is there—

Mr. Speaker: Order, please. I heard no negative voices at all.

Mr. Woolliams: I did not hear you say "Are you all in favour?" Just because it was a unanimous report does not mean that the yeas and nays should not be called.

Mr. Speaker: Order, please. I put the question, and the question was carried. I did not hear any negative voices. If I had heard a negative voice I would have asked for the yeas and nays, but I did not.

Mr. Woolliams: Mr. Speaker—

Mr. Speaker: Order, please.

* * *

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONCURRENCE IN HOUSE REPORT OF STANDING JOINT COMMITTEE

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, on behalf of the hon. member for Peace River (Mr. Baldwin), I would like to move concurrence in the fourth report of the Standing Joint Committee on Regulations and Other Statutory Instruments. This report was tabled, and it is recorded in *Votes and Proceedings* for April 13. It deals with the rights of parliament, and I would think that, as happened in the case of the previous report, in which we had unanimous concurrence, it will receive the same treatment on behalf of the members of the House.

Mr. Speaker: Order, please. The motion stands in the name of the hon. member for Peace River (Mr. Baldwin), and in order to safeguard our procedures I would want to know that the hon. member for Peace River has given his consent that the matter be moved on his behalf.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I wish to inform this House that the hon. member for Peace River has given his consent, and so it is quite in order from that point of view for the hon. member for Brandon-Souris to move the motion. I spoke to him directly.

Mr. Speaker: Order, please. That being the case, does the House consent that the matter be moved in this way at this time?

Some hon. Members: Agreed.

Mr. Dinsdale (for Mr. Baldwin) moved:

That the fourth report of the Standing Joint Committee on Regulations and Other Statutory Instruments, presented to the House on Thursday, April 13, 1978, be concurred in.

He said: I do not wish to delay the proceedings of the House because I know that we all want to get on with the budget debate. I would merely like to reinforce the unanimity presented in the committee. The committee is chaired by the hon. member for Peace River (Mr. Baldwin) and co-chaired by Senator Forsey; thus it had all-party support in the joint committee.

The subject has been discussed in this House on many occasions, and without further comment on my part I would ask for the unanimous consent of the House.

Mr. Speaker: Order, please. The House has heard the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 995, 1,285, 1,297, 1,321, 1,330, 1,358 and 1,423.

[*Text*]

HAZARDOUS PRODUCTS ACT

Question No. 995—**Mr. Howie:**

Since January 1, 1977, has the Department of Consumer and Corporate Affairs banned or recommended against the use of (a) clothing because of its flammability (b) medicine containers because of danger to small children?

[Mr. Dinsdale.]

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): (a) November 2, 1971, all textile fibre products for consumer use that are hazardously flammable were banned from advertisement, sale or importation into Canada under the Hazardous Products Act. At the same time, a separate more stringent minimum flammability level was established for children's sleepwear and on April 1, 1972, articles of bedding (blankets, sheets, bedspreads, etc.) were similarly regulated at the more stringent level. Approximately five clothing products were seized in 1977. (b) As medicines come within the purview of the Food and Drugs Act, the packaging of such products falls within the jurisdiction of the Department of National Health and Welfare Canada. CCA did, however, amend the Hazardous Products (Hazardous Substances) Regs. on July 21, 1977 so that household products containing toxic amounts of petroleum distillates, turpentine, methyl alcohol and pine oil be packaged in child-resistant containers. The amendment specifies that as of October 1, 1978, affected products packaged on or after July 15, 1977 must be packaged in child-resistant containers. Prior to the above amendment, the Hazardous Products (Hazardous Substances) Regulations required child-resistant containers on certain corrosive drain cleaners, cyanoacrylate adhesives and certain liquid wood furniture polishes.

PARKS CANADA

Question No. 1,285—**Mr. Marshall:**

1. With reference to the answer to Question No. 835, what are the details of (a) summer student employment amounting to $330,000 (b) park awareness of $140,000 and what are the names of the projects and/or particular programs?

2. What are the details for the $1,000,000 to accelerate reconstruction of Highway 430 within the boundaries of Gros Morne National Park?

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): 1. (a) Details of summer student employment are given below by region. Records are not available which indicate the names or types of programs, but in all cases students performed the duties of jobs of a seasonal nature that would otherwise have been performed by casual non-student employees.

Region	Native Employment		Regular Recruitment		Totals	
	Number of students	$	Number of students	$	Number of students	$
Atlantic	8	17,600	12	26,400	20	44,000
Quebec	8	17,600	8	17,600	16	35,200
Ontario	20	44,000	0	0	20	44,000
Prairie	24	52,800	0	0	24	52,800
Western	3	6,600	17	37,400	20	44,000
Headquarter	30	66,000	20	44,000	50	110,000
Total:	93	204,600	57	125,400	150	330,000

(b) Details of the Park Awareness Program (students hired through contractual agreements with conservation-oriented agencies and organizations): the total funds allotted to Park Awareness were received in two amounts prior to the commencement of the program. Treasury Board Minute 48853 dated December 6, 1976 allotted $110,000, while Treasury

Board Minute 74-9109 dated April 21, 1977 allotted $140,000. Thus all details of employment and particular projects are reported in total for the entire $250,000 allotment. Below is a list of all projects carried out showing the number of students. A total of 69 students were hired. The allotment and actual expenditures of moneys by region are as follows:

Region	Allotment	Expenditures (as of February 28/78)
Atlantic	97,000	96,700
Quebec	48,000	36,000
Ontario	16,000	8,200
Prairie	46,000	44,200
Western	43,000	43,000
Total:	250,000	228,100

2. The $1,000,000 supplementary funds to accelerate reconstruction of highway 430 within Gros Morne National Park relates primarily to commencement of upgrading of the highway between Lobster Cove and Gun Point ($800,000) and repairs to highway 430 south due to severe frost heaving ($200,000).

Park Awareness '77 Projects:

NOTE: Students were recruited by universities and associations listed.

Atlantic Region: 1. Nova Scotia College of Art and Design, three students—A multi-media travelling exhibit. 2. Heritage Canada, eight students—A travelling clown show entitled "Clown Chowder". 3. Halifax Field Naturalists and Heritage Trust of Nova Scotia, four students—A series of conducted walks, illustrated lectures and an illustrated guide to natural areas. 4. Moncton Field Naturalists, four students—Photographs, slide talks, newspaper articles and texts for exhibits. 5. Memorial University, four students—A multi-media travelling communication program.

Quebec Region: 1. Quebec Forestry Association—Chicoutimi, four students—Introduction to conservation and Parks Canada aimed at young people. 2. Quebec Forestry Association—Rouyn, four students—Introduction to conservation and Parks Canada aimed at young people. 3. Biology Department, Bishop's University, three students—Illustrated talk and direct publicity about Parks Canada. 4. Clubs of Junior Naturalists, three students—Introduction to Parks Canada through club locals and at private campgrounds in the province. Audio-visual presentation, newspaper articles. 5. 4H Clubs Inc., four students—Introduction to Parks Canada at various 4H camps and at the 4H provincial convention. Talks, brochures and newspaper articles. 6. Shawinigan CEGEP, three students—Historical audio-visual presentation: "From Village to National Park".

Ontario Region: A Park Awareness coordinator was hired at a salary of $8,200 per annum.

Prairie Region: 1. National and Provincial Parks Association of Canada, five students—An original drama, "The Mountain Show" on mountaineering in national parks, also documented on film and tape. 2. National and Provincial Parks Association of Canada, one student—Slide/tape program, "Legends of the Nahanni". 3. National and Provincial Parks Association of Canada, one student—Slide/tape program, "Legends of Kluane". 4. Banff Centre, School of Fine Arts, one student—Exhibition of prints on Kluane National Park. 5. Yukon Conservation Society, three students—Summer cinema and exhibition on Kluane National Park.

Western Region: 1. Wildland Recreation Faculty and Student's Association, Selkirk College, two students—Develop for community use, a kit of slides, script and pamphlets on national parks as seen through children's eyes. 2. Environmental Welfare Club, Lakeland College, two students—Audio-visual presentations on purpose, role and use of national parks. 3. Student's Liaison, University of Calgary, two students—Artistic expression of children's perceptions of national parks. 4. Banff Centre, School of Fine Arts, eight students—A series of arts and crafts expressions of Banff National Park. To tour western Canada.

FEDERAL LABOUR-INTENSIVE PROGRAM

Question No. 1,297—**Mr. Rodriguez:**

1. (a) How many persons have been hired to date, in Ottawa, under the Federal Labour Intensive Programme (FLIP) allotment to the Department of Energy, Mines and Resources Office of Energy Conservation (b) how many have been hired through Canada Manpower or the Public Service Commission?

2. How many relatives of employees in the Office of Energy Conservation have been hired by the Office, including those under FLIP, in the last year?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: 1. (a) 124 persons. (b) 110 through the Canada Manpower Centres, 14 through the Public Service Commission.

2. Seven.

CBC-TV PROGRAM GUIDES

Question No. 1,321—**Mr. Scott:**

1. Does CBC mail copies of its French language TV program guides to the newspapers and, if so (a) to how many newspapers (b) under whose authority (c) what class of mail is used and for what reason (d) what is the annual cost?

2. How long has the practice of sending out the guides been followed by CBC and/or Radio Canada?

3. Are TV program guides sent out in the English language and, if not, for what reason?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. Yes. (a) 283 French and English dailies and weeklies throughout Canada. (b) By a decision of CBC management under the Broadcasting Act. (c) First class, for reasons of speed. (d) Thirty cents per piece, totalling $4,414.80 per year.

2. Since *La Semaine à Radio-Canada* began publication in 1952.

3. Not in the same format as the French services division publication, which serves as a source of information for its subscribers as well as for newspapers, but extensive typed

program notes and listings are distributed to all newspapers by the English services division.

CBC—TV STATION AT SEPT-ILES

Question No. 1,330—**Mr. Blouin:**

1. During the past five years, did CBC carry out any studies with a view to setting up a television station in Sept-Isles, Quebec and, if so, at what cost?

2. Will such a facility be constructed and, if so, on what date?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. At a public hearing of the CRTC on May 17, 1972, CBC officially announced its intention of establishing its own French television production facilities in Sept-Iles. However, long and difficult negotiations over the purchase of a site necessitated the choice of an alternative site and, as a consequence, the revision of construction plans and specifications. Meanwhile a transmitter at Sept-Iles has relayed the program service of the Matane station since late 1973. Studies carried out in this regard were part of the CBC's over-all operations and were not costed separately.

2. At a CRTC hearing on October 18, 1977, the CBC reiterated its intention of carrying out the Sept-Iles project and has stated that it expects to be operating a production centre there by the fall of 1980.

CAPITAL BUDGET OF PETRO-CANADA

Question No. 1,358—**Mr. Haidasz:**

What is the budget for Petro-Canada for the fiscal year 1977-78 and what amounts were allocated to (a) exploration of various sources of energy (b) research of energy supplies?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Petro-Canada reports as follows: See Order in Council P.C. 1977-3594 of December 22, 1977, for the capital budget of Petro-Canada for the financial year 1978. (a) 1978, $140 million; (b) 1978, $2.5 million.

CANADA STUDENT LOANS PROGRAM

Question No. 1,423—**Mr. Elzinga:**

1. Since 1964, what was the total amount that the government allocated to the Canada Student Loans Programme?

2. How much of the loan money owing to the government (a) has been repaid by the recipients (b) is still outstanding?

Hon. John Roberts (Secretary of State): 1. The total value of loans authorized under the program from 1964 to June 30, 1977, was $1,093.7 million.

2. As of June 30, 1977. (a) $485.5 million had been repaid to banks. (b) $608.2 million was outstanding at banks. This figure includes $342.7 million for which students have not yet become liable to repay because they are still enrolled.

[Mr. Roberts.]

[*Translation*]

STARRED QUESTION

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if you would be so kind as to call starred question No. 1,388, I would answer it immediately.

[*Text*]

*FORT ALEXANDER INDIAN BAND HOCKEY TEAM

Question No. 1,388—**Mr. McKenzie:**

Did any Indian bands receive funds from the government in order to finance the travel of old-timer hockey teams to the European tournament this year and, if so, how many?

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): As far as the Department of Indian Affairs and Northern Development is concerned, see answer to question No. 1,210 given on March 3, 1978.

As far as the Department of State (Fitness and Amateur Sport) is concerned, the answer is no.

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

● (1542)

MOTION FOR PAPERS

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

Mr. Speaker: Shall the remaining notices of motions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Tuesday, April 18, consideration of the motion by Mr. Chrétien that this House approves in general the budgetary policy of the government.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, we are now back to the main budget motion. What I

am going to do today is put forward what I think are the good features of the budget and some of the features which are not so good.

First, the good news. I want to thank the Minister of Finance (Mr. Chrétien) for putting into the budget amendments to the registered retirement savings plan provisions to make them more flexible and thereby attract more savings. When I spoke on this matter two years ago and made the proposal to the then minister of finance, the Hon. Donald Macdonald, he said he would put the matter before the committee that served him in the Department of Finance and get their judgment on it. I was very pleased to see it in the budget two years later.

To give an idea of the importance of this matter, it should be remembered that just seven years ago about 360,000 Canadians invested in registered retirement savings plans. In his budget address the minister said there are now nearly two million, a six-fold increase in seven years. With these amendments I think that over the next five or ten years we can look forward not only to a 20 per cent increase but to as high as 40 or 50 per cent. This not only helps the individual to save for his later years in addition to the universal programs that are in place, but it provides the nation with more capital with which to finance the heavy capital intensive programs we face in the next two or three decades.

The other advantage is that the more people who put money into this type of program, the greater the stabilizing effect on the economy. I think it is clear that the advantage finally rests with the person who puts money into this type of savings.

In particular, I should like to commend the minister on the addition not only of the set number of years mentioned in the budget of up to 20 or more that a person can have as a flexible alternative at age 60 to 71 to take the money out, but also the alternative where he puts the funds into a registered retirement investment fund. This would allow those people who are capable of looking after their own funds to even increase them during the period of pay-out.

The point I am concerned about is that it is not clear from reading the budget speech or the ways and means motion that the alternative of taking out a single payment has been retained for those who want it. It will be remembered by those who know the technique of the RRSP that at one time you could just take it out in a life annuity. Then it was amended in section 146 of the Income Tax Act so that you could take it out as a single payment. Those were the two alternatives.

In 1976, I asked the minister if he would consider more alternatives to give greater flexibility so that people would not be locked into limited choices but could get the money out in a way that suited them. The minister has kept the life annuity system which many people like—you can buy it from life insurance companies as you do now—and he had added two new ideas which are good. Now you are allowed to take a number of set payments. The third choice of the RRSP, namely the RRIF, is better for those who feel able to look after their finances from age 60 to 71 and into the future.

I am concerned, however, that he may have taken out, inadvertently, the alternative of the single payment. Some people may want the freedom of taking out the money and paying the full tax. If we are to encourage people to save, I think we must do everything we can to make the plan as flexible as possible and give them a choice. I think this would bring more people into the plan. The primary aim is no longer just saving for the future but saving for the health of the nation.

I should like to commend these proposals to the government. I am sure that after the next election they will be added to the plan. I cannot take away from the government, however, that they have done as I asked two years ago and I should like to thank them for that.

There are other proposals which I made in my speech in 1976 and one which was made by the hon. member for Surrey-White Rock (Mr. Friesen). He suggested that when a person came to the age where he could take money out of the RRSP, if he wanted to he be allowed to add a church, some sort of university or any form of charitable institution to share the money instead of just a spouse. That would still give the individual the choice and the money would go some place where it would do some good under the tax law and help the country out as well. I think that should be added to the list of proposals I made two years ago.

There is another choice that the government should consider as well as the one advanced by the hon. member for Surrey-White Rock. Banks, credit unions, trust companies and the like could hold the money, and then let the individual take it out at his convenience and pay tax on it. This would give maximum freedom to the individual. Some people feel uncertain about the future at age 60 to 71 and might like to postpone payment, or take smaller payments in the earlier years and larger ones as they get older when the costs of medical care are likely to arise. Individuals who have worked hard all their lives and done without recreation and holidays might like to spend a lot of money in the first years, on the other hand, and have less in later years. We should not be concerned about what the individual does with his money. He should have the choice as long as he pays income tax on what he receives. I think these additional proposals should be considered by the committee that works under the Minister of Finance when drafting future budgets.

I conclude these remarks by saying to the government once again that, as a member of parliament and as a Canadian, I appreciate the willingness of the Department of Finance to accept the positive ideas that bring improvements about.

Now I come to the bad news, Mr. Speaker. As I have said many times before in this House, I have watched ministers of finance take on the job with enthusiasm for the recognition and the great honour that the prime minister of the day has placed in them by giving them this onerous task. I have seen minister of finance after minister of finance go down the drain by being handed a budget to deliver in this House which in essence destroyed that minister. I saw it happen back in 1956. The Liberal minister of finance of that year disappeared

without a trace because of the unhappy budget of 1956. I have seen this happen to minister after minister. I have recited their names and what happened on previous occasions.

● (1552)

I asked this new minister, having great faith in his background, coming as he does from a small town where common sense is supposed to prevail, to try and avoid this type of fate for himself. Obviously he had the confidence of the Prime Minister (Mr. Trudeau). He had the confidence of this House because he was well liked and is well liked. But yet he had to bring in a budget the like of which we heard on April 10. Why this budget is bad is simple to explain. Essentially it is the same as the last four budgets, those of 1974, 1975, 1976 and 1977. The budgets of the last five years have been neutral budgets. They have tried not to go one way too far or the other way too far because of a particular mythology which is held like an article of faith by the financial advisers of the government. These advisers believe that there is a relationship which is contradictory—having unemployment on the one hand, and inflation on the other. The name for this mythology is the Philips curve. In using the Philips curve one tries to help the unemployed by doing things to make more jobs available but it increases inflation.

On the other hand, in trying to do things to reduce inflation it adds to the unemployed. This idea that one works against the other has been analysed and analysed over the last 20 or 30 years. Without any exception, to my knowledge, every analysis shows that by quantitative analysis this theory of the Philips curve is wrong.

Instead of simply ending my comments when I spoke to the minister on his mini-budget last fall, I put forward a sample idea of how the minister could fight both unemployment and inflation in the same move. I labelled that proposal "potential budgeting". I pointed out the precedent of 1964 that exists in the United States. At that time the situation there was very similar to the situation we have in Canada today. It was not as serious, but it was similar with much unemployment and rising inflation. They also had a budget deficit as we have now. The president at that time, President Kennedy, accepted the advice of his new adviser, Mr. Heller, and deliberately reduced taxes to the extent of $10 billion. This caused one tremendous uproar across the United States. But because those tax reductions were at a time when there was unemployment and unused plant capacity it precipitated a rush of work, thus giving people jobs. When the year was over the big gainer by $19 billion was the government of the United States. In other words, there was a situation which could only be described as taking advantage of the potential.

If one uses the theory of potential budgeting it must be recognized that it can only be used at a time when there is unused plant capacity and when there is available a labour supply. In providing tax reductions they must be aimed at those things which the country and the people need and which are not presently available. There is no use trying to encourage people to build more plant capacity when there is already more plant capacity than needed. There is no lasting benefit in providing temporary jobs. That solves nothing. If tax incentives are put forward to produce things that people do not have and need, people will buy them.

I gave the minister one or two examples in that speech last November. He asked me then if I would present these ideas to him in written form. I did this in the form of a letter. In that letter I pointed out that these were not the end of all his problems but these ideas primarily were an example of where I thought we could provide $1 billion, a new year of production and consumption, and where the multiplier effect of two or three times would bring back to the various governments in Canada more money than the tax reduction had amounted to. When a tax reduction is given on items which people are not using and no longer making, there is no loss to the balance of ways and means. One simply says that if one does these things, there will be no tax or that the tax will be reduced so much. Therefore, it would not hurt the balance of ways and means, which the minister could not afford at this time with a big deficit.

However, it would provide these incentives to people to buy goods and have them produced and there would be a net gain. This net gain would show up not only in the wages of the people employed but also in the reduction of the social costs of unemployment insurance and social welfare. As these goods go through the system, the multiplier effect takes place and the various governments along the way would probably end up with $2 billion in extra revenue.

I think the minister was most impressed by my discussions with him but he had to take the matter up with his advisers. I will not quote his whole letter to the House, but I will quote two sentences because they say it all:

> Your proposal would represent a major departure from the general policy of only permitting deductions with respect to assets used for the purpose of gaining or producing income. In my view, allowing deductions for such personal expenditures would create a dangerous precedent and might seriously erode the tax base.

I knew the minute I received that letter, which is dated March 2, 1978, that the minister had signed a letter written by his advisers who had turned down my proposal. In essence, my proposal was simply that on the 17 things I had listed which were needed and wanted by the people and the country and which were not being produced he should allow an individual in Canada to buy those items and then be allowed an exemption against income tax for the amount spent.

For example, if a person is asked to buy a heat pump to extract the heat out of the ground, out of water, out of the air, or even from a pile of rocks so as to heat his house, that person would have to spend in the neighbourhood of $1,000 to $3,000, depending on the type of equipment, size of his house, and so on. That means that by spending that amount of money, that person would eliminate the need to purchase oil and gas. He would be able to eliminate monthly and annual fuel expenses. His monthly charge would be replaced once and for all by a capital payment. If that man and his family were in business, every expense like this would be looked at under the Income Tax Act as the expenditure of money to make money, as the

minister points out. I suggested that the same privilege which is given to businesses to encourage them to spend money to make money be given to the individual homeowner or the man who owned a high-rise, or who owned a business establishment or any other form of business which could reduce the money spent on forms of energy which are becoming short in supply and more costly. You replace a monthly bill with a once and for all capital expense good for 20 or 30 years.

● (1602)

This proposal is not necessary for businesses because it is already in the tax law. However, there are four million, five million or six million homes in Canada that would immediately benefit if the minister had accepted that proposal. There are any number of high-rises where businessmen who own them could take advantage of it.

In any case, my point is simple. The minister signed a letter turning down this proposal, even though he himself personally liked it, on the ground that it would create a dangerous new precedent. Imagine treating an individual in Canada fairly, like you treat a business, being a dangerous precedent according to the financial advisers of the government! In effect, these very sincere individuals who know all the precedents have unwittingly destroyed that minister. Now he cannot go out and face the people of Canada, or even the people of his constituency, and say "I gave the individuals in this country the same treatment as we give to business. If a business goes out to save money by putting in new equipment, it can get a reduction; but if you as an individual do it, you cannot because I yielded to my financial advisers."

That is the key issue in all of our western democracies. Our governments have become so complex—governments are into everything today—that we have had to develop these huge advisory groups, in a simple word called a bureaucracy, who go on year after year and develop these great pyramids within the system. They are so used to funneling advice to ministers that they, in effect, become the decision makers.

The test today in our western governments of a minister, particularly the Minister of Finance who carries the can finally, is that the elected representatives of the people who go into the executive or the cabinet exert some control over this solidly entrenched bureaucracy.

On the basis of the principles I have put forward, I doubt whether 5 per cent of the people of Canada would object to that type of proposal. I know the minister did not object. He thought it was a good proposal. However, his advisers say it is a new precedent. When a business puts money into assets, that is a deduction. When an individual does it, that is a dangerous precedent.

I know the reason the advisers say that. They agree we will not lose any taxes on these 17 different items I listed, but they feel that somebody may come along and name another item that will save the individual money and people will ask for that same privilege to be applied to that item. I can accept the logic of that. However, I still say why not apply it?

I can accept that in the national interest we have to save more money. People are doing that with RRSP's. It is not the only way, but it is one way that we do it. We not only have to save money out of our income, but we save money by looking after our affairs in such a way that our costs are less. To get at the root of this cost-push type of inflation we are suffering from, the government should not only encourage business to reduce costs, for which they give them incentives, but also it should give that inducement to individuals. This was the push of my proposal. This was the suggestion that I made, in a constructive way, I hope. The minister accepted it.

When the minister came in with the budget, and when he came in with that letter a month before the budget, I knew that the public servants were still in charge of the writing of the speech for the minister. Therefore, my heart, and I hope the heart of every politician, goes out to a very fine gentleman, the Minister of Finance, who really took it on the chin on April 10.

The minister knew that economically this country was in a bad way. He knew this country was not strong. He knew the people of this country were worried. Every time they picked up a newspaper, listened to the radio or television, they heard all the bad news.

The current thing is the shaky state of the dollar. The minister is not wrong when he says that he wants the dollar to float. That is a sound policy. However, once you let the dollar float, then inflation is purely a national matter, not an international matter. When you have a pegged dollar, inflation can be exported or imported, but not when you have a floating dollar.

The minute the minister came out with a policy of a floating dollar and allowed the public servants to sneak in and monkey around on the excuse they were stabilizing the ups and downs of the market, they helped destroy that minister. They created a state of uncertainty among those who invest or speculate in the currencies of various countries. They knew there was a possibility of making money on speculation.

If the dollar is floating freely, one speculator fights another speculator. The one who made the wrong guess would take a beating. That would stabilize it. However, when the Bank of Canada monkeys around and puts in blocks to slow the slide of the dollar, you create a situation of great uncertainty as to what the policy is which gives maximum opportunity for the speculators to raid the dollar.

The minister was forced to bring in a neutral budget. The only thing he did in trying to get at the question of costs was reduce the sales tax temporarily in order to get by the election. It will not have any more effect than the mini-budget of last fall or the budget of a year ago. When the facts come out and inflation, prices and unemployment continue to rise, the Minister of Finance will take the blame.

For five years we have had these neutral budgets because the public servant does not know what to do. He will not accept these new theories of potential budgeting. He will not accept any new precedents. The only thing he knows is what the precedents are.

This situation is not new. I happened to be minister of a government for five years or more and I saw the same things. We knew the advice we were getting from our financial advisers was wrong, but how does a group of ordinary MPs who have become cabinet ministers do anything about it? All you have is this one type of advice. Therefore, we proposed the setting up of an Economic Council of Canada where we could have people from the business world, labour and the academics sitting as a separate institution with their experts, looking at the economy from a completely unbiased point of view and yet representing the people who have to do the work to make this country run.

The Economic Council of Canada really did not get started until 1964. It has produced over a dozen reports. For years they have asked the government to consider potential budgeting. It is so bad that when the committee was meeting in the House three or four years ago, one of the public servants got up and in that committee meeting attacked the Economic Council of Canada for the colossal gall of advocating a new theory, even though that theory had been used in the United States in 1964 and 1965.

The head of the Economic Council of Canada disappeared. They moved in new ones more tame and amenable to the view of the Prime Minister. Today we witness the Economic Council of Canada, which was designed to give at least a second point of view to the government, being allowed to die. The bureaucracy is opposed to it. It attacks the heads of the Economic Council publicly, and it knows that the government is opposed to them too. Therefore, we see this fine institution, composed of volunteers, so to speak, from the business world, the labour world and the academic world, having its advice ignored by the government. The government goes the opposite way. The evidence of what I am saying about its dying is the fact that if we look at the number of people sitting on that council—there should be about 26 or 27—it is down to half that number now, and the government is just waiting for it to die and disappear entirely.

● (1612)

In conclusion, the tragedy of this budget debate is not that the country will not survive; we will change governments eventually. The tragedy is to see a human being for no good cause destroyed by having to accept advice which is wrong and which has been wrong for the last 30 years. That will be the issue upon which we will fight.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, before rising to participate in this budget debate I read some of the speeches. I have been unavoidably away for some of the debate, but I would like to deal with the budget and the economy of the country in the context of where we are in the manufacturing world, what some of our problems are and how we are attempting to solve them.

It has been said that one of the characteristics of Canadians is to downplay our achievements, to emphasize the negative and to exaggerate the problems. Certainly all three of those things have been pretty evident in this debate. We have seen an abundance of this recently, not only in this debate but in many other places across Canada. I suppose in a way I will be attempting in this speech to redress the balance. It seems to me that it is of extreme importance that we as Canadians look at the whole picture, because without doing so nothing can really be achieved.

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

In common with the industrial world, Canada certainly has problems, but many of our problems have been exaggerated almost beyond recognition. As Minister of Industry, Trade and Commerce I must be concerned, above everything else, about our international competitive position. Canada's prosperity clearly depends on our ability to sell our products in world markets. Whenever our costs and prices get seriously out of line with those of our trading partners, the nation as a whole is in trouble, and we were beginning to have problems on this score by the end of 1975 as far as our United States markets were concerned.

For several years before, the average increase in Canada's unit labour costs in manufacturing had actually been somewhat better than those of the United States. From 1967 to 1974, for instance, our labour costs in manufacturing increased by about 35 per cent. Those in the United States increased by about 43 per cent. This was offset, I suppose, to some extent by the rise in the value of the Canadian dollar during that period, so that by 1974 Canada's labour unit cost picture in United States dollars was slightly worse than the U.S. manufacturing picture.

The big disparities, however, really emerged in 1975. In that year unit labour costs in manufacturing rose by 16.4 per cent in Canada compared with 7.8 per cent in the United States, a sharp reversal of the picture between 1967 and 1974.

It was against this background that the program of prices and incomes controls was launched. Steadily, the growth of wage costs in manufacturing has been brought into line with that of the United States. In 1975, new wage settlements in manufacturing increased by 18 per cent in Canada compared with 10 per cent in the United States. These were in the first year of contracts. In 1977—and this is the point I want to make—new wage settlements for the first year of contracts were down to 7.6 per cent in Canada compared with 8.4 per cent in the United States. Surely, this is a remarkable achievement. I only hope that that trend continues, certainly now after April 14 when we began to remove wage and price controls.

Average hourly wage rates in manufacturing, however, continued to rise somewhat faster than in the United States in 1977, 10.8 per cent in Canada and 8.5 per cent in the United States. But what is even more important is that Canadian productivity in manufacturing increased by 4 per cent in 1977 compared with 2.2 per cent in the United States. That gives us some indication that our productivity is catching up in relation to productivity in the United States.

Even before adjusting for the exchange rate, our unit labour costs in manufacturing increased by somewhat less than they did in the United States, that is, by 5.7 per cent compared with

6.5 per cent. The depreciation of the Canadian dollar has had the useful effect of offsetting the extent to which our costs went out of line in relation to those in the United States in 1975 and 1976. By the end of 1978 we should be back in the position we were in in 1970 and 1971 with regard to manufacturing costs compared with those in the United States. The reason I am making this comparison with the United States is that Canada as a nation sells between 66 per cent and 70 per cent of what it sells in the American market.

It is clear that our manufacturing performance has recovered. Our productivity performance in 1977 was in line with our performance in the last 25 years. In that period of time manufacturing productivity in Canada increased by 158 per cent compared with 86 per cent in the United States. In other words, year by year the margin of productivity between Canadian and United States industries has been reduced, although some difficulties still remain.

There is another aspect of our competitive position which is widely ignored, and that is the steady improvement in our competitive position vis-à-vis industrial countries other than the United States. The point is that in general while our productivity has not increased as fast as it has in western Europe and Japan, our unit labour cost position has improved because inflation has been lower in Canada. Moreover, our competitive position in western Europe and Japan has improved further because of the rise in the value of their currencies vis-à-vis the Canadian dollar and the United States dollar.

The next major question about which I am concerned is the question of confidence in the business community, confidence in the consumer and confidence in the country as a whole. There is no doubt that in the last couple of years there has been a weakening of confidence throughout, I suppose, the whole industrial world. This can be seen by the advent of third world countries now acquiring tremendous wealth and becoming industrialized to some extent. People have become more uncertain about what the future holds for Canada, and there has been concern about the existence of Canada itself which has caused a great deal of apprehension and instability.

Perhaps it is natural that we should have periods in which the future looks bright and periods in which the future becomes cloudy and we become uncertain. I suppose it is inevitable that we have these periods in our country.

Mr. Friesen: Mr. Speaker, I wonder if the minister would permit a question, or would he prefer that I wait until the end of his speech?

Mr. Horner: The hon. member can ask his question now, if he likes.

Mr. Friesen: Mr. Speaker, I have been listening with interest to the statistics the Minister of Industry, Trade and Commerce (Mr. Horner) has been quoting. They conform quite closely with the statistics I received two days ago from the Secretary of State for External Affairs (Mr. Jamieson) which were from the Department of Finance. They show that productivity rose very strongly in Canada during the period from 1968 to 1977. It rose almost 40 per cent during that decade, a growth which was 20 per cent better than that in the United States, which is somewhat in line with what the minister has been saying.

● (1622)

As I read those statistics, I remembered the statement the Prime Minister (Mr.Trudeau) made on October 19, 1977, as reported at page 32 of *Hansard*.

Mr. Deputy Speaker: Order, please. The hon. member will be able to make his speech in due time. If he has a question, would he please put it.

Mr. Friesen: I am coming to it, Mr. Speaker. The Prime Minister said:

> We are only 80 per cent as efficient as the United States in our manufacturing sector . . . We are 80 per cent as productive—

I wonder which statement the minister would like us to believe.

Mr. Horner: If the hon. member has difficulty believing both of them, I could give him a lengthy explanation. Both are quite plausible. We have been considerably behind the United States in productivity for a number of years. We are gaining ground in productivity and making substantive gains because of the greater capitalization within our industry and our increasing ability to enter larger markets.

As I was saying, clearly we are entering a period when our confidence is increasing. There are a number of reasons for this. First, there is a renewed growth in the economy. In the last year, from the fourth quarter of 1976 to the fourth quarter of 1977 our economy grew at an average rate of 4 per cent. This is still less than is required to reduce unemployment, but it marks the beginning of a recovery. We expect a continued growth in 1978 amounting to about 5 per cent, as the Minister of Finance (Mr. Chrétien) has stated on a number of occasions. Obviously business confidence has also been improved by the restoration of our competitive position and by the strength of our export performance, with commodity exports in 1977 22 per cent higher in volume than in 1975. I, as well as the Minister of Finance and the Prime Minister (Mr. Trudeau), have put these figures on the record on a number of occasions. We had a surplus in commodity exports of about $2.9 billion in 1977, which was a substantial increase over the 1976 and 1975 figures.

Business confidence is also improving because the business corporate profit position is moving back to more normal levels, with an increase of 19 per cent in 1977 in corporate profits after tax. Moreover, the corporate profits available for investment, that is after taxes and the payment of dividends, increased by 26 per cent in 1977. It is true that the business profit position is not yet back to what is required, but very significant gains were made last year.

I think that confidence is improving also because of the growth in employment. We hear a great deal about unemploy-

ment but, as the Minister of Finance has stated on a number of occasions, there has been a substantial growth in employment. It is true that unemployment continues to be much higher than I and many other members of the House would like to see, but we have brought about an increase in new jobs in the last year by 287,000, amounting to 1,391,000 in the last five years. In my view that is a substantial growth in a country with a population as small as Canada's.

One should look at the participation factor in our economy. It has never been higher than it is now. I would like to relate back to the war years, back to 1944 when Canadians had a common goal and a common enemy and everybody was making gigantic efforts to go out into the labour force and work. More women than ever joined the labour force and worked in factories and young people sought jobs. In 1944, the participation factor was 57.5 per cent. Today the Minister of Finance stated that it is 62.4 per cent. That gives us some indication of the number of people who are now participating in our economy.

Some hon. Members: Hear, hear!

Mr. Horner: In my view this is a very significant factor which should be taken into account when one considers unemployment and the creation of jobs.

There are also indications of an improvement in consumer confidence. The Conference Board's surveys, for instance, have shown that consumers tend to increase their purchases over what they had intended earlier. With the additional stimulus provided by the budget, we would expect an increase in real terms of close to 5 per cent in consumer expenditures for 1978 as compared to only 2.8 per cent in 1977.

I mentioned earlier the improvement in corporate profits which lays the ground for a renewed growth in business investment. This should begin in 1978, but will certainly strengthen in 1979. However, it must be pointed out that the current level of business investment is, in fact, relatively high. Business non-residential investment in 1977 amounted to 13.7 per cent of the gross national product, about the same as in earlier years. The average from 1965 to 1975 was 13.8 per cent, and from 1970 to 1975 13.6 per cent.

Now let us take a look at the future of this country. Canada, as a major trading nation in the world, is dependent on the health of the economies of other countries and principally the United States economy. Therefore, the expectation that strong growth will continue in 1978 in the United States is reassuring. Moreover, it is to be hoped that there will be stronger growth in western Europe in 1978 than occurred in 1977. Inflation continues to be a major international problem, but Canada is faring far better than many other countries.

Now I would like to take a look at some of the charges that have been made, particularly by the media, that the province of Alberta did not benefit from the budget which was recently announced. It was said that since Alberta does not have a sales tax, they could not be compensated by the federal government for reducing it. Many newsmen asked me about this. I say that I find the budget to be tremendously helpful to the province of Alberta.

Some hon. Members: Hear, hear!

An hon. Member: How?

Mr. Horner: I like to think that I contributed a lot of thought and effort to the budget announcement.

Some hon. Members: Hear, hear!

An hon. Member: It certainly showed.

Mr. Horner: Thank you. I hope it was evident to many Albertans as well as to people in British Columbia.

I have worked for four or five years to convince the Department of Finance that farmers owning family farms which are incorporated should have the privilege of passing their farms on to their sons, daughters and grandchildren without being burdened by the capital gains tax. This was finally understood and accepted and I was pleased to see it announced in the budget. I know that many farmers and ranchers in the province of Alberta are very pleased at this measure as well.

Mr. Knowles (Winnipeg North Centre): You did that when you were on this side.

Mr. Horner: The hon. member is quite right. I did that for every farm except those which are incorporated. Now I have succeeded in doing what I could not do on the other side.

I should like to say a few words now about the Hall report on railroads in western Canada. Mr. Justice Hall said in his report that 2,100 miles of railway track should be upgraded to what he termed the year 2000 standards. How do you get the railroads to get to work and invest in the upgrading of that trackage? The major track through the northern part of the constituency of Crowfoot has always been a concern of mine. I presented a brief to the Hall commission when it was studying the railway situation in the west urging them to retain that line, which they did. They recommended that it be upgraded. I was particularly pleased to hear the minister announce it in his budget address. It will be tremendously beneficial not only to the constituency of Crowfoot but to the whole of western Canada, because it will encourage railroads to reinvest and they will have an increased cost allowance in the upgrading of the railway system there. This should speed up the whole rationalization of the railway trackage in the prairies. Naturally I think also of the $100 million which the federal government in investing directly in railroads to improve the trackage and thus western Canada's ability to get its products to market.

● (1632)

The government has committed itself to $75 million direct investment, over the next five years, to improve railway trackage in western Canada.

Also there have been measures to encourage investment in the development of heavy oils in northeastern Alberta and

Saskatchewan. There are three distinct measures in the budget which would encourage a third tar sands plant in Fort McMurray. The increased depletion allowance from 25 per cent to 30 per cent will encourage the building of a heavy oil refinery in Cold Lake. That project is being proposed by Imperial Oil. It will be a $3 billion to $4 billion expenditure.

Pacific Petroleum is proposing another one in and around the neighbourhood of Hardisty, Alberta. That happens to be in the northern part of Crowfoot. I was pleased to have some input in encouraging the Minister of Finance to take into consideration speeding up the development of our heavy oils.

There is a third one on the drawing board by Husky Oil in the province of Saskatchewan. There is a royalty question regarding that one which has to be ironed out with that province. Husky Oil hopes to spend $600 million in the province of Saskatchewan for its heavy oil refinery. Pacific Petroleum expects to spend in the neighbourhood of $600 million, and Imperial Oil expects to spend $3 billion to $4 billion on its refinery. If we can get these projects moving along and if the decision can be made, they are tremendous projects which will encourage employment all across Canada in the building of these refineries.

Some hon. Members: Hear, hear!

Mr. Horner: The current level of the Canadian dollar will stimulate significantly our exports, as well as encourage Canadian industry to supply more of the domestic market. In other words, Canada should look at the opportunities for improvement in our trade position which is affected by the present exchange rate. I like to look ahead with considerable confidence. It would be foolish to ignore current problems. The country as a whole has faced up to the problems in the past few years. On the average, Canadians are richer today than they were in past years, despite heavy and high unemployment.

As Minister of Industry, Trade and Commerce, I should outline some of the things we are attempting to do in my department. These things will benefit Canadian industry, our trade picture and small independent businessmen.

Much has been said about the textile industry in the province of Quebec, and whether or not the government has assisted that industry. Not only has this been said about the province of Quebec, but it has been said about other provinces as well. In the early part of April, an article appeared in the *Financial Post*. I should like to refer to that article to prove beyond a shadow of a doubt that the import controls on textiles assisted the textile industry. Investments in the first quarter of 1977 were up substantially in that industry. In part, the article reads:

> Gemini Fashions of Canada, Ltd., a Winnipeg outerwear producer, is projecting a 35 per cent upswing in sales, spearheaded by a nearly 50 per cent increase in its exports to 17 countries.

That is a substantive improvement in the textile industry. The article continues:

> Style Guild Ltd., a Montreal shirt manufacturer, reports a 25 per cent increase in fall bookings. Spring orders were so good it will be entering its fall season later than usual. Employment, though still below 1975 levels, has increased . . .

It continues:

> Majdell Manufacturing Co., a children's sportswear producer in Montreal, has had its best spring ever and is projecting a 50 per cent increase in sales over 1977.

I could continue to quote from that article, but I put these examples on the record because of the representations some people have made that the federal government has not helped the textile industry right across Canada with its import controls and the encouragement of investment within that industry. My department has helped substantially in many other ways. We are prepared to help them further.

I have been involved in negotiations with the opposition in order to pass the bill quickly through all stages. There is a great mood for passing legislation now. I should like the Export Development Corporation bill to pass through the House quickly. That corporation is practically out of financing to ensure and guarantee loans to customers who buy Canadian manufactured goods. The Export Development Corporation began in 1969. One can look at its accelerated guaranteeing of loans, which has been tremendous. One can compare it to the export of manufactured goods and see that the Export Development Corporation has created markets for Canadian manufactured goods, and in that way created employment.

In my negotiations with Ontario members of the opposition, I cannot understand why they are reluctant to assist me in the passing of that piece of legislation. In doing so, they know their action is very, very detrimental to the employment picture in the province of Ontario. What can one expect from the hon. member for York-Simcoe (Mr. Stevens)? On March 14, 1978, the hon. member and I were talking about de Havilland in the Standing Committee on Finance, Trade and Economic Affairs. I indicated to him that de Havilland was a going concern which employed 3,700 workers. Also I indicated that de Havilland had on order 37 Twin Otters, 17 Buffalo aircraft, eight Dash-7 aircraft and so on.

The hon. member for York-Simcoe indicated that de Havilland was one of those Crown corporations which he would put out of business, if he ever got at the reins of government. He callously disregarded de Havilland, and would throw them out of the door with one sweep of his hand. When hon. members opposite rise in the House and concern themselves with unemployment, sometimes I think they are really not serious, especially when I hear them make remarks such as that in committee. These remarks by the hon. member for York-Simcoe affected labourers and workers relatively close to home. De Havilland operates in the city of Toronto, and the hon. member's riding is somewhat north of Toronto.

I should like to refer to what my department is doing with regard to the Enterprise Development Board. Individual boards have been set up in each province. These boards have the power to guarantee loans of up to $200,000 at chartered banks. If necessary, we are prepared to increase that to $300,000. The guaranteeing of loans over and above that amount must come before the national board. Under the

Enterprise Development Board, approximately $101 million of guaranteed loans to Canadian industries have been approved. Direct grants of $19 million have been made to Canadian industries for increased productivity initiatives and new products to meet Canadian demand.

Much has been said about the Federal Business Development Bank. Continually we are attempting to encourage it to become more venturesome with risk capital. The number of authorizations for the last fiscal year was 9,800, which is more than a 5 per cent increase over the previous year. The amount of dollars authorized by the Federal Business Development Bank in the last fiscal year increased 10 per cent over the previous one. That is some indication of what is being done within my department to encourage Canadian investment and to encourage Canadian industry to meet Canadian demands.

Much has been said about the operation of the Foreign Investment Review Agency. What about foreign investment coming into the country? If one looks at foreign direct investment in Canada one will see that in 1976 we had a deficit picture of minus $295 million. That was caused by a number of huge withdrawals, and I think particularly of Atlantic Richfield selling out and taking its money back across the line, as well as a number of other large companies doing the same. In 1977 we saw that situation reversed and we had an increase in direct foreign investment in Canada to plus $175 million. To me this is encouraging, and I am certain that in 1978 the trend which started in 1977 will continue.

● (1642)

The number of applications under the Foreign Investment Review Act has increased substantially. In each case we demand that before an application is approved the applicant prove to us that he will offer a significant advantage to Canada in the field of employment, a significant advantage to Canada in the field of investment and a significant advantage to Canadians in their right to participation in any takeover or new company coming into Canada.

We are doing a great deal within the department to encourage confidence in the Canadian industrial and manufacturing sectors. I want to deal briefly with the 22 sector studies we have set up within the department. For the first time we have brought business, labour and the federal and provincial governments together acting as a catalyst in a secretariat. They are studying the 22 major sectors within our economy to ascertain what stage they are at now, how large a market we can expect to gain in each of those sectors, and how we can obtain those gains. We are looking closely to see whether we can remove some of the duplication of tax structures that exist between federal and provincial governments, and we are looking closely to see whether—

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. minister but his allotted time has expired. He may continue with unanimous consent.

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Horner.]

Mr. Horner: May I just complete my remarks?

Mr. Knowles (Winnipeg North Centre): As far as I am concerned, yes.

The Acting Speaker (Mr. Turner): I definitely heard a "no" when I asked for unanimous consent.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to begin my remarks for today by confirming that I am a member of the opposition in this House of Commons and I do not like the government we have across the way. In fact, I do not believe that Canada can stand that outfit much longer. My reason for saying that is that in a good deal of what I am going to say this afternoon I shall be remarking favourably about statements made by one of the members of the present cabinet. I am not referring to the minister who has just taken his seat. He would not want a kiss of death like that. I am referring, rather, to the Minister of National Health and Welfare (Miss Bégin).

As she well knows, I referred in the Standing Committee on Health Welfare and Social Affairs, on Tuesday, April 4, to a speech she made on Monday, March 13, to the Sherbrooke Federal Liberal Association. The speech was entitled "The Myths of Social Policy". I told her in the committee that I have not been so excited when reading a document since the day many years ago when I first read Edward Bellamy's "Looking Backward". She is so young I do not think she knew what I was referring to, but the fact of the matter is, for a chart of what we ought to be doing in social policy in Canada today, that speech of the minister's on Monday, March 13, was indeed outstanding. I was able to persuade the committee that day to append it in its entirety to the Minutes of Proceedings and Evidence of the Standing Committee on Health, Welfare and Social Affairs. It can be found as an appendix to issue No. 6 dated Tuesday, April 4, 1978.

I want to refer to a few things the minister said on that occasion, but before doing so may I say two other things. First, I think it should be required reading for every member of the Liberal party in this House of Commons and for every Liberal candidate who takes part in the forthcoming election, and, in particular, it should be required reading for every member of the present cabinet.

The other day the same minister made a speech during this budget debate which is to be found in *Hansard* for Friday, April 14, beginning at page 4528. Again, I wish to tell her that she made a very interesting and a very important speech, and I hope members of the Liberal party will read it. Indeed, I hope she is, by those speeches and the stand she is taking on social policy, causing at least a little bit of thought in the Liberal party so far as this whole field is concerned.

I shall paraphrase a few of her most important words rather than read them directly, because she did relate them to a specific item. I think the Minister of National Health and Welfare indicated the tone of both of those speeches, the one in Sherbrooke on March 13 and the one in the House of Commons on April 14, when she said words to the effect that

when one has a progressive concept it should not be lost in times of economic uncertainty. She went on to urge that people not panic and question the universality of some of our programs or their indexation to the cost of living or some other measure of monetary depreciation. I thoroughly agree with that sentiment and support it as strongly as I can. Just because the government says we are in difficult times or in times of restraint is no reason for saying that this practice of restraint has to be taken out in respect of our social programs or on the people in this country who benefit from those programs.

The theme I got from both those speeches by the minister, and it ran all through them, was that instead of talking curtailment of our social programs we should be expanding them. The speech that was made to the Sherbrooke Federal Liberal Association emphasized this point when the minister said that not only can we afford more equality, we must afford it.

● (1652)

I stand here today in full support of what this new Minister of National Health and Welfare is saying. I deplore as strongly as I can those who argue that there should be a falling away from the universality of some of our programs or that there should be cutbacks affecting old age pensions or family allowances or medicare programs. On the contrary, I agree with the sense of pride with which the minister referred to those programs that have been developed in the last few decades as some of the best programs that we have in Canada today.

The Prime Minister, whether it was in jest or something else, referred to my friend, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), and myself as leftovers from the depression, but he certainly cannot say that about the Minister of National Health and Welfare. She is far too young to have any memory of the depression. She knows about it only from reading about it in the history books. However, she is aware, as a person who is alive today, of the fact that unless our society continues to exercise compassion and concern for all our people we are not worth the name "civilization" or anything else.

I shall now refer to that speech that the minister made at Sherbrooke, Quebec, on March 13. She started it quite openly by noting that in recent times there seems to have been a drift to the right. She noted the fall of certain social democratic parties in countries in Europe, and she also noted that the New Democratic Party had lost two governments in western provinces in the last two years. As I say, this was the theme of her speech: There is a move to the right and we had better face it. She goes on to say:

> But there is a danger in all this too—a danger of which I have to be aware as Minister of National Health and Welfare, of which all of us should be aware as decent human beings.

What she is saying is that the danger of which we have to be aware is the drift to the right, particularly when that drift starts to attack social programs. She goes on:

> That danger is that in the current swing of the political pendulum we will overlook the needs of millions of Canadians who are far less fortunate than we are. It is after all, very easy to turn our backs on poverty, on the struggles of a deserted welfare mother with three or four children or of a young blind person or of the 55-year-old single man crippled by accident or disease, unable to work but not old enough to receive an Old Age Pension. It is all very convenient to turn our backs on the nearly 600,000 families in Canada who are poor in spite of the fact that they do work, many of them very hard indeed.

I emphasize the next sentence:

> If we turn our backs on them we can hardly claim to be a society that believes in social justice or in the worth of dignity of humanity.

Later on, as she is going through that speech seeking to dispel all the various myths about social policy in these times, she dealt with a particular one in these words:

> Another of the cherished myths to which Canadians hold—the fourth one on my list—is that the distribution of income in Canada is already too equal and that this is destroying the incentive to work.

I am not reading from some speech, Mr. Speaker, that the hon. member for Nanaimo-Cowichan-The Islands or I made back in the 1930's. I am reading from a speech made this year by the present Minister of National Health and Welfare. Continuing:

> To really believe that, one has to be quite blind to reality so please consider the actual figures. In 1977 the poorest 20 per cent of Canadian families received less than 6 per cent of total Canadian family income while the richest 20 per cent of Canadian families received 40 per cent of all the income. These figures are, unfortunately, very stable. The share of income going to our poor families has scarcely changed since the end of the second world war. It rises a bit in good economic times and falls in the bad, indicating that more affluent Canadians, whatever their good intentions, do make a habit of riding out recessions on the backs of the poor, but in general, the last 30 years have not seen significant redistribution of income.

This is not a speech left over from the depression, nor is it some street corner attack; this is a speech by the present minister speaking, out of her study and perception, on the problems facing many Canadians today. My hope is that this speech will be read by every member of the Liberal party in this House, and in particular by every member of the cabinet.

I have a few more lines that I would like to read from this Sherbrooke speech:

> What this means is that Canada's poor families are getting along on an average of one-seventh of the income of families on the upper one-fifth of our population. You—

I gather that the "You" referred to the Liberals who were in the audience she was addressing in Sherbrooke.

> You are likely all in that upper one-fifth. Divide your family income by seven and try to imagine what it would be like living on that one-seventh.

She goes on and refers to further statistics that are highly sophisticated and technical, but which show that Canada and the United States are twice as bad as the next worst country, Britain, and are far worse than Germany, Norway, Denmark or Sweden. She is referring to the way our income is distributed and how wealthy the wealthy are and how poor the poor are. Then she says:

> Yet we happily go along punishing the poor while we cherish the comforting myth that we cannot afford any more equality.

I am still quoting the hon. Minister of National Health and Welfare, and I emphasize the next word and the words that follow. She says:

Nonsense. Not only can we afford more equality, if we look at how well some of the more equal countries have done economically we could argue that not only can we afford it, we must afford it.

I have no qualifications to make in my praise of that speech made by the minister at Sherbrooke, Quebec, on March 13. It is a stirring call for all of us to realize that we have built up in this country over the last few decades measures of social policy that are good—and I am going to quote something she said in the House that underlines that point. But I realize that that minister is afraid that, because of the swing to the right and because of the calls for restraint, her own cabinet colleagues will yield to the pressure to cut back on those social programs. I am sure that she expresses the view, and I certainly express mine, that the answer to calls for restraint in times like these is to fight those calls with the call that really matters; namely, for more equality and for programs that will really get to and help all of the people of this country.

● (1702)

Not only was there that speech by the minister in Sherbrooke, Quebec, on March 13, but there is also the speech she made in this House on April 14 when she went over the programs we have developed and said:

Of course, numerous social programs which have been set up during the last decade or in the last fifteen years do not only benefit Canadians who are poor. Indeed, those social programs improve the quality of life of the vast majority of Canadians, which explains their being so popular.

Later she talks about another phase of the matter and says:

We are all richer for the fact that our society is compassionate enough to care for those of our people who need services like day care, rehabilitation, counselling or nursing home care. Even more directly, we are all made richer by the provision of universal access to complete medical care via programs instituted by federal governments over the last three decades.

I am so pleased with such statements that I do my level best to forget what the Liberals in this House were saying during the years we were fighting for improved social programs, fighting for hospitalization and fighting for medical care. I cannot really forget their opposition and the decades it took to persuade the Liberals to go through with the things they committed themselves to in 1919. Because we have this minister now saying that much of what is good for society is measured by the extent to which we have established income support programs, health programs, day care programs and programs that enable people to have a richer quality of life, I commend her and I am pleased to draw attention, as I am doing, to these two speeches of the minister, the one made in Sherbrooke on March 13 and the one made in the House of Commons on April 14.

I think it is clear that she means one should not lose a good concept in times of economic uncertainty and that people should not panic because there are attacks on programs of universality, and so on. I think we should be doing the very opposite and doing it in this House. That is why I am doing it today. The time has come to say, as some of us have been saying every chance we get, that what is needed today are improvements in the programs we have.

[Mr. Knowles (Winnipeg North Centre).]

The Ontario Royal Commission on Pensions is meeting in this province. I know it is a provincial commission and thus not the responsibility of this government or this parliament, but I think we all ought to be interested in the briefs presented as it travels from city to city. The press has reported most of those briefs. I hope hon. members are aware that a number of themes run through the briefs, whether they come from the Canadian Labour Congress, pensions associations, individuals, or whatever. To a considerable extent the theme is that with all we have done to establish the universal old age pension, guaranteed income supplement, Canada Pension Plan and so on, there are still many thousands of older people having a difficult time getting by and that we ought to be increasing the basic amount of old age security.

The government must not give us the line that indexing by the consumer price index every three months keeps old people in a position that they can keep up with things. The amount of the pension is always behind and the amount it is based on was inadequate to begin with. The fact is that a substantial increase is needed and practically all the briefs presented to the Ontario royal commission, or all that I have noted, have said this.

They have also made a particular point of another matter which is a real concern of mine, the fact that older women seem to have a tougher time even than older men. Women in the 60 to 65 age bracket are finding things very tough, particularly with the spouse's allowance that does not do anything for those of single status. It is also true that women between age 65 and 75 seem to suffer the discrimination that women have suffered all their lives.

I do not accept the contention that because this is a time of restraint we should not be saying these things. In a time of restraint there should be more of an attempt to divide what we have. We should not be riding on the backs of the poor or of older people to try to get our economy going. I believe attention should be paid to these appeals that are being made, so I take my stand again in these so-called times of restraint for a substantial increase in the basic amount of old age security.

I contend that we should also do something right away about the position of persons between ages 60 and 65. The spouse's allowance helps a few, but very few. It is still based on the proposition that a woman can get a pension if she is in that bracket, provided she has a man. The fact that she may have a need or some other entitlement does not help her. It is wrong in every respect.

I think on some basis we should be getting the pension at age 60. The minister comes back at times and says persons between age 50 and 65 are in trouble. I am prepared to listen to some other ways of providing pensions for people in that bracket who need them, but let us not put it on a marital basis. Most of the people in that age bracket who are in need are women. It can be said that the spouse's allowance is an equal pension because it works either way, but most who get it are women. To the extent that we do not do something for the age bracket, whether 60 to 65 or 50 or 55 to 65, we are carrying

forward into later years the discrimination that women seem to have suffered all their lives.

I can mention plans like the railway pension, pensions of retired civil servants and those pensions that have not been escalated although others have—all those things should receive attention. We should also be doing something right away for our veterans. I was pleased to see that someone else has taken up the motions that my friend Jack Marshall used to move. We had one today from one of my friends to my right, calling for an increase in the basic rate of the war disability pension and the correction of the 48 per cent rule as it affects widows. I am sorry that someone on the government side said no to that motion. These things ought to be adjusted now. Let us not have the line that there is restraint. That was not the argument when these people joined up to serve the country, so let us not have that argument now.

Another thing I should like to refer to is the question of reciprocity in terms of agreements between this country and others. For a long time we expressed concern, particularly about United Kingdom pensioners in this country who do not get any escalation. We were told it was because there was no agreement and there was no legislative basis for such agreement. Last year we passed a bill which provides the legislative basis for an agreement between Canada and other countries with plans similar to ours. We are told that negotiations are still going on, but the people who are waiting for their pensions to be escalated are in many cases dying while they wait.

Medicare is one of the highlights of the social programs in this country. It is under considerable attack in this province at the moment because of the increase in fees that the government at Queen's Park is proposing. One hopes the discussions that are going on there and the minority situation in which the government finds itself may result in a resolution. It is not enough to keep and maintain medicare as it is. There are problems in terms of home care. Some of the provinces have moved way ahead in this field and there are provinces which are way behind. Surely we have reached the day where we can recognize the truth of the minister's statement which she made the other day. I shall read it again. It says:

● (1712)

We are all richer for the fact that our society is compassionate enough to care for those of our people who need services like day care, rehabilitation, counselling or nursing home care.

This is not a call for us to spend money or a call for us to be extravagant; this is a call for us to be a decent and compassionate society. That call is just as important in times of restraint as it is in times of affluence. That is why I was so appreciative of the speech which the minister made in Sherbrooke a month or so ago and again of the speech which she made in this House last Friday afternoon.

The other angle, of course, that is facing us is the question of a guaranteed annual income. I have been so nice to the minister up to this point that maybe I can still be her friend if I express a disappointment. It really annoys me to witness the number of times that she gets up and blames the provinces because we have not made any progress in terms of a guaranteed annual income. The leadership for these things should come from here. I regard this as just an excuse to say that the provinces are not willing. As a matter of fact, when there were three New Democratic Party provincial governments in this country at least there were three provinces which agreed.

Just before the 1974 election I remember being telephoned and asked by one of the officials in the Department of National Health and Welfare whether we would mind if the negotiations went on during the election so that progress could be made no matter which party came into power after the election. I certainly gave my approval to that idea. But all of the things this minister has been saying about our society being good for what it does for our people, about our society being good because it is a compassionate society, that it is a society which believes in justice, hinge upon what she said at Sherbrooke, that to increase the amount of equality and to increase the availability of a good, rich life to all our people we will have to crown our social legislation, our pensions, old age security, Canada Pension Plan, family allowance, medicare, housing programs and so on with a guaranteed annual income program. Because, as she says, the hundreds of thousands of people who are at work still do not have enough to enjoy life as the upper echelons in this country enjoy it. In my view, this is what a budget should have been all about, Mr. Speaker.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Knowles (Winnipeg North Centre): May I just say again that I hope hon. members of the Liberal party will read their minister's speech.

[*Translation*]

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, I am very happy to participate in this important debate on the budget tabled last week by my colleague the Minister of Finance (Mr. Chrétien). First I would like to congratulate him, because I think it is a remarkable budget, not only on the economic level, but also on many other aspects. I rise today in this debate to talk about a subject especially dear to my heart—federal-provincial relations. I would also like to correct the distortions and glaring misconceptions which the hon. member for Kingston and the Islands (Miss MacDonald) took the liberty of spreading yesterday with remarkable impudence concerning the federal-provincial perspective of the budget presented on April 10 by my colleague the Minister of Finance.

As many speakers before me have said, it is a budget which satisfies the short and medium term needs of the Canadian economy as they appear now, a responsible budget which aims

to spur consumption, and hence production, while slowing down inflation, an innovative budget which, notwithstanding the comments of the spokesman for the official opposition, represents a step towards closer federal-provincial consultation on budget matters.

In this regard, I would have more faith and confidence in the views expressed by Ontario finance minister Darcy McKeough than in those of the Conservative opposition in the House, which in the last week has endeavoured to find faults in all the federal-provincial aspects of this budget. And contrary to the Conservative members in this House, here is what the finance minister of the Ontario Conservative government had to say before the provincial legislature on April 10. Dealing with the budget introduced by the Hon. Jean Chrétien, Mr. McKeough said, and I quote:

[*English*]

It contains a major new federal-provincial initiative to stimulate the Canadian economy and improve confidence across the country. This short-term and shared-cost action represents a significant first in fiscal policy co-ordination in Canada. Ontario has played an important role in the design, development and implementation of this proposal.

That is the view expressed by the Conservative minister of finance for Ontario. I would hope that the Conservative opposition in this House would take the trouble to listen. If they do not want to listen to us. I would ask that they listen to a man of experience and knowledge, and to good politicians too who are at the provincial level in their party but not in this House.

An hon. Member: Give some consideration to the outbacks.

[*Translation*]

Mr. Lalonde: A budget which is not only innovative, Mr. Speaker, but at last a budget whose overall thrust is consistent with the positions unanimously endorsed and proclaimed by the right hon. Prime Minister of Canada (Mr. Trudeau) and his provincial colleagues at the end of last February's economic conference. I should say unanimously minus one, since the premier of Quebec had chosen by then to act as a sulky child, to back out at the last minute and not to endorse the final communiqué of the conference.

The reason for that unreasonable gesture is quite transparent. Chances were the conference would have shown the people of Quebec and of the other provinces that Canadian federalism can function harmoniously and lead to co-ordinated federal and provincial policies, provided all governments show good will and good faith. Now, there is nothing insulting to the Quebec government in saying it is a separatist government. It is therefore in its interest to block systematically every federal-provincial agreement or consensus in the hope that it can thus convince Quebecers that federalism does not work and never will.

Therefore, Mr. Lévesque, at that first ministers' conference, left the conference room, slamming the door. Again it was to promote the cause of separatism, as I shall show shortly, that the present finance minister refused for three weeks to say whether or not he was in favour of reducing the sales tax accross-the-board as a step to give new impetus to our economy. For three weeks, Mr. Speaker, he was unable to give an answer, unable to decide whether such a step should be taken or not. His silence had but one purpose, at least the only logical one I can imagine, and that was to allow Mr. Lévesque to commit another of his flights of language, through which he tries to stay in the public eye if not to keep his popularity with the electors, and to scream rape and prostitution and put forward a counter-proposal which tries to create the illusion that Canadian federalism cannot work. Once again his manoeuver is obvious, transparent. Obstacles are put in the way to keep the Quebec cart from going forward, and then right and left there are cries saying it got bogged down in the federal ruts. And, as usual, hon. members opposite swallowed it all, hook, line and sinker.

That is why, as the right hon. Prime Minister pointed out recently, the position stand they chose to adopt on the matter is wrong. We do not doubt their sincerity, but we have good reason to doubt their political acumen. In that regard, the unbelievable speech committed yesterday by the hon. member for Kingston and the Islands (Miss MacDonald) quite astonished me.

● (1722)

[*English*]

As usual when she deals with federal-provincial relations, the hon. member peered at the sales tax issue through her bifocals. The big bad federal government was cast by her in the darkest, most sinister perception. The poor little provinces were seen through the rosiest of rose-coloured glasses.

One heard the hon. member refer to Alice in Wonderland although she added two new characters to Lewis Carroll's famous fairy tale, the big black federal bobcat and the big provincial flamingos. The hon. member seems to think the provinces can do what they want, when they want and how they want without any obligation whatsoever to consult with the federal government even in areas such as budgetary planning, which has obvious implications for both our orders of government. Thus ten provincial budgets were recently tabled without provincial treasurers bothering to consult with the Department of Finance, even in general terms, on the budgetary options open to them and their respective economic implications for the Canadian economy as a whole. I have not heard the hon. member for Kingston and the Islands (Miss MacDonald) complain about that.

On the other hand, it often appears that the sensitivity and consideration which the hon. member would want the federal government to apply to federal-provincial relations would prevent that government from doing anything, even in areas under its exclusive jurisdiction, unless all provinces had previously signed a formal agreement on the dotted line.

Such is the tale we were served yesterday by the official opposition. It can only be dismissed by anyone the least bit familiar with the political realities of federal-provincial rela-

tions as electoral posturing. In fact, I am tempted to paraphrase Lewis Carroll and call it "Flora in Postureland". Why posturing? Because the hon. member purports to agree with the government's approach to federal-provincial relations and then distorts and misrepresents the facts on the sales tax issue in her fruitless attempts to show that we do not practice what we preach.

The hon. member says that federal-provincial co-operation must be a two-way street. We agree. We have said that many times and we have practised it. She says there should be an input from the provinces in federal decision-making. We agree, although we would like her to add in order to be consistent with the statement to which I have just referred that there should also be a federal input in at least some provincial decision-making.

The hon. member says that in areas of shared interest or joint jurisdiction the federal government should not adopt a take-it-or-leave-it attitude. Again, we agree. She says that the Minister of Finance (Mr. Chrétien) should have taken his cues for the budget from the February first ministers' conference. The government fully agreed with that and the Minister of Finance did so.

What is all the fuss about? The fuss is about the Tories clutching at every straw in the wind to avoid being blown away in the next federal election.

Some hon. Members: Hear, hear!

Mr. Lalonde: I do not have to clutch at straws to show that, in the matter of sales tax, not only were the provinces consulted, but their views had a decisive influence on the substance of the budget tabled on April 10 by the Minister of Finance.

The notion that the reduction in sales tax could well be the most effective stimulus in the country at this juncture did not come out of the blue. It has been the object of public discussion in Canada for over a year. It was broached by my colleague the Minister of Finance at a meeting with his provincial counterparts last October. It was raised again by some provincial representatives at the December federal-provincial conference of finance ministers preparatory to the first ministers' economic conference. The arguments in favour of this measure have been vigorously and publicly rehearsed through these months by prominent members of the business community and the treasurer of Ontario, among others.

No attempt was made at the first ministers' conference to deal with, or come to agreement on, the specifics of budgetary planning. Government leaders rather sought agreement on broad principles which would guide and harmonize their action in the medium and long term. One such agreement was on the need to ensure that—and I quote from the final communiqué of the conference:

—the trend of government expenditure growth should be held, on average, to less than the trend growth in the value of the g.n.p. or gross provincial product.

As a result, the Minister of Finance announced in his budget speech that the expenditure ceiling previously set by the President of the Treasury Board (Mr. Andras) for fiscal year 1978-79 had been lowered by $350 million. Most provincial budgets similarly reflected this federal-provincial agreement on expenditure restraint.

The tax concessions proposed by the Minister of Finance for research and development expenditures, oil recovery systems, upgrading plants and earned depletion for non-conventional projects also reflected concerns expressed by the provinces at the first ministers' conference. As for the tax advantage extended to railways, it responded to concerns privately expressed by provincial representatives, both at the first ministers' conference and at meetings preparatory to it.

But the first ministers also agreed at their February meeting that—and I quote again from the conference's final communiqué:

—the general instruments of monetary and fiscal policy should be used to encourage the growth of demand which would bring the desired growth of output and employment, at declining rates of inflation.

It was from this agreement that my colleague the Minister of Finance took his cue in proposing to the provinces a jointly-financed reduction in sales tax. It soon appeared that this fiscal instrument was by and large the most appropriate one to achieve both accelerated growth in demand and lower inflation rates.

Having tentatively reached this conclusion, the Minister of Finance and his officials initiated what are probably the most extensive pre-budget federal-provincial consultations ever in our financial history.

Some hon. Members: Hear, hear!

Mr. Lalonde: They did that not only by telephone, although I cannot understand the excitement, worry and concern of the hon. member for Kingston and the Islands about using the telephone as a system of communication. In any event, it was not only through telephone calls, as the hon. member suggested yesterday, but also through a series of meetings with provincial counterparts.

• (1732)

So that everyone will know, particularly opposition members, I would like to put on the record the chronology of these consultations. On Thursday, March 23, the Minister of Finance discussed the sales tax proposals by telephone with Mr. McKeough of Ontario and Mr. Parizeau of Quebec.

On Friday, March 24, the minister was in contact with Mr. Parizeau to discuss the sales tax proposal and other issues.

On Monday, March 27, the Monday right after Easter, the deputy minister of finance got in touch with all his provincial counterparts, with the exception of Mr. Collins of Alberta, where there is no sales tax, as hon. members know. The proposal was elaborated upon and discussed by finance officials on Monday afternoon, and a series of meetings was arranged for Wednesday.

On Tuesday, March 28, arrangements were completed for meetings with provincial officials on Wednesday. By this time the Minister of Finance had tried to contact all provincial

ministers of finance and had spoken with all of them, with the exception of those for Nova Scotia and New Brunswick.

On Wednesday, March 29, the minister travelled to western Canada for discussions with his counterparts in Manitoba, Saskatchewan and British Columbia and with their officials. The minister telephoned Mr. Leitch, the minister of finance of Alberta. Finance officials met with the four deputy ministers of finance of the Atlantic provinces in Halifax and with the Quebec deputy minister of finance in Quebec City. Ontario officials met with the federal deputy minister of finance in Ottawa, and the latter also spoke with the deputy minister of finance of Alberta.

Then on Thursday, March 30, the federal Minister of Finance met with Mr. McKeough and Mr. Parizeau in Montreal. Mr. Parizeau was to call back on Friday, March 31.

On March 31 the minister tried to contact Mr. Parizeau, but was told that he could not be reached.

On Saturday, April 1 and Sunday, April 2, officials confirmed a meeting of officials on Monday in Ottawa, and work proceeded in the department on the preparation of material for the meeting. The minister of finance of British Columbia, in discussion with the federal Minister of Finance, stated that instead of adding one point for six months to the two points to be financed by the federal government, British Columbia would prefer to add two points for a further three months.

On Monday, April 3, a meeting was held in Ottawa with representatives of all provinces to discuss the proposal further. A consensus emerged from the meeting that alcoholic beverages for home consumption should not be included. It was also recognized that in all provinces, with the exception of Newfoundland, tobacco products are taxed under separate legislation and should therefore be excluded. In Ontario amusements are taxed under the retail sales tax act, and Ontario officials indicated that they would prefer to exclude amusement taxes from the arrangements.

From Tuesday, April 4, to Friday, April 7, the Minister of Finance discussed the matter with Mr. Lyon, premier of Manitoba, who was in Ottawa. New Brunswick delivered its budget on Tuesday. During this period the minister was constantly in contact with provincial ministers and spoke with some of them on several occasions. He advised them that it would be desirable if they would be ready to respond to his offer should he decide to present a budget. This enabled both Manitoba and British Columbia to take the proposal into account in their budgets and to present them on the same date as the federal budget.

The deadline for completing budget preparations was Thursday evening. By this time all provinces, with the exception of Quebec, had agreed to the proposal.

On Monday, April 10—budget day—the minister telephoned all provincial ministers before delivery of the budget to confirm his proposal and officially seek their responses. Only Mr. Parizeau indicated that he would disclose his answer within a few days. All the others gave a positive response.

Is this lack of consultation? Is this a take-it-or-leave-it attitude? How can the opposition seriously talk about lack of federal-provincial consultation? How can hon. members opposite talk about paternalism and take-it-or-leave-it attitudes? Never in the history of this country has there been a federal budget in which there has been more honest, clear and precise consultation with the provinces.

Some hon. Members: Hear, hear!

Mr. Lalonde: The hon. member for Kingston and the Islands likes to refer to press articles. I suggest to her that she refer to an editorial in the Ottawa *Journal* of April 14 which I think summarizes the situation extremely well. It says:

> Mr. Lévesque and his finance minister aside, the country should be applauding the co-operation between Finance Minister Jean Chrétien and his provincial colleagues. As the proportion of tax dollars controlled by Ottawa continues to shrink (it is now down to 40 per cent), so does the ability of the federal government to influence the course of the economy. Intelligent, non-partisan collaboration is required in these times.
>
> Mr. Chrétien believes that the good spirit developed at the so-called economic summit was the reason he was able to achieve such general agreement on the sales tax idea. That encounter certainly helped. The country is fortunate that provincial leadership, Quebec excepted, is now probably in the hands of more reasonable, moderate men than at any time in Canadian history.
>
> Mr. Chrétien sought and received help, and all Canadians should applaud that.

Some hon. Members: Hear, hear!

Mr. Lalonde: I am sorry that only the opposition in this House seems to be unable to applaud such a development.

[*Translation*]

Mr. Speaker, there was never any rigidity nor any paternalism in our relations with the provinces on that subject. The consultation that has taken place was more than just a series of quick phone calls. The meetings I have indicated in the file and which cover an 18-day period should satisfy any honest person that extremely comprehensive consultation has taken place during the whole period between the Minister of Finance and his counterparts of the various provinces.

This is certainly not a question of taking it or leaving it since, like all other provinces, Quebec had 18 days to suggest changes. In fact, Saskatchewan and British Columbia did so and the Minister of Finance accepted them and took them into consideration in his budget. Only the Quebec finance minister was unable to come to a decision even insofar as accepting or refusing a proposal as simple and as elementary as this one. I should note that had Quebec said no at any time during these discussions, the Minister of Finance would certainly have re-examined his proposal and reconsidered the whole issue.

But how can there be normal federal-provincial relations when a government like that of Quebec simply seems to play hide-and-seek and tries to prevent the system from working? If at times we reach a stalemate in this area, the blame does not rest with the federal government but with the Quebec government which is doing everything it can to prevent federalism from working.

Mr. Speaker, the federal government has never suggested and is not suggesting now that the retail sales tax is its responsibility. Provincial authorities set and administer this sales tax, they are the ones who must decide what type of sales tax they want to collect, whether they want to increase them, reduce them, or increase them across the board or selectively.

In this budget, we have offered to share the cost of reducing the sales tax in the various provinces without any product discrimination, and all the provinces except Quebec have accepted this offer. Like I said earlier, even after three weeks of consultation the Quebec government was unable to make up its mind before the presentation of the federal budget on April 10. Since then it has come to the conclusion which we all know and which prevents Quebec from being eligible for the total sum that we have provided in our budget in this regard.

Mr. Speaker, the offer of the Government of Canada remains on the table and we do not intend to withdraw it. Since the Quebec finance minister took his decision, the federal government has already indicated its willingness to consider some changes to this formula if necessary. For example, we would be prepared to consider that the provincial contribution of 1 per cent not be required on each and every item or product which could benefit from the federal contribution of 2 per cent, and that the provincial government might reallocate as it pleases its contribution to restrict it to some products only.

Mr. Speaker, I shall add that the government is still prepared to consider, after consulting the other provinces concerned since Quebec is not the only province involved in this matter, any other sales tax arrangement the government of Quebec could propose provided it does not have the effect of using federal funds to break up the Canadian common market.

Mr. Speaker, I shall add that as federal government we shall make every possible effort to prevent the people of Quebec from being penalized in comparison with the people of Canada as a whole, because of the lack of co-operation on the part of the Quebec government with the federal government and with the other provinces. The people of Quebec are affected enough by the negative effects of the separatist options of the government which has been in power for two years in that province.

Mr. Speaker, my time is almost up. I would simply like to stress once again that in this matter the federal government took all the action that could be expected to come to an agreement with all provinces. For the reasons I indicated the Quebec government did not want to co-operate in the time frame available. Nonetheless, I repeat, we are still willing to continue to co-operate and to try to invent solutions which will be fair for the population of Quebec and for Canadians as a whole. But that requires that the other side have something else in mind than preventing the federal system from working.

• (1742)

[*English*]

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I welcome the opportunity to speak on the budget which was presented on April 10. It is a budget which will not bring any great change in Canada's economy or in the rate of unemployment. How can anyone take seriously the budget presented by this government which is spending $1 billion more a month than it takes in? The facts speak for themselves. It is ridiculous, and it shows what an irresponsible group of individuals they are who would allow such a situation to come about. They are telling us that this budget will create a miracle with temporary sales tax reductions. We will see absolutely no improvement in the record of unemployment or in the economy of this country.

I will be checking very closely the remarks made by the Minister of State for Federal-Provincial Relations (Mr. Lalonde) who gave his version of the consultations with the premiers, and I will be checking it out with the premier of Manitoba.

I have to laugh at the comment made by the minister that we do not practise what we preach. The most classic example of the government not practising what they preach is contained in a document that has been printed recently entitled "A Legacy of Spending". The author is Edward Murphy of CJOR, a radio station in Vancouver. He has the government's ten year dismal record here. It shows how the Canadian taxpayer has been taken to the cleaners like no other taxpayer. Mr. Murphy states on the first page:

> On Wednesday, August 13, 1969, Prime Minister Pierre Elliott Trudeau went on national television in a major press conference to talk to the Canadian people about inflation and the country's financial future. He said this: "We would be on the way to financial disaster if nothing were done to bring spending under control. To spend vast sums on welfare, education and other programs while allowing inflation to continue would merely place hundreds of thousands of Canadians on a treadmill they could not escape."
>
> The Prime Minister also committed his government to a substantial cut in the federal civil service. What has happened since August 13, 1969 . . .
>
> Government spending increased by . . .
>
> It increased by 410 per cent, or over $35 billion.
>
> Federal civil service increased by . . . 45 per cent.

How could anyone take this government seriously? Their word means absolutely nothing. The whole history is in here. I cannot read it all, but one thing that really annoys Canadians no end is the ridiculous Canada Council grants. I would like to read one classic one: $170,000 to study air breathing fish of the Amazon river. How ridiculous can you get? How can anyone take this government seriously? Another grant of $17,700 was given to carry out a dialectological survey of the French language spoken in eastern Canada. Here is another one: $7,605 to study the economic basis of Machiavelli's political thought. Good heavens! How could we take this budget seriously? What kind of an elected official would hand out taxpayers' money like that?

There are other examples of grants to different publishing companies. I would not dare read out in this House the words

which are written out in these poems that have been compiled and paid for with taxpayers' money. Here is one in language which can be read out in the House:

Mix Mix Tom Mix
Mix Mix Tom Mix
Mix Mix Tom Mix

This goes on for about 25 paragraphs. Canadian taxpayers paid money to someone who does not want to work to compile this ridiculous nonsense.

There are many concerned Canadians who are putting out publications. Here is one on the cover of which is written: "Pierre Elliott Trudeau . . . You have failed . . . miserably! The Trudeau Record, 1968-1978". In the opening pages the author, Michel Robert, states:

● (1752)

Who am I to write this book? A nobody! Just an ordinary but concerned citizen. But it is high time the nobodies of Canada speak out loud and clear.

The government will be hearing more from the nobodies because they are fed up. In fact, they are so fed up that they are willing to spend their own money to publish documents such as the one by Michel Robert.

The book continues:

As a matter of fact, there are many Canadians that think that Pierre Trudeau is deliberately creating economic chaos in Canada to prove that the system does not work and to gain sympathy for his socialist cause.

That is a very devastating and strong statement. We must look at the record unemployment, debt borrowing and uncontrolled spending. Those records do not indicate good management of the country. The facts speak for themselves.

The hon. member for Winnipeg North Centre (Mr. Knowles) commented upon the government and politicians turning their backs on the blind, crippled and underprivileged. I want to assure the hon. member that no one in the Conservative party will turn his back on the blind, the handicapped or the poor. We made this perfectly clear during the 1974 election campaign. We pointed out in our prices and incomes program that over five million Canadians were below the poverty line, and that it was important to bring inflation under control in order to help these people. They are still below the poverty line and still suffering under the same government which has been in power for the last 15 years.

I was amused by the Liberal speeches yesterday which praised the government for the budget and indicated how wonderful the last ten years have been. I do not know how such statements could be made. Our standard of living dropped from second position down to tenth. How can the government indicate that it has done a good job? The evidence indicates a good job has not been done. It is unbelievable what has been accomplished by the government.

Many Canadians are leaving this country, and much investment money is leaving as well. I should like to deal with that in some detail. Canada is no longer an attractive country to invest money in. If the government was good and managed its affairs properly, investment money would be attracted and investors and their money would remain here. That is not the case. This government is helping out an economy; it is assisting the American economy. The government is the best friend the United States has ever had. There is a real boom in Florida and California, and Kentucky is now calling itself the eleventh province because so many Canadians and Canadian firms are moving to that state. I did not hear any of the Liberals mentioning those facts yesterday. Neither did I hear any of them say how they propose to stop this outflow of capital and attempt to keep Canadian businesses here. The government's make-work projects such as Flip will not make up for this.

Mr. Lumley: What do you want to do?

Mr. McKenzie: The parliamentary secretary thinks it is a big joke.

Mr. Lumley: We have not heard your policy yet.

Mr. McKenzie: If the parliamentary secretary allows me to continue, he will hear my policy in a minute. The government should adopt a policy which does not harass, regulate and tax business to death. Everything should be done to encourage business. It is a matter of philosophy, not a matter of policy.

Mr. Lumley: What is your philosophy?

Mr. Baker (Grenville-Carleton): Stop interrupting.

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Winnipeg South Centre (Mr. McKenzie) has the floor.

Mr. McKenzie: Another thing which is driving business out of Canada is the 3,300 orders in council which were implemented last year. The government has caused much uncertainty in the country. These problems did not exist before. Liberal members talked about the last ten years and praised the Prime Minister (Mr. Trudeau), who has the most disgraceful record of any politician in Canada. In April 1968 there were 375,000 unemployed. Today there are well over a million. The unemployment rate in 1968 was 4.5 per cent. Today it is around 8.3 per cent.

Youth unemployment is another real problem in Canada. In 1968 the rate was 7.4 per cent, and today it has doubled to 14.8 per cent.

The record in Quebec is very dismal. In 1968 unemployment in the province of Quebec was 5.9 per cent. Today it is 10.9 per cent. Under the aegis of the present Prime Minister (Mr. Trudeau), total unemployment has practically tripled. Approximately ten years ago Canada had an unemployment problem in only a few areas, but today it has spread right across the country.

I should like to refer to some statistics regarding the differences between Canada and the United States. Over the past ten years, our deficit has increased 11.5 per cent. In the United States, where some control and some sound management is being exercised, it is only 2.7 per cent. In Canada expenditures have increased 3.9 per cent, and in the United States 2.4 per

cent. The deficit expenditure rate in Canada rose from 7.3 per cent to 22 per cent, which is indicative of complete and total mismanagement of the nation's economy and the taxpayers' dollars. The deficit expenditure rate in the United States fell from 16.5 per cent to 14.6 per cent. The Americans are attempting to control government spending. This is necessary if inflation is to be cured.

Returning to the matter of investment leaving Canada, in 1976 this question was raised, first by the hon. member for Edmonton West (Mr. Lambert). At that time he pointed out that it was becoming a very serious problem. Also he indicated a very serious political climate was being created, and this trend of investment and business leaving the country was commencing. I received some documents from an investment councillor in Winnipeg, Mr. Peter Henry Jerch. Mr. Jerch is working on behalf of 64 Canadian companies that are planning to move out of Canada and expand their facilities in the United States. This is a clear indication that the business community has no faith in the government or the country. There is no way any of the government's short-term projects will counter the mass movement of business investment money which is occurring.

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

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

At six o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, April 20, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

POST OFFICE ACT

AMENDMENT TO LEGALIZE INCREASE IN POSTAL RATES—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I rise on a matter of great urgency and pressing necessity. Yesterday the House of Commons unanimously concurred in the fourth report of the Standing Joint Committee on Regulations and Other Statutory Instruments, declaring that the raising of postal rates other than by amendments to the Post Office Act is invalid. Inasmuch as the joint committee is the watchdog of the rights of parliament, I move, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale):

That the House direct the Postmaster General to obey the will of parliament by introducing amendments to the Post Office Act to legalize the arbitrary action taken in raising postal rates on April 1, and table the judicial decision on which he says his decision is based.

An hon. Member: Hear, hear!

Mr. Speaker: The House has heard the terms of the hon. member's motion. Pursuant to Standing Order 43, presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HEALTH AND WELFARE

REQUESTED INCREASE IN FUNDS FOR FAMILY PLANNING—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to Standing Order 43. Given the fact that funding for family planning in Canada has been frozen for the past five years, and that live births to teenage girls in the last year that statistics are available for increased by approximately 30 per cent to 12,956, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House direct the Minister of National Health and Welfare to increase the amount of funds allocated for family planning by at least the amount of inflation for the five-year period in which their grant was frozen.

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CULTURAL AFFAIRS

DONATION OF S.S. "BRADBURY" TO SELKIRK MARINE MUSEUM—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a matter of urgent and pressing necessity. In view of the fact that the Selkirk marine museum is a voluntary, non-profit, community effort, and in view of letters from the Department of Supply and Services threatening the removal and sale of the S.S. *Bradbury*, which is now an integral part of the marine museum, I move, seconded by the hon. member for Portage (Mr. Masniuk):

That the Minister of Supply and Services, as a symbol of the cultural heritage of the people of Selkirk, donate the S.S. *Bradbury* to the museum or, alternatively, send a fleet of warships up the Red River to lay siege to this apparently invaluable Government of Canada asset.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

THE BUDGET

SALES TAX—SUGGESTION QUEBEC DECIDE DISTRIBUTION FORMULA—MOTION UNDER S.O. 43

Mr. C. A. Gauthier (Roberval): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with an urgent matter.

S.O. 43

Considering the federal proposal for a 2 per cent refund on the 3 per cent reduction of the retail sales tax, a decision which the Quebec government has found quite questionable at the economic level and repugnant as far as provincial autonomy is concerned; and considering the second federal proposal for a 2 per cent refund of the retail sales tax levied on all products not affected by the withdrawal of the 8 per cent tax, I move, seconded by the hon. member for Richmond (Mr. Beaudoin):

That the Minister of Finance seriously consider the following suggestion: Maintain its compensation proposal under the form of an aggregate budgetary cover for each province, leaving them entirely free to apportion those $260 million granted to Quebec thus enabling the federal government to respect the autonomy of the provinces and leaving them free to determine their priorities within their jurisdiction.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*English*]

REGIONAL ECONOMIC EXPANSION

DREE LOANS AND GRANTS TO NATIONAL SEA PRODUCTS LTD., NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that National Sea Products Limited, operators of a small fish plant at Arnold's Cove, Placentia Bay, Newfoundland, processing fresh fillets, herring and fresh lobsters and employing 18 people on a full year basis, with an additional 32 people during the spring and summer groundfish seasons and during the winter herring season, during October, 1977, applied to DREE for assistance in constructing an extension to their fish plant at Arnold's Cove, with a major investment by themselves, with the result that if approved there would be required some 67 additional men and women to be employed each year with a market for all fish that can be caught by fishermen in that area, and in view of the fact that there is very heavy unemployment in the Arnold's Cove area, particularly due to the closing down of the oil refinery at Come-By-Chance, Newfoundland, I move, seconded by the hon. member for Dauphin (Mr. Ritchie):

That the Minister of Regional Economic Expansion approve immediately the application from National Sea Products and authorize DREE loans and grants for the extension of the fish plant at Arnold's Cove with no further delay in approving this application, bogged down now for six months in the bureaucratic jungle in Ottawa, when approval should have been given in time for construction to commence early in 1978 for the 1978 fishing season.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

[Mr. Gauthier (Roberval).]

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL REVENUE

PROTEST AGAINST TAXING OF FREE TRANSPORTATION PASSES—MOTION UNDER S.O. 43

Mr. Leonard C. Jones (Moncton): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas senior officials of the Department of National Revenue are studying the possibility of taxing free transportation passes to employees and their families in transportation companies, and whereas such transportation passes are not abused and create little, if any, additional costs to the transportation companies, and whereas every employer has from time immemorial given certain privileges and fringe benefits to employees as a part of the free enterprise system to encourage production, initiative and loyalty for the benefit of both employer and employee, and whereas any interference with the giving of such privileges is likely to cause great confusion and inconvenience, I would move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That this House requests the Minister of National Revenue to instruct his staff to halt any further study of the possibility of taxing free transportation passes, and that this House strongly objects to taxing fringe benefits such as transportation passes.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ELECTIONS

DISTRIBUTION OF CAMPAIGN LITERATURE—MOTION UNDER S.O. 43

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity. Whereas Her Majesty's Loyal Opposition and their leader have tried to portray themselves as protectors of public morality, and whereas their publication the official newsletter of the PC Party of Canada contains such headlines as "PC candidates go to finishing school", "campaign notes", "PC caucus very much alive" and was distributed across the country in House of Commons' envelopes—

Mr. Speaker: Order. The hon. member for Surrey-White Rock (Mr. Friesen).

Mr. Andre: People who live in glass houses! You turkey.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

* * *

TOURISM

PER CAPITA BASIS GRANTS FOR ALL PROVINCES TO PROMOTE TOURISM—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I rise under the provisions of Standing Order 43. Recently, the minister for DREE—which now stands for "department for re-election expenses"—announced a $45 million grant to help the Quebec tourist industry. In the interests of equity and national unity, I move, seconded by the hon. member for Okanagan Boundary (Mr. Whittaker):

That equal grants on a per capita basis be extended to British Columbia and all the other provinces to aid tourism all across Canada, and that the Minister of Industry, Trade and Commerce, who has allowed the $45 million to be administered totally by the province of Quebec, be instructed to maintain a federal presence in the use of those funds and that the Minister of Industry, Trade and Commerce, who is responsible for tourism, be instructed that all facilities that benefit from the use of those funds conform to federal bilingual regulations.

Mr. Speaker: Presentation of such a motion can be made only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

INQUIRY WHY BUDGET DID NOT CONTAIN MEASURES TO ASSIST THE POOR

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to direct a question to the right hon. Prime Minister. It is based on a report released today by the C. D. Howe Institute which states:

The empirical evidence demonstrates that the federal government has not improved the economic position of the poor relative to the highest income families.

And further:

—that federal measures did not in any way substantially alter the distribution of income.

What an indictment, Mr. Speaker, of a government that came to power ten years ago to this day with the promise of a just society!

Some hon. Members: Hear, hear!

Some hon. Members: Order.

● (1417)

Mr. McGrath: I ask the Prime Minister, since it was ten years ago today that he promised us a just society, why did the budget brought down by his colleague a few days ago not address itself to the problems of the poor in this country, a situation that is extremely aggravated by the fact that 1.6 million Canadians are unemployed and do not benefit from the reduction in the sales tax since a large proportion of their income is spent on food?

Some hon. Members: Order.

Mr. Speaker: Order please. In view of the fact that we are engaged today in the sixth day of a budget debate, I wonder if the hon. member might want to put a question rather than make an argument on the budget.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member is quoting a report of one institute. I have not had the benefit of seeing that, but I have quoted in this House statistics from Statistics Canada. I can repeat them for the benefit of the hon. member. In 1968, some 19.5 per cent of Canadians were beneath the poverty line. When you adjust that poverty line to take into account the increase in the cost of living, ten years later only 10.5 per cent of Canadians are beneath the poverty line.

Mr. McGrath: A supplementary question, Mr. Speaker. It is obvious from the answer of the Prime Minister that the government's statistics are badly outdated. I would remind the Prime Minister that the chairman of the Senate committee on poverty revised his estimates of the poverty line in Canada to mean a family of four earning less than $12,000 per year. This independent study by the C.D. Howe Institute would indicate that 20 per cent of the population of this country are beneath the poverty line—a disgraceful situation in a country like Canada.

I ask the Prime Minister, on this his tenth anniversary—the tenth anniversary of the just society—in the absence of the budget of his colleague addressing itself to the problems of the poor in this country, what measures we can expect from this government in its dying days to redress this great injustice to Canadian society.

Mr. Trudeau: Mr. Speaker, it seems to me this is a repetition of the previous question; therefore, I will repeat my previous answer. The hon. member may not agree with the figures of Statistics Canada. He may argue, as he seems to be saying, that poverty is a relative question and the standard of poverty is changing over the years. If that is the case, he is really saying Canada as a whole has become richer. I see that the hon. lady laughs, because she would not understand it—

Mr. Clark: The "hon. member".

Mr. Trudeau: The Leader of the Opposition corrects me; he says I should say "hon. member." We often say "hon. gentle-

man", and maybe that is an abuse when we address the other side. If we can say "hon. gentleman", I do not understand why we could not say "hon. lady" without the hon. gentleman taking offence.

Mr. Clark: You would not understand.

Mr. Trudeau: All I am saying is that if you adjust the poverty line as defined by the Economic Council of Canada in the early 1960s, and if you take that poverty line as it was in 1968 and move it upward to take into account the increase in the cost of living, 10 per cent of Canadians are below that line now as opposed to some 20 per cent ten years ago.

Mr. McGrath: Mr. Speaker, my final supplementary question to the Prime Minister is more in sadness than in anger, because I can assure him that to the five million Canadians beneath the poverty line this question is more than relative; it is a daily problem for them.

In view of the fact that the statistics the government is using have been brought into question by an independent and respected authority and by the Senate committee, will the Prime Minister at least accede to the request we have made on a number of occasions from this side of the House and introduce a poor persons' index, so that we will at least have a proper measurement of exactly what this government's economic policies are doing for the poor of this country?

Mr. Trudeau: The hon. gentleman is quoting what one professor said, and he says this dismantles the statistics of Statistics Canada. I say each person can have his own definition of poverty. Of course, it is a varying concept and the poor in a poor society are apparently less to be blamed than the poor in a richer society who have a similar standard, because of comparative figures.

An hon. Member: Who is blaming the poor?

Mr. Trudeau: This is possible. I am just answering the hon. gentleman's challenge that in the past ten years there has been no progress. I am telling him that if he takes the concept of poverty as it was defined in the sixties and adjusts it for the increased cost of living, he will find the percentage of Canadians below the poverty line has been halved. I say that is progress in ten years.

* * *

● (1422)

SOCIAL SECURITY

LEGISLATION RESPECTING SPOUSE'S ALLOWANCE

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the Minister of National Health and Welfare. Unfortunately, all too many people in this country understand the meaning of poverty and it is a sad commentary on the government that the Prime Minister does not.

Some hon. Members: Hear, hear!

[Mr. Trudeau.]

Miss MacDonald: I would like to ask the Minister of National Health and Welfare a question relating to the fact that two recent reports, first the report on Women and Pensions and now the report on Women and Aging, have vividly shown that the financial plight of elderly women is a very severe one. When will the minister correct the iniquitous legislation introduced by her predecessor which cuts off the spouse's allowance after the death of the elder partner in marriage?

In addition, is the minister aware of the very real hardship that this measure causes annually to some 2,500 Canadians, mostly women, and that the government is saving the $400,000 involved on the backs of what one of these reports called "the poorest of the poor"?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, the hon. person opposite and myself were elected—

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

An hon. Member: Did you hear that, Pierre? Someone understands.

Miss Bégin: —to this place 5½ years ago. In my maiden speech I said—and the hon. member probably said the same thing—that this is a major hardship group in Canadian society. Because of the age group structure, older women constitute the majority of the poorest of the poor. That is word for word what I said on the government side at that time, and that statement has been repeated by several of my colleagues.

To cope with the problem of a couple used to a full salary going to a single pension, a few years ago this House voted for the spouse's allowance which gives to the partner who is not yet at the pensionable age, a second income-tested pension when in need. Usually these are women. They are cut off from that pension at the death of the spouse. This proposal was made as a first step toward a guaranteed annual income which the provinces rejected.

Since then we have been trying to work out, through a tax-related program, a mechanism that takes into account the hardships experienced by all needy people between the age of 60 and 65. However, the hon. member for Athabasca, for instance—the health critic for the official opposition—keeps saying he is opposed to any additional expenditures on social security.

Some hon. Members: Hear, hear!

An hon. Member: That is not true, and you know it.

Miss MacDonald: Mr. Speaker, the legislation in question has nothing to do with a guaranteed annual income or with the provinces.

Some hon. Members: Hear, hear!

Miss MacDonald: The legislation is federal legislation. I am asking the minister a question with regard to a piece of federal legislation which involves women in the age category of 60 to 65 whose spouse's allowance is cut off at the death of the marriage partner. I am asking the minister, who seems to understand that problem, if she will reconsider the decision with regard to the spouse's allowance, in view of the fact that it would involve no new expenditure on the part of the federal government: these funds are already allocated and they are withdrawn by the federal government. That is what I am asking her to reconsider.

Miss Bégin: Mr. Speaker, I wish the hon. member were minister of finance. With that kind of reasoning—

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

● (1427)

Miss Bégin: —maybe she should be president of the treasury board. However, we would all go bankrupt. With regard to the spouse's allowance, the hon. member should read the Speech from the Throne where it was announced, and the Prime Minister's speeches which indicate very clearly the spouse's allowance would be a first step toward a guaranteed annual income. I repeat, that proposal was rejected by the provinces: in my opinion, wrongly. There are new expenditures involved in new programs or extensions of existing programs such as spouse's allowance. I repeat that I am looking into mechanisms to help older people in need, especially those between the age of 60 and 65. If the hon. member's party would stop travelling around the country mouthing clichés against social policy, we would be further ahead.

Some hon. Members: Hear, hear!

Mr. Paproski: Back to national revenue.

Mr. Hees: I just saw Pierre put a line through a name.

REQUEST FOR LEGISLATION TO ATTACK PROBLEMS OF POVERTY

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to address my question, as well, to the Minister of National Health and Welfare. It is likewise based on the report released yesterday by W. Irwin Gillespie. Even more so, it is based on the excellent speech that the minister made in Sherbrooke, Quebec, on March 13. The Gillespie report is the one the others have been talking about, the one commissioned by the C. D. Howe Research Institute.

In view of the fact that unless the Prime Minister gets a dissolution today, we probably have another three weeks in this session, will the minister seriously discuss with the Deputy Prime Minister, as government House leader, the possibility of bringing in legislation before we dissolve to make an attack somewhere on the problem of poverty, whether it is in relation to the first step toward a guaranteed annual income or something to improve the position of older women? Does the minister not wish to do something in this area before this parliament ends? In view of the fact we have three weeks to do it, will she discuss the matter seriously with the government House leader?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, it will be a pleasure for me to talk with the government House leader.

Some hon. Members: Oh, oh!

Mr. Paproski: Watch out, Allan.

Mr. Hees: You are blushing.

Miss Bégin: On a more serious note, since I have been in this parliament I have witnessed constant progress in the field of social policy to cover the most economically vulnerable Canadians. Contrary to tradition, the C.D. Howe Research Institute did not send us a copy ahead of time; therefore, I have not read it. I will, of course, read it. From the way it is described in the media, the thrust of it speaks of the proportion of national wealth, incomes and revenues in Canada and the way they are distributed. It states that although everyone in Canada is richer than a few years ago, distribution of revenues in this country has remained the same. While 20 per cent of Canadians at the top of the economic scale receive 40 per cent of the income revenues, the bottom 20 per cent still receive between 4 and 6 per cent.

I would like hon. members to note that and to stop trying to misuse the Prime Minister's statistics which indicate a decrease in poverty in Canada by approximately 50 per cent, no matter which measure you use, and try not to oppose those in the government who have made progress in easing poverty.

● (1432)

Mr. Knowles (Winnipeg North Centre): In view of the minister's statement in the Standing Committee on Health, Welfare and Social Affairs that poverty is a black mark on this country, whether it is relative or absolute, and in view of her own expressed concern to do something about reducing poverty in Canada, I repeat my earlier question: will she not now take advantage of the extra three weeks which have been given to this parliament to make an attack on poverty, either by doing something for those below standard income levels or for that seriously disadvantaged group in our society, our older women?

Miss Bégin: I repeat, that as soon as we are ready to proceed with measures to help these most vulnerable groups—as I have identified them in the past, including the one to which the hon. member referred—I shall, of course, proceed.

[*Translation*]

SMALL BUSINESS

INQUIRY WHETHER CRITERIA ESTABLISHED TO ASSIST SMALL BUSINESS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, we can see that today is the day of small people in the House of Commons; I mean people whose income is below the poverty line.

Mr. Speaker, my question is directed to the Minister of State for Small Business. Given the fact that several months ago the minister told us that standards and criteria would be set to help small businesses which would request it, could he very seriously tell the House today whether those standards and regulations are established and whether we might know them in order to enlighten the very numerous small businesses in Canada, particularly in Quebec and most of all in the Bellechasse riding, so that they might take advantage of that legislation as quickly as possible?

[*English*]

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I would refer the hon. gentleman to the speech I made Tuesday night. I think he will find there a wonderful resumé of all the progressive measures we have taken with respect to small business. I will send him a copy of a letter I recently sent to my Liberal colleagues outlining some of the things we have been able to achieve and forecasting certain measures which we intend to carry out in the future.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, is the minister feeling he is a minister only for his Liberal colleagues or for all Canada? I ask him the following question: would he also undertake, as I have already requested several months ago, to send his release to all members in the House so that we might serve adequately all Canadians regardless of their political affiliation or that of the minister?

[*English*]

Mr. Abbott: I can assure the hon. member that I am attempting to serve all Canadians and all Canadian small businessmen. Again, I would encourage the hon. member to read my speech of the other night. If he does so, he will see that much of the criticism which has been directed against the record of this government over the past ten years is manifestly false. He will also find that many of the measures we have carried out have been of particular benefit to Quebec and to small businessmen in his area.

* * *

POST OFFICE

AMENDMENT TO LEGALIZE INCREASE IN POSTAL RATES

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Postmaster General. In light of unanimous approval by this House yesterday of the fourth report of the Standing Joint Committee on Regulations and Other Statutory Instruments which, as my hon. friend from Parry Sound-Muskoka has indicated, is the watchdog of the rights of parliament, expressing grave doubts as to the validity of relying on the general power in section 13 of the Financial Administration Act to set postal rates—a position which was supported by all the hon. gentleman's predecessors—will the Postmaster General now respect the will of parliament and the advice of his predecessors by bringing in amendments to the Post Office Act legalizing what he did illegally on April 1?

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I read carefully the report of the Joint Standing Committee on Regulations and Other Statutory Instruments. I think the opinion of the committee must be seen as the expression of an opinion. Of course, when it comes to legal advice, there are as many views as there are lawyers, but I feel, in that regard, that the Post Office has always acted legally on the advice of the Department of Justice. Mr. Speaker, I must also point out that we acted under the terms of one of the sections of the Financial Administration Act, namely section 13, on several occasions in 1976-77, and the opposition never questioned the legality of those measures. We did the same thing in 1978, feeling that the advice we got was what we should follow. If there are any other possibilities from the legal point of view, I shall consult the Department of Justice on the matter.

[*English*]

Mr. Dinsdale: The Postmaster General seems to be unaware of the significance of unanimous concurrence in a report of the House and of the other place condemning the hon. gentleman for what he has done. In view of this continued defiance of the traditional rights of parliament on this issue, and the minister's refusal, by his failure to bring down amendments to the Post Office Act, to allow parliamentary discussion of the drastic deterioration in postal affairs, will the Postmaster General make a statement in the House explaining his defiance of the will of parliament, and will he also table the judicial decision upon which he bases this defiance? Otherwise, I see no alternative but for the minister to resign.

Some hon. Members: Hear, hear!

Mr. Lamontagne: I have no intention of resigning, because pretty soon—I hope—there will be an election, after which I think I will come back here. I have defied no one. I did not defy the House. We increased postal rates in the same way as was done previously. I very much respect the opinions of the committee and of the House, but I have nothing further to say and no documents to table unless I am advised to do so by the Department of Justice.

ALLEGATION INCREASE IN POSTAL RATES ILLEGAL

Mr. Stan Darling (Parry Sound-Muskoka): In view of the fact that parliament has not empowered the Govenor-in-Council or anyone else for that matter to increase postal rates, is the Postmaster General aware that by going beyond his legal authority he has made himself personally liable for the millions of dollars he has collected from the public by overcharging them for stamps and other postal services?

Hon. J.-Gilles Lamontagne (Postmaster General): Everything which has been done by the Postmaster General has been done on the assumption that it was legal, on legal advice. It was done in the interest of Canadians, too, because we had a deficit of $600 million and we collected from the users of the postal services $125 million through increased rates, thus achieving a much better balance between the users and the taxpayers generally. I think the questions put to me today may be intended to put a smokescreen over the Ritchie report which was not approved by the opposition. This report, as one reads it, is very violent against the worker. Mr. Ritchie himself recommended that increases in postal rates be imposed by a board and not by the House.

Mr. Darling: A final supplementary. Will the Postmaster General confirm that the real cost of mailing a first-class letter in Canada today is 28 cents, 14 cents of which is presently being borne by the heavily overburdened taxpayer?

● (1442)

Mr. Lamontagne: Mr. Speaker, we could discuss for a long, long time the cost of mailing a letter. I know that we charge 14 cents for first-class mail and other rates for other classes of mail, and that we have a deficit of about $500 million. Such a deficit could warrant charging 28 cents. I think we should put to ourselves the more serious question of trying to have more efficient delivery of mail everywhere, instead of wasting our time arguing if the rates are legal or not.

Some hon. Members: Oh, oh!

REQUEST LEGALITY OF RATE INCREASES BE REFERRED TO SUPREME COURT OF CANADA

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a supplementary question for the Postmaster General. The Postmaster General just put his mouth where his mind is. He does not really care whether matters are legal or illegal; that is what he said. On the assumption he has made that the charge is legal—that is what he said in his earlier answer—he has assumed, and the government, and the Postmaster General's department has worked on an assumption.

It is time the issue was settled, since the House of Commons has concurred unanimously in the report of the joint standing committee. I ask him, so that we do not deal with this matter from the point of view of assumptions, whether he will arrange to have this matter referred to the Supreme Court of Canada for a decision, so that the question of the legal priority of this whole issue and, indeed, the minister's position, can be settled?

Hon. Ron Basford (Minister of Justice): Mr. Speaker—

Some hon. Members: Oh, oh!

An hon. Member: "Here come the judge".

An hon. Member: The godfather.

Mr. Basford: The question relating to a reference to the Supreme Court of Canada properly falls within the purview of my responsibility, and therefore is for me to answer. With regard to the substance of the question, the present and past postmasters general have acted on the advice of the Department of Justice that the use of section 13 of the Financial Administration Act is a proper and valid use of that section. Whether it is an unusual or unexpected use of it, as reported by the committee, of course does not affect its legality. In any event, in relation to the hon. member's question, the validity and legality of the use of section 13 of the Financial Administration act is currently before the courts, who will, of course, decide whether or not it is valid.

Mr. Baker (Grenville-Carleton): Mr. Speaker, whether the Minister of Justice knows it or not, parliament yesterday concurred in the report unanimously—and that includes the Minister of Justice. How can the Minister of Justice sit there in his capacity and call himself Minister of Justice and Attorney General when he has such a flagrant, almost unconscionable view of the law? If he is prepared to rely on that opinion of his officers—it is his right if he so wishes—is he prepared to submit the issue immediately to the courts by way of motion to the Federal Court of Canada, or by way of reference to the Supreme Court of Canada, so that the matter can be settled once and for all and so we are not interminably delayed by a private law suit?

Mr. Basford: The hon. member, by his previous question, obviously acknowledges that the committee's report, whether or not it was concurred in by parliament, does not determine by itself—

Mr. Clark: Parliament means nothing and the law means nothing to you.

Mr. Basford: —the legality or illegality of the action. The hon. member acknowledges that by asking that the question be referred to the Supreme Court of Canada.

Mr. Baker (Grenville-Carleton): Then refer it.

Mr. Basford: I am saying that the question of section 13, its legality and its use, is presently before the courts and therefore there is no need for a reference at this time.

Some hon. Members: Hear, hear!

Oral Questions

AIR TRANSPORT

NORTHERN ONTARIO—CALL FOR INQUIRY INTO AIR SAFETY

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of Transport. The Association of Treaty Indians, located in Timmins, Ontario, have compiled a rather lengthy document on air transportation problems in northern Ontario, particularly air safety. They have presented this document to the Prime Minister and to myself. They are calling for an inquiry into air safety irregularities in northern Ontario. They have listed eight fatal accidents and point out that pilots are flying without mandatory inspections, they are falsifying records and planes are overloaded. I ask the minister if he is aware of this submission and will he be taking action and calling for an inquiry into air safety problems in the north?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am not aware of that particular submission. There has been a good deal of action with regard to aviation safety in the north. I must say I am not aware of that particular report and I would be glad if the hon. member would let me have a copy of it, because most often his references are to matters which have taken place in the nineteenth century.

Mr. McKenzie: This report happens to be dated March 21, 1978, which is in this century. The minister's department does not agree that action is being taken. I have here a letter from an employee of MOT who says:

The recent crash of a Pacific Western Airlines aircraft—

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

Mr. McKenzie: He is challenging irregularities with regard to that plane crash and he has provided me with an internal document which points out:

During the past year in the Atlantic region alone more than 600 instances are on record—

He is referring to aircraft landing and taking off when the officially reported weather at the airport was worse than that required. I will present these documents to the minister. Will he inform the House whether he will start a full-scale public inquiry into all these charges regarding air safety irregularities?

Mr. Lang: Mr. Speaker, I referred to the hon. member using old material because certainly the last time he engaged in this sort of question he continually switched back and forth to things that had happened, two, three or four years before, even though there had since been a very careful investigation and a very sharp report had emerged from it to put to rest any fears he might have had about the facts. It was an investigation carried out by some of our own people who, after all, are pretty good. As a result of that report, we acted upon the recommendations and have added to the number of inspectors and improved their techniques in line with the recommendations.

[Mr. Basford.]

Obviously, one expects to see improvements in safety take place. I would emphasize, however, that by and large the smaller carriers in this country adopt very high standards indeed, and I would not like to see them smeared in this way. Generally, we try to work in a co-operative way with them, because it is not a matter of their having to be forced to do something. They want to be helped to do the things that make aviation safe. They are generally that sort of person, and no comments of the hon. member should lead to the contrary conclusion.

* * *

ADMINISTRATION OF JUSTICE

ILLEGAL ACTIVITIES OF RCMP—APPLICATION OF RULE OF LAW

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Justice: it concerns the evidence given over the last two days by assistant commissioner Thomas Venner, head of the criminal investigation department of the RCMP. That evidence indicates that more than 400 break-ins have taken place without warrant. I should quote briefly from the evidence. Mr. Venner said:

If a policeman did not have enough evidence to obtain a search warrant from a judge, a warrantless search could be in the public interest because it could help detect crime.

That was the evidence given before the McDonald inquiry. Can the minister advise, in view of his responsibility as the chief law enforcement officer, whether any directives have gone out from his office or from the Solicitor General's office pointing out that this kind of conduct will not be countenanced by either the Minister of Justice or the Solicitor General and that the rule of law will be upheld for everyone in this country?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, we have been saying for many years, certainly since the conduct of the RCMP was brought into question or the conduct of some members of the RCMP was questioned, that the mandate of the RCMP, its members and officers, was clearly to live within the law and under the rule of law. The McDonald commission is inquiring into incidents where the law might not have been followed; that is the purpose of the inquiry. I do not think that as a result of each day's revelations it would be useful for me or the Solicitor General to send them a new directive to live within the law: it has been made very clear that that is the government's instruction to members of the force.

Mr. Leggatt: I take it from the answer that there has been no specific direction by either the minister or his counterpart. My question is this: In view of the fact that there has now been sufficient admission, not merely in the Venner evidence but in the evidence of many other senior officers in the RCMP, that a prima facie criminal act has taken place, and in view of the minister's responsibility as the chief law enforcement officer of Canada, why has he not moved to lay charges against those persons who have admittedly broken the criminal law, since

evidence is available to him? Is this not a breach of the minister's duty to the country?

● (1452)

Mr. Basford: Mr. Speaker, we are following the practice which has been followed in inquiries of a similar nature in the past, such as the Norris royal commission and others. As a result of completing their work, or at any time before, when commissioners have before them evidence which they think should be referred to an attorney general for action, they will do so. That is the practice we are following in this inquiry. In the case of the Norris inquiry, for example, there were allegations each day of criminality or alleged criminality. At the conclusion of the Norris inquiry, that evidence was referred by the law officers of the Crown to the appropriate provincial attorneys general for action.

* * *

SOCIAL SECURITY

LEGISLATION RESPECTING SPOUSE'S ALLOWANCE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the Minister of National Health and Welfare, who I think has now been briefed by her predecessor on the matter which my colleague, the hon. member for Kingston and the Islands, questioned her about and regarding which she was misinformed in her answers.

Some hon. Members: Oh, oh!

Miss Bégin: It was a different matter.

Mr. Clark: Now the minister will know that the federal policy regarding the spouse's allowance means that for 2,500 of the poorest people in the country, when their spouses die their pensions will stop. It would cost the Government of Canada approximately $400,000 to stop this injustice. That amount already has been allocated and it is approximately half of what the Minister of Transport spends to fly himself around.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Clark: My question for the minister is very clear and it is as follows: Why does the government continue to take money away from these underprivileged Canadians?

Mrs. Campagnolo: It is financial logic.

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, the question the hon. person just asked me is based upon false economic assumptions which I should like to correct. Otherwise, it is extremely easy for the hon. member to make representations without knowing what he is talking about.

Some hon. Members: Hear, hear!

Miss Bégin: Probably because of the time lag, a misunderstanding or bad mail—I do not know—today he read the *Le Devoir* editorial of Madame Lise Bissonnette from approximately a month and a half ago.

Miss MacDonald: Who? I have never heard of her.

Miss Bégin: She made a mistake which I indicated to her. She spoke of $400,000, when we were talking of a few million dollars. I am not accustomed to receiving questions from the hon. Leader of the Opposition because he does not talk about social policy too much.

Some hon. Members: Hear, hear!

Miss Bégin: How can he make representations like that, or the members of his party, when we voted for the spouse's allowance bill in the House?

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, hon. members opposite will continue to shout because they are trying to protect their minister.

An hon. Member: She does not need protection.

Mr. Clark: The fact is that the minister talks a great deal about social policy—

Miss MacDonald: But does nothing.

Mr. Clark: Faced with the obvious injustice affecting 2,500 people in the country, the minister is prepared to do nothing at all. She knows the present federal policy is taking money away from spouses whose husbands or, in a few cases, whose wives die.

Why is the Government of Canada continuing this heartless policy? When the money is already allocated and no new expenditure would be involved, why does the government not act now to ensure there will not be a double blow dealt Canadians who lose their spouse and then the Government of Canada comes in to take away their pension right after the funeral?

Some hon. Members: Hear, hear!

[*Translation*]

Miss Bégin: Mr. Speaker, the Leader of the Opposition excels in melodrama. If he really wants to help Canadians who are in need, and the aged in particular, he should quote accurate figures. First, we looked into the practical problems of needy persons and couples. To give them greater assistance, more than higher expenses alone must be taken into account, because no money has been set aside for that. I'm hanged if I know what economic principles he applies. No funds have been set aside in government expenditures, which would be contrary to the law voted by this parliament since the latter stipulates that the pension must be cancelled when the spouse dies. To remedy that situation, I am very happy to see that the hon. gentleman is discovering the mysteries of life and becoming

interested in the needy among the old. But we must not forget all the other needy persons who do not have the luck to have husband. That means $600 million. I am especially happy to see that we have the unanimous support of the House and that they will no longer be able to criticize the government deficit.

[*English*]

Mr. Clark: Mr. Speaker, the minister is aware that this party proposed and her government opposed an amendment which would have resolved this situation.

Some hon. Members: Hear, hear!

Mr. Clark: She knows that. As much as the minister and her colleagues might want to blame *Le Devoir* for whatever problems are facing the country, they should know the figure of $400,000 did not come from Madame Lise Bissonnette but from the minister's departmental officials. If she does not know that, perhaps her predecessor can brief her on that matter as well. My question is simple. It has to do with social justice, very clearly. It would not cost any more than would be saved by grounding the Minister of Transport. My minister is this—

Some hon. Members: Oh, oh!

Mr. Clark: Mr. Speaker, my minister would be considerably more competent than this government's ministers.

Some hon. Members: Hear, hear!

Mr. Clark: Why does this minister, who travels around the country talking about compassion—

Some hon. Members: Order.

Mr. Clark: —continue to refuse to help 2,500 of the poorest people in Canada who are in urgent need of help right now?

Mr. Baker (Grenville-Carleton): She is a hypocrite.

Miss Bégin: Mr. Speaker, she does that in order to see the day when hon. members of the Tory opposition have a motion of non-confidence on a budget which proposes to bring into force exactly what he is asking in oral questions.

Miss MacDonald: Right now.

Mr. Baker (Grenville-Carleton): Bring it on.

* * *

INDUSTRY

AUTOMOTIVE INDUSTRY—DECISION RESPECTING THIRD COUNTRY REMISSION ORDER

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. In view of the importance of the auto parts industry to employment, and in light of the $3 billion Canadian deficit in auto parts, has the government come to a decision with respect to the third country remission order? If so, when will it be announced? Furthermore, what response is the government giving to the request of the auto parts industry for a special investment fund within the enterprise development program to assist this industry in Canada to retool and re-equip so that it can play a full part in the manufacture of parts for the new generation of automobiles?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, with regard to third country remission orders, we have agreed to go ahead with them. We are proceeding one company at a time in order to work out exact agreements with each company as to how the remission order will apply. With regard to the second part of the hon. member's question concerning the auto investment corporation, that matter is being given a great deal of consideration within the department.

I might add that the Enterprise Development Corporation has and will continue to guarantee a number of loans for auto parts manufacturers. One that comes to mind is Anaconda. Recently, we went out on a limb to quite a large extent with a Canadian company to buy Anaconda. Anaconda is a manufacturer of radiators and contributes a great deal to the auto parts business. I assure the hon. member that we are considering the setting up of an auto investment corporation which would greatly benefit auto parts manufacturing as well.

* * *

TRANSPORT

RAIL LINE ABANDONMENT—DETRIMENTAL EFFECT ON GRAIN PRODUCERS

Mr. Doug Neil (Moose Jaw): Mr. Speaker, my question is directed to the minister in charge of the Canadian Wheat Board: it has to do with rail line abandonment, specifically the line from Euston Junction to Colonsay. In view of the fact that the Prairie Rail Action Committee made a recommendation to abandon a portion of the line from Liberty to Dilke, contrary to the wishes of the grain producers—many of whom will have to haul grain more than 20 miles—contrary to the wishes of the elevator companies and the railways involved, and without any hearings, and in view of the fact that the committee refuses to give any reasons for their recommendations, will the minister personally intervene and direct that hearings be held to reconsider the decision? Or, alternatively, will he undertake to reject the recommendation of the PRAC and direct that the operation of the line continue?

● (1502)

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am sure the hon. member knows that the Hall commission left in doubt the long-term future of the Amazon to Dilke line. They left it in doubt because they said its future should be determined between now and 1990. Also there was some construction between Amazon and Watrous, and for that to the done, it was important to determine the future of the line.

The Prairie Rail Action Committee has made very positive recommendations that we go ahead with the several million dollars of construction on the link and with the several million dollars of construction on the line as far as Liberty is concerned. I am prepared to recommend both those steps to my colleagues and, therefore, fully expect the transfer to the basic rail network of that stretch of line as far as Liberty.

The Prairie Rail Action Committee recommended that the stretch between that point and Dilke should have a time limit put upon it, and then be prepared for abandonment. That, of course, is a decision which can only be made by the Canadian Transport Commission. In the ordinary course, long before that happens, the parties in question—the farmers in the area—will have an opportunity before the Canadian Transport Commission, or a new western arm of the Canadian Transport Commission which is envisaged, to make their views known about whether the line should be maintained further.

I hope the hon. member will not only emphasize the difficult part of these decisions but will emphasize the very positive point of the $4 million or $5 million in investment in that area in branch lines.

Mr. Neil: Mr. Speaker, it would seem to me that the people involved should at least have the opportunity of making representations to the Prairie Rail Action Committee. I am wondering if it is within the terms of reference of the PRAC that they do not receive representations. If this is the situation, would the minister change those terms of reference so that in future any decisions they make will be based on hearings and recommendations that they receive from concerned parties as well as the railways?

Mr. Lang: Mr. Speaker, the Hall commission, of course, heard a great many representations and the Prairie Rail Action Committee still has these available to them. I hope the hon. member is not suggesting that we should not have gone forward, as a government, in firming up the future of the line as far as Liberty is concerned and making that permanent. I thought that was very useful to the people of that area.

As far as the other part of the line is concerned, apparently the hon. member missed the point I was making to him, which was that the Canadian Transport Commission, under current law, only has the power to decide whether the balance of the line should be abandoned. I hope that before that date in 1983 there will be an opportunity for hearings, not just by the Canadian Transport Commission but by a western arm of the commission which the government hopes to set up in the next session.

* * *

[*Translation*]

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the House that the following communication has been received:

Privilege—Mr. Dionne

Government House
Ottawa

April 20, 1978

Sir:

I have the honour to inform you that the Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate chamber today, the 20th day of April, at 5.45 p.m. for the purpose of giving Royal Assent to certain bills.

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

* * *

[*English*]

PRIVILEGE

MR. DIONNE (NORTHUMBERLAND-MIRAMICHI)—DISTRIBUTION OF ELECTION CAMPAIGN LITERATURE

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I rise on a question of privilege which arises from an action of the Leader of the Opposition (Mr. Clark), and which appears to be an abuse of the franking privileges of the members of this House.

Some hon. Members: Oh, oh!

Mr. Dionne (Northumberland-Miramichi): This paper called "Bulletin", which describes itself as the official newsletter of the Progressive Conservative Party of Canada, and which has such partisan political headlines as "P.C. Candidates Go To Finishing School", "Campaign Notes", "P.C. Caucus Very Much Alive—

An hon. Member: Which is very much in doubt.

Mr. Dionne (Northumberland-Miramichi): —was distributed in a House of Commons envelope, marked "first class," and bearing the postmark of the House of Commons and the frank of the Leader of the Opposition.

Some hon. Members: Oh, oh!

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, it is obvious that that represents an electoral benefit to the Tory party which should amount to several thousands of dollars. Not only does it appear to be a violation of the franking privileges of the members—while they are very good at throwing bricks, they are not very good at catching them.

Mr. Baker (Grenville-Carleton): Throw a brick.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, this is the paper if they wish to see it, and this is the envelope.

Some hon. Members: Oh, oh!

An hon. Member: Where are your nephews, Huey, Dewey and Louie?

Mr. Dionne (Northumberland-Miramichi): And phooey yonder.

It would also appear, Mr. Speaker, to be a violation of the spirit of the Election Expenses Act because it provides that party with a clear electoral advantage. Therefore, it seems to me that the Leader of the Opposition and the P.C. party should be prevented from that parasitic practice, and, to quote the Leader of the Opposition, "should come clean with the Canadian people" and reimburse the public treasury for the benefits they have received.

If you find, Mr. Speaker, that this is indeed an abuse of the privileges of the House, I am prepared to move the appropriate motion of reference.

Mr. Speaker: Order, please. The matter was raised just recently in an opposite context, but it had to do with fund raising and the use of the frank. The House is aware that the frank replaces the postage stamp for members of the House of Commons, and the same privilege extends to the public in communicating with their elected members. Where the public is concerned, however, it is not necessary to affix postage. That privilege simply replaces the ordinary postage stamp. It is not within the authority of the Chair on procedural grounds to intervene in that mail, which is considered as private, as if it had a stamp. Thus, the sanction, as we have discovered in the past, it not one of a procedural nature but rather one of propriety in the general sense, to be judged by the public, which is the way this instance shall also be judged.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, it is Thursday, and I wonder if the government House leader could inform us as to what the House will be about next week.

Mr. MacEachen: Mr. Speaker, today the House will conclude the budget debate. Tomorrow, I would like to call Bill C-39, the currency and exchange amendments—which I understand will be sent to committee rather quickly—followed by Bill C-36, the Export Development Act; C-10, the Comptroller General; S-8, the fugitive offenders; C-42 the language of trial; S-9 tax conventions, and C-4, aeronautics. I may vary that order, but for Friday the first two I have suggested, currency and exchange, and the export development measure, will be called. I would like to designate Tuesday, April 25, as an allotted day.

Mr. Baker (Grenville-Carleton): Will the government House leader inform the House when it is the intention of this government to bring forward the Bank Act for first reading, because we understand from the answers of the Prime Minister (Mr. Trudeau) that the Bank Act includes references to the caisses populaires and to credit unions. Will he undertake to put that bill down on his order paper at the earliest possible opportunity so we can determine, before we go to the country, the intentions of the government with respect to the revisions to the Bank Act, particularly as it relates to those two institutions?

● (1512)

Mr. MacEachen: Mr. Speaker, I will discuss the matter with the Minister of Finance (Mr. Chrétien) and advise the hon. member. I am not quite sure of the stage at which the bill rests at the moment, but I shall check.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on the same point of order. A news report last night indicated that the Deputy Prime Minister (Mr. MacEachen) filed notice of a number of bills that have not yet seen the light of day. I gather he must have filed notice rather late last night because they do not appear on the notice paper today. Could the minister tell us whether there are several new bills, and whether they are substantial?

My other question grows out of an exchange during the question period. In view of the fact that there seems to have been a change in plans, which means we may be here for another two or three weeks, will the government House leader have serious talks with the Minister of National Health and Welfare (Miss Bégin) and the Minister of Veterans Affairs (Mr. MacDonald) concerning the possibility of legislation attacking poverty or doing something for our veterans which, as the minister knows, the House would attend to very quickly?

Mr. MacEachen: Mr. Speaker, I am not aware of any news report about bringing forward new bills. I do recall I was asked what bills I would call in the ordinary course. I think I referred to a number of bills that I have enumerated today. I do not know the basis of a special report about a series of new bills. Additional bills will be brought forward, and some of them will be substantial. I must say I am at a loss to understand why the hon. member refers to a change of plans. There has been no such change to my knowledge.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, my friend, the Deputy Prime Minister and President of Privy Council, in his pristine purity is probably the only member of the House who does not know that there were plans for an election to be announced today. I ask him again, will he give serious consideration to discussions with the two ministers I named to see if something can be done in the field of poverty? There is also reason to believe that the Minister of Veterans Affairs is anxious to bring on a bill that would either upgrade the basic rate of the war disability pension or do something about the 48 per cent rule as it applies to widows. Why not deal with these kinds of legislation in whatever time we have left?

Mr. MacEachen: Mr. Speaker, I do not want to debate with the hon. member about who knows what is going on, but I can

assure him he has been mistaken in his assessment of the situation. The Minister of Veterans Affairs (Mr. MacDonald) and the Minister of National Health and Welfare (Miss Bégin) have been considering these questions with members of the government. It may be possible in whatever time is available—the hon. member says a short time, and that is his opinion—to deal with some of these matters.

ROUTINE PROCEEDINGS

[*English*]

HIGHWAYS

TABLING OF AGREEMENTS WITH PRINCE EDWARD ISLAND, NOVA SCOTIA AND NEWFOUNDLAND

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, under Standing Order 41(2) I should like to table copies of the Primary Highway Strengthening Improvement Agreements with the Provinces of Prince Edward Island, Nova Scotia and Newfoundland, under the Atlantic Highway Agreement. I expect to be able to do the same for New Brunswick shortly.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 951, 953, 1,177, 1,187, 1,189, 1,254 and 1,323.

[*Text*]

IMPROVEMENT OF EXISTING HOUSING FOR NATIVE PEOPLE—NEW BRUNSWICK

Question No. 951—**Mr. Howie:**

Since January 1, 1977, what amount was (a) loaned (b) granted for the repair or improvement of existing housing accommodation for native people in New Brunswick?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: CMHC made loans totalling $5.2 million in 1977, under section 34.1 of the National Housing Act, to finance the repair or improvement of 1,071 existing housing units of rural and native people in the province of New Brunswick.

Order Paper Questions

IMPROVED HOUSING UNITS FOR NATIVE PEOPLE IN NEW BRUNSWICK

Question No. 953—**Mr. Howie:**

Since January 1, 1977, how many existing housing units for native people in New Brunswick were repaired or improved by CMHC funding?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: see answer to question 951 answered this day.

CROWN'S FINANCIAL INTEREST—CONSOLIDATED COMPUTER INCORPORATED

Question No. 1,177—**Mr. Andre:**

1. What is the Crown's precise financial interest in Consolidated Computer Incorporated as administered by the Department of Industry, Trade and Commerce and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: 1. The Crown's precise financial interest in Consolidated Computer Incorporated as administered by the Department of Industry, Trade and Commerce is as follows:

(a) Date Crown's Interest Acquired:

	No. of Shares Held by Crown	Date Acquired
(i)	60,000 special non-voting shares	March 28, 1972
	565,000 common shares	March 28, 1972
	375,000 common shares	March 23, 1973
	100,000 common shares	January 2, 1974
(ii)	10,869,333 common shares	December 30, 1976
	11,969,333	
	2,543,665	
	9,425,668	

Note: Transferred to FUJITSU for technological, manufacturing, marketing and financial assistance to be provided to CCI

(b) Cost:

(i)	3,126,000
(ii)	16,304,000
Total:	$19,430,000

(c) Purpose:

To provide the company with a solid equity base and to ensure its long-term viability.

Note: The Crown is also providing insurance on operating loans in the amount of $10,692,330.35.

2. (a) On the date of acquisition, the book value of the Crown's equity was: (i) Negative $1,858,378; (ii) Negative $1,332,850; (b) The latest estimated book value is negative $906,149.

3. The Crown's total investment in Consolided Computer Incorporated is $19,430,000.00. The company has received some contribution assistance under the Program for the Advancement of Industrial Technology in the amount of $5,082,674.27 and under the Program for Export Market Development in the amount of $1,937.20. It has also received assistance under the General Adjustment Assistance Program for consulting services in the amount of $263,610.37. The Crown's total realized profit from such investment is nil.

4. (a) The Crown's interest is represented on the Company's board of directors by two officers of the department. (b) The Crown is not represented in the company's management.

5. In regard to the future disposition of its interest, the government has stated that it intends to dispose of its interest in the company provided a suitable purchaser can be found to ensure an on-going computer industry in Canada.

CROWN'S FINANCIAL INTEREST—BELT RAILWAY COMPANY OF CHICAGO

Question No. 1,187—**Mr. Andre:**

1. What is the Crown's precise financial interest in The Belt Railway Company of Chicago as administered by the Department of Transport through Canadian National Railways and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. Otto E. Lang (Minister of Transport): The Management of Canadian National Railways advises as follows: 1. (a) Financial interest in Belt Railway: 7.69 per cent of the outstanding capital stock is owned by Grand Trunk Western Railroad Company. G.T.W. is a wholly owned subsidiary of Grand Trunk Corporation which itself is a wholly owned subsidiary of Canadian National Railway Company. (b) Date of acquisition, November 22, 1882. (c) Cost, $240,000. (d) Reason, to participate in the expanded connection with railroads entering Chicago, particularly western railroads; to enable the extension of the system to the sources of western traffic.

2. Book value at date of acquisition $240,000. At December 31, 1977, the CN system's share of share-holders' equity was $507,571.

3. The original investment of $240,000 was the only investment made. The G.T.W. received approximately $400,000 in dividends during the years 1923-1948 equal to 6.4 per cent per annum on the cost of the capital stock. Our records do not indicate that any dividends have been received since 1948.

4. The company is controlled jointly by the thirteen owners. Each company has one representative on the board of directors. Senior management employees are appointed by the board.

5. Not applicable.

CROWN'S FINANCIAL INTEREST IN THE GRAND TRUNK-MILWAUKEE CAR FERRY COMPANY

Question No. 1,189—**Mr. Andre:**

1. What is the Crown's precise financial interest in the Grand Trunk-Milwaukee Car Ferry Company as administered by the Department of Transport through Canadian National Railways and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. Otto E. Lang (Minister of Transport): The Management of Canadian National Railways advises as follows: 1. (a) Financial interest in G.T.M. Car Ferry Company. The $200,000 capital stock of the Grand Trunk-Milwaukee Car Ferry Company is owned by Grand Trunk Western Railroad Company. G.T.W. is a wholly owned subsidiary of Grand Trunk Corporation which itself is a wholly owned subsidiary of Canadian National Railway Company. (b) Date of acquisition, November 9, 1905. (c) Cost, $200,000. (d) Reason, to carry on the transportation of cars between Grand Haven, Michigan and Milwaukee, Wisconsin.

2. The book value of the acquisition to CN system was not less than $200,000. At December 31, 1977, there was a deficit of $64,722. It should be noted that under Grand Trunk Western Consolidation Agreement dated May 9, 1928, and as authorized by I.C.C. Order of November 8, 1929, the Grand Trunk-Milwaukee Car Ferry Company sold and assigned all its physical and other assets to the Grand Trunk Western Railroad Company as at January 1, 1929.

3. At December 31, 1977, the Grand Trunk-Milwaukee Car Ferry Company had assets of $73,700 and liabilitie of $138,422. This deficit of $64,722 covers the period 1937 to 1954. Financial statements prior to 1937 are not available. Since 1954, revenues and expenses have been combined with those of Grand Trunk Western and separate income statements have not been made.

4. The board of directors of the company is made up of officers from the holding company Grand Trunk Western and one outside director. Senior management is also made up of G.T.W. officers.

5. Not applicable.

TRAVEL TO VANCOUVER BY STAFF OF MINISTER OF ENERGY, MINES AND RESOURCES

Question No. 1,254—**Mr. MacKay:**

During the first week of December 1977, did any members from the office of the Minister of Energy, Mines and Resources travel to Vancouver and, if so (a) what was the purpose of their trip (b) how many made the trip (c) what were their names and positions (d) did any of them attend, as voting delegates, the nominating meeting of the Quadra Liberal Association in Vancouver on December 5, 1977?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Minister of Energy, Mines and Resources reports as follows: see Beauchesne's Parliamentary Rules and Forms, citation 171(dd).

SCRAPIE DISEASE IN SHEEP

Question No. 1,323—**Mr. Mazankowski:**

1. Since 1951 to date, were outbreaks of scrapie recorded in Canada and, if so (a) how many (b) in what breeds was the disease actually diagnosed, not including contact sheep?

2. Was the policy of slaughtering only the infected sheep and their progeny changed to one of slaughtering the whole flock and any other breed that might have been in contact with the diseased sheep and, if so, for what reason?

3. From 1951 to date, what was the full amount of compensation paid for sheep that were slaughtered?

4. From 1951 to date, what was the cost for the administration of the scrapie policy?

Hon. E. F. Whelan (Minister of Agriculture): 1. Prior to 1956, records on scrapie do not differentiate between actual outbreaks of the disease and contact flocks. However, from 1956 to date, the following is available: (a) 39. (b) Suffolk.

2. When the scrapie program was first introduced the infected flock, sales from that flock, and progeny of diseased sheep were slaughtered. In 1963, research on scrapie indicated that the disease was mainly hereditary. Therefore, the program was modified and only the progeny of the suspect sheep were slaughtered. However, in 1976-77 the causal agent of scrapie was isolated and classed as a virus which indicates that the disease is spread by contact, although certain herds, families and blood lines may be more susceptible to the disease than others. Consequently, the program has been amended and, effective May, 1978, the infected flock, sales from the infected flock, and certain progeny will be slaughtered.

3. $757,686.50 (from 1956).

4. $850,000 (from 1956).

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 1,293 could be made an order for return, this return would be tabled immediately.

Point of Order—Mr. Cossitt

[*English*]

Mr. Speaker: The questions enumerated by the hon. parliamentary secretary have been answered.

Is it the pleasure of the House that question No. 1,293 be deemed to have been made an order for return, with the return to be tabled forthwith?

Mr. Paproski: Agreed, Mr. Speaker.

Mr. Speaker: Agreed and so ordered.

[*Text*]

GRANTS—DEPARTMENT OF THE SECRETARY OF STATE

Question No. 1,293—**Mr. Jones:**

1. Has the province of New Brunswick been awarded any grants under the Citizenship Branch of the Department of the Secretary of State and, if so, please give details?

2. Has the province of New Brunswick been awarded any grants under the Official Languages Minority Groups Branch of the Department of the Secretary of State and, if so, please give details?

Return tabled.

[*English*]

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

POINTS OF ORDER

MR. COSSITT—DELAY IN ANSWERING QUESTIONS NOS. 30 TO 54

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a point of order. I have risen a similar type of question at least four or five times before to ask the Parliamentary Secretary to President of Privy Council (Mr. Pinard) what has happened to the answers to questions Nos. 30 to 54, many of which have been on the order paper for two years. A week or ten days ago I asked for an assurance that these questions would be answered before the House was dissolved for an election.

When I look at the questions I feel that probably the answers would be extremely embarrassing to the government, and that may be the reason for the hesitation. Nevertheless, in fairness to the people of Canada I think they are entitled to have the information I have asked for and that other members have asked for here in the House of Commons. We should have the right to have the questions answered, in spite of what the hon. member for Northumberland-Miramichi (Mr. Dionne) said a few moments ago.

I specifically draw attention to question No. 43 which involves the Minister of Transport (Mr. Lang) and his use of his frank—I have asked questions about this before and they are unanswered—to send letters to all Liberal members of parliament telling them how to explain to other Liberals why he spent three quarters of a million dollars of taxpayers' money travelling on public aircraft. That question has been on

the order paper for over a year, so it is taking a long time to be answered. I think those members on the other side in glass houses, who have been throwing stones this afternoon, might take a lesson from the Minister of Transport who committed the same offence.

Can the parliamentary secretary give an assurance to the House that questions Nos. 30 to 54 will be answered before the House is dissolved for a general election campaign? I do not want to hear explanations like, "We have been good to you and have answered a lot of your questions." I am referring to questions Nos. 30 to 54.

MR. JONES—DELAY IN ANSWERING QUESTIONS NOS. 143 AND 145

Mr. Leonard C. Jones (Moncton): Mr. Speaker, I rise on a point of order. I have brought this up several times. Starred question No. 145, which was on the previous order paper, still has not been answered. I brought this to the attention of the parliamentary secretary several times and asked that he use some type of boxing glove to get some of those fellows out of the corner. This information should be easily available, likewise with respect to question No. 143.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Yes, as far as the previous statement is concerned, Mr. Speaker, I see that question No. 1,293 which has been made an order for return today is very substantial, and in that sense the hon. has an answer. As to his question indicated by an asterisk, I shall check, and I hope the hon. member will be able to abtain an answer as soon as possible. As for the hon. member for Leeds (Mr. Cossitt), if I am not mistaken, I think that in the previous session we answered 264 of his 281 questions on the order paper—94 per cent of his questions, Mr. Speaker. I happen to know that in this present session a great number of his questions have been answered. I simply ask him to be a little patient. In spite of what he says, I can assure him that parliament has always been good to him, and that we shall continue to be so.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Wednesday, April 19, consideration of the motion of Mr. Chrétien that this House approves in general the budgetary policy of the government.

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, last evening I referred to a document put out by Peter Henry Jerch and Associates of Winnipeg, a financial consulting firm, which assists Canadian businesses to move out of Canada. At the present time they are acting on behalf of 64 businesses that are planning to move due to the political climate created by the Liberal government over the last ten years. In a document he sent to me, Mr. Jerch writes as follows:

> Countries or for that matter provinces which have nationalistic, leftist or extremely strong bureaucratic tendencies make striving and successful entrepreneurs feel uncomfortable.

They do not feel comfortable in Canada. That is why Canada is the greatest boost to the United States economy today. States are fighting among themselves as to which one will be called the eleventh province. Kentucky was first to ask that they become the eleventh province. In today's paper the State of Florida says that they are the eleventh province. These states will have to get in line, Mr. Speaker. Kentucky claimed first that they were the eleventh province, and Florida will have to become the twelfth province.

● (1522)

Mr. Jerch points out that, through the loss of investment, jobs are lost. He gives incidents here of the number of firms which moved out of Manitoba and states that this cost 4,000 jobs in that province. In a second document supplied to me by Mr. Jerch he points out that, of the 42 firms he is dealing with, the amount of investment which is moving out of the country will cost Canada up to 13,000 jobs. These are small and medium-size businesses. Mr. Jerch is just one investment counsellor. It would be interesting to get statistics from all investment counsellors and lawyers across Canada in regard to the exact amount of money leaving Canada, together with the number of businesses which are leaving also.

Since I spoke yesterday there are more articles in today's newspapers regarding this mass exodus of capital and business leaving Canada. As I pointed out yesterday, this budget is doing nothing to keep anybody here. It is a useless document. This particular article I am looking at is headed "Florida's Sunshine Is Canada's Rain In Construction Industry". The article states:

> Several Ottawa firms are among a growing number of Canadian developers providing employment for Florida construction workers.
>
> This is occurring at a time when 166,000 Canadian construction workers, about 23 per cent of building trades work force, collect unemployment insurance.
>
> But it's unlikely the Canadian worker would be any better off if those firms stopped their foreign projects.
>
> "If a company deals from the heart and ends up bankrupt in five years, staying home is a worse decision" than moving to Florida, William Nevins, chief economist for the Canadian Construction Assoc., said Wednesday.
>
> Construction companies heading south, he said, reflects a weakness in the Canadian economy. In the corporate supermarket, there are 10 times as many items in the U.S. as there are in Canada and profits are better.

This article appeared in the Ottawa *Citizen*, today.

As I pointed out yesterday, the Liberal members who have spoken on this budget so far have made absolutely no mention of the mass exodus of capital and business.

There is nothing in the budget. The Minister of Industry, Trade and Commerce (Mr. Horner) contributed absolutely

nothing when he spoke yesterday in this regard. He told us investment is on the increase in Canada. It is the exact opposite. Canada is no longer an attractive country in which to invest. We cannot even hold businesses or money here, never mind trying to attract additional investment funds.

When the Minister of State (Small Business) (Mr. Abbott) spoke on this subject, all we got was a lot of smart alec cracks in his speech. He made no contribution at all on what the government will do regarding this serious problem. I have compiled considerable statistics concerning this matter over the past year.

There is another article which appeared in today's *Globe and Mail*. It is a report from Washington. We get more statistics on the outflow of investment from the United States than we do from Canada. The article is headed "Canadian Investments In U.S. Show A Dramatic Move Upward". The article says:

A dramatic rise in Canadian investment in the United States is indicated by figures just published by the U.S. Commerce Department.

Maybe a lot of Canadians do not understand how this affects them. It is also one of the reasons we have such record high unemployment and why unemployment is costing Canadians $8 billion a year. This amount will increase yearly, and it is because of the policies of this government and the political climate which the Prime Minister (Mr. Trudeau) and his cohorts have created in this country over the last ten years. Many people, when they see the opinion polls and they see there is a chance that this government will be returned, will accelerate this movement of business and capital out of Canada. This is evidenced by the articles appearing daily in newspapers.

As well, the CTV television network sent a film crew to the southern United States recently, and interviewed Canadians who are moving there with their businesses and money. These people were asked why they left Canada. They answered that they left Canada because of the political uncertainty here. They put the blame on the Prime Minister. If he is returned to office in the next election, this trend will continue.

I guarantee that if this government is returned to office, Mr. Speaker, it will bring in exchange controls. Heaven help us if this government is returned to office. Canada is a country with the greatest potential in the world, and it is being destroyed by this socialistic government and its bureaucratic tendencies. This was pointed out by the investment counsellors who are assisting businesses to move out of the country. I see the hon. member for Pontiac (Mr. Lefebvre) is getting a chuckle out of that.

The United States commerce department statistics show Canadian direct investment in United States companies jumped by more than $500 million in 1976 to $5.9 billion. This accounts for about 10 per cent of all foreign direct investment in the United States. Only the Netherlands has a larger stake in American industry. Canadian companies and individuals had $10.67 billion invested abroad at the end of 1975. In addition to the United States, other big recipients are Brazil and Australia.

In Florida alone, Canadian property ownership is in excess of $450 million state wide, and Canadian development consortiums plan to spend in excess of $1.3 billion more in the next 15 years.

Here is an article from the Miami *Herald*. It states:

"The Canadian dollar is buying up Florida in an escalating and often frenzied scramble to find a haven from political and economical uncertainty at home . . .

If we have this political uncertainty now, we will certainly have it if this government is returned again after the next election. The article goes on to say:

. . . Canada's largest financial and development corps alike are exporting their savings and surplus capital in a classic flight to find sanctuary."

—from this government.

In 1977 B.C. Forest Products Ltd. spent $70 million to take over a Minnesota paper company plant. Alcan Aluminum spent $140 million to take over Revere Copper and Brass in Alabama. It is too bad we could not get them to expand here and take something over in Canada.

Although statistics are hard to come by, California financial experts agree Canadian capital is flowing south in unusual volume, continuing a two-year trend that shows no sign of slackening.

The chief economist of the Royal Bank of Canada, Mr. Ralph Sultan, stated:

We have to get our house in order and make it more attractive for private capital, or else Canada will become a sleeping backwater. Capital lacks loyalty and there's not much government can do.

There is lots that the government can do. Mr. Sultan goes on to say:

Capital goes where returns are most attractive.

They are most attractive in the United States at the present time. Mr. Frank Augsbury of the St. Lawrence County Economic Council (New York), who is in Canada assisting Canadian business moving south of the border, stated:

We aren't trying to raid Canada, but if they're moving out we'll welcome them with open arms . . .

When Olympia and York Developments Ltd. of Toronto laid out $350 million in April, 1977, to buy nine skyscrapers in New York city, it became overnight the largest Canadian investor in American real estate. In addition, 26 per cent of the assets of the Trizec Corporation of Montreal ($192 million) are invested in U.S. real estate. Cadillac Fairview has invested approximately $100 million in U.S. real estate.

In Texas, and maybe that state will be the thirteenth province, a Dallas broker estimates that a quarter of a billion Canadian dollars are invested in Texas alone. In 1976, for example, the Canadian Imperial Bank of Commerce paid $25 million for an apartment complex in Houston. Moreover, Canadian life insurance companies have acquired a half billion dollars worth of U.S. property in the last five years in Atlanta, Chicago, Denver, Los Angeles, and Philadelphia.

● (1532)

The governor of Louisiana was in Toronto yesterday speaking to Canadian businessmen, encouraging them to move to Louisiana. He pointed out that about $7 million or $8 million of a $2.3 billion investment in Louisiana recently came from Canada directly, and maybe $100 million indirectly. The greatest portion by far went into oil and gas ventures, he said, and most of the rest into chemical plant developments.

Next week representatives from Tennessee will be in Toronto, speaking to Canadian businessmen, assisting and encouraging them to go to the United States. The Memphis area chamber of commerce will be in Toronto next week to speak to businessmen to encourage them to move out of Canada.

I have another recent article entitled "Western Canadians Buying Into Texas, Colorado". It can easily be seen how widespread this is. We are on a disaster course in this country, but all we get is this ridiculous budget. There is absolutely nothing in it about how they are going to tackle this very serious problem and trend. Where will it end? The way we are going, all that will be left here will be the working people, the peasants and the Liberal government. The article states that they are going to Texas and Colorado as a result of political uncertainties. That is the reason behind the money exodus. All we have had in the last ten years is a lot of uncertainty in this country through the total and complete mismanagement of the nation's business by this government.

Here is another reason why many of the businesses are leaving this country:

> Related to the preceding point is the problem of too much government. The ever-increasing size of the federal public service and the problems created by such expansion are factors which hinder business activity. Businessmen are forever hassled by federal regulatory agencies, boards, departments, bureaus, offices and councils with their myriad of rules, regulations, laws, edicts, orders, decrees and statements. In short, they are inundated with paper work. Moreover, should a businessman disagree with a ruling, it is extremely difficult to appeal to these bodies and the time and effort involved usually preclude an appeal anyway.

That is not the way they operate in the United States. That is why they are clearing out of Canada. In the February 28 edition of the Ottawa *Citizen*, Neil Wood, president of Cadillac Fairview Ltd., is quoted as saying:

> We're not selling out Canadian assets, nor turning our back on good Canadian opportunties, but they are few and far between. Government delays in getting approvals continue to frustrate us in Canada compared with U.S. where development is welcome.

This matter has been raised a number of times. The Prime Minister, the Minister of Industry, Trade and Commerce, and the Minister of Finance were questioned about what action they were going to take to encourage business and investment to stay in Canada. We did not get cut answers. They will not even sit down and talk to these people to encourage them to stay here. They bring in a meaningless budget, thinking that will be the answer.

Government involvement in the economy has increased to the point where 42 per cent of our gross national product, the sum of all goods and services produced in Canada, is produced by the government. If present trends by provincial and federal governments continue, 88 per cent of all goods and services produced in Canada by 1990 will be under the state, and only 12 per cent will be left for private enterprise. In policy making, the only thing the Trudeau government can think of is socialism. For example, if oil prices rise, they set up a national petroleum corporation. The solution to the problem is to reduce the size of government slowly, not through mass layoffs of dedicated civil servants, but by attrition. In addition, wasteful make-work projets could be eliminated. If governments want to make work, the best way to do it is through proper incentives to private industry. That is something this government does not want to do.

It is very strange when we question the Prime Minister and others on this. What are their motives that they do not want to deal with this problem or talk about it? When they bring in a budget, there is nothing in it to indicate how they intend to deal with this very serious trend.

With regard to our very serious inflation which has been caused by this government, Milton Friedman, Nobel Prize Laureate in Economics, stated:

> There is only one place where inflation is made in Canada and that is Ottawa. The unions don't make inflation for a very simple reason; the unions do not own a printing press on which they can turn out those multi-coloured pieces of paper called money. The reason you have inflation is because the government has been printing too much and spending too much.

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

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): At this early stage of my intervention, Mr. Speaker, I should like to deal briefly with some of the remarks which the hon. member for Winnipeg South Centre (Mr. McKenzie) has just made, for he is well known in the House for his severe criticisms of the government generally, but more specifically of the right hon. Prime Minister. I suggest that his repeated attacks against our Prime Minister form a personal vendetta against him; for this reason, I do not think he will gain much support from the Canadian public because politicians seeking revenge are not likely to convince a great many people.

If I have a piece of advice for the hon. member for Winnipeg South Centre, it is to limit his criticisms to the course of action people take and not to the people themselves, because behaving the way he does now will not improve his position.

Mr. Speaker, we are going into the last day of the debate on the budget brought down on April 10 last by the Hon. Jean Chrétien, an occasion on which I should like to congratulate our colleague for his first budget, which we all recognize as having been difficult to prepare. Indeed, Mr. Speaker, few Canadians expected to receive great gifts; aware as they are of the economic situation of their country, Canadians expected the Minister of Finance to be responsible and present them with adjustments to the fiscal situation as it stands; they did not expect him to make any great concessions, neither in the field of taxes nor in that of new programs requiring additional

government expenditures. That, Mr. Speaker, because Canadians realize that in years past the Canadian government made considerable effort to increase expenditures to give new impetus to our economy, and those substantial expenditures, added to tax cuts, personal and corporate, resulted in the growth of our national debt.

● (1542)

For the year just ended we have incurred a deficit of more than $8 billion. For the year which begins, with the new budget brought forward and the few concessions made, the deficit of Canada will probably exceed the $11.5 billion mark. It is obvious that with so little elbow room the Minister of Finance could not, and the Canadian people recognized this, give substantial income tax cuts to Canadian consumers in particular nor could he increase substantially the expenditures in the areas which could have contributed to reduce unemployment. He did so, however, by rearranging some existing measures in order to increase their impact on the development of our economy.

This budget, Mr. Speaker, was well received and perceived by responsible people both in the press and in industry as a whole. It was well perceived because it has been seen as the result of both an in-depth study by officials from the Department of Finance and of an objective decision from the minister and the government in the face of our responsibilities. Even though an election will probably be called soon, we did not want either to take measures which could have been interpreted as a step aimed at gaining the electorate's favour, because it would have increased our deficit. We are aware that Canadian voters recognize the work that has been done by this government and we are sure that they will make the right judgement when the election is called. I am personally aware of it and so are my colleagues. And as even the previous speaker said, the polls that have been taken indicate beyond any doubt that the Liberal party and Pierre Elliott Trudeau's government will be returned to office.

Mr. Speaker, we can say about this budget that, in spite of the financial limits the minister was facing, he succeeded in proposing measures likely to increase the general demand of our economy. On one hand, federal participation in the sales tax cut would increase consumption and benefit all Canadian consumers. On the other hand, other measures such as those related to research and development, to energy development activities, to investments in the railway system would represent incentives to the general industrial growth of Canada. Finally, maintaining for another year the tariff reductions established in 1973 on a wide range of consumer goods would avoid the higher retail prices those goods would otherwise have shown, and therefore would benefit all Canadian consumers.

Following the discussions held during the recent meetings between federal and provincial governments, meetings which, as you are aware, were held in December and January and have culminated in a federal-provincial conference of first ministers in February, it became apparent that the involvement and co-operation of all sectors were a necessity in a number of areas.

The budget introduced on April 10 represents an important step toward sharing responsibilities between the two levels of government in so far as the stabilization policy and, more particularly at this time, the stimulation of the economy are concerned. Of course, measures like those related to research and development activities as well as the development of energy can potentially benefit all parts of Canada and might possibly benefit some provinces more than others. However, it is through more specific action, and I am thinking here of the grants for the retail sales tax cut, that the federal government, despite financial constraints and the need to boost the economy in general, has shown its concern with the importance of regional problems. On the one hand, this action is indeed very favourable to the Atlantic provinces, which will have nothing to pay for the sales tax cut and will therefore not bear any additional tax burden. On the other hand, this action will also be greatly beneficial not only to Quebec consumers but also to the producers of that province where a high percentage of Canadian manufactured goods are produced.

I hope, Mr. Speaker, that during the current negotiations, the Quebec government will recognize the usefulness of the proposal put forth by the federal government and the Minister of Finance, and that it will agree to take part, with the other Canadian provinces, in the effort to reduce the impact on consumers of the provincial retail sales tax. And I do think that the fact that this proposal was accepted, and the Quebec decision to cut even more the sales tax on certain products, is a direct recognition of the negative impact the rentail sales tax has on the general economy. When one considers that first analyses on the potential impact of that tax cut, and indications are that in Quebec more than 10,000 jobs would be created rapidly following those sales tax reductions, one realizes, Mr. Speaker, the impact the role of the provinces has on the development of the federal and provincial economies, the responsibility as a result of the tax tool they have to influence the creation of jobs in Canada and on their territories. They have proven, Mr. Speaker, that they have a role to play in fighting unemployment and that it is not only the responsibility of the federal government to come up with measures to create jobs and get the economy going again.

I think it is obvious that provincial governments through their budgets, their tax measures, their expenditures and their actions, also have a role to play and a very important responsibility in the performance of our economy and the rate of unemployment which is now afflicting Canada and which we here in Ottawa denounce. But the means of intervention at the federal level also have their limitations, and we want to indicate to Canadians that we are prepared to recognized and take our responsibilities and to take the necessary means to

counter unemployment; but that responsibility is not incumbent only upon the federal government and must be recognized and shared by the provinces which are ever more anxious to see the federal government decentralize and give the provinces greater powers and greater revenues.

It is quite obvious that if the provinces are given greater powers and greater revenues, they will have to recognize more fully the responsibilities they have with respect to the conduct of the economy and the creation of jobs to fight unemployment. They will not be able to get more powers and then continue to believe that only the Government of Canada will be responsible for the problems and they will get the credit for the accomplishments.

The minister of finance of Quebec has just tabled his budget, and as was noticed, he anticipates in the budget that the federal government's contribution through tax transfers from the federal treasury to Quebec will exceed $3.3 billion. That is a contribution of over 25 per cent to the provincial budget, Mr. Speaker, not to mention other transfer payments from the federal government to the province of Quebec and its residents. We can be sure, Mr. Speaker, that, as some hon. members, some colleagues in the House have said before, if we compare Quebec's contribution to the Canadian economy and to the federal budget with the federal government contribution to the Quebec economy and Quebecers, I feel that, generally speaking, they are the winners. As recently as last night, when speaking to a group of citizens of Quebec, I said that when an agreement is concluded—and recently I have signed auxiliary and joint agreements with the government of Quebec—our provincial colleagues from Quebec remind us that it it a fair return of all taxes paid by Quebecers to the federal government.

I would like to take this opportunity to recall that we are at the end of April and that, as Canadian citizens, we must fill our income tax returns. As I have noted myself once again a few days ago, we all know that we pay more income tax to the Quebec government than to the federal government. And I do not know of any contribution by Quebec to federal government expenditures. Quite the opposite. Rather I note very large contributions from the federal government to the expenses of the province of Quebec and transfer payments to Quebec residents, and I pay more income tax to Quebec than I do to the federal government. And when I sign an agreement with Quebec, under all DREE programs, the minimum federal contribution is always at least 60 per cent, Mr. Speaker.

Contributions from the federal government amount to 60 per cent while those of the province are only 40 per cent. This is proof that we are pouring back more money into Quebec under our tax programs and shared cost programs than we are collecting from it. Mr. Speaker, in the October 1977 budget the finance minister also included an investment tax credit aimed at increasing the stimulating effect in DREE designated areas. The 5 per cent credit which was already in force then and which was to expire on June 30 has been extended for three years. That credit has been raised to 7.5 per cent in certain provinces, such as Saskatchewan, Manitoba, northern Ontario and the designated areas of Quebec. In the Gaspé peninsula and the Maritime provinces their credit has been brought up to 10 per cent. Furthermore, the finance minister once again has listened to certain recommendations which we from DREE make regarding the regions. Last January he announced an employment tax credit program which is higher in DREE designated areas. In his budget, when he says that the Atlantic provinces will not have to pay back that temporary cutback of the retail sales tax, he recognizes once again the contribution of DREE toward designated areas and I think that in the name of these areas, I must thank the minister for having paid attention to the recommendations which we made to him in favour of designated areas, the areas in need of help.

● (1552)

[*English*]

Despite the financial constraints which face the government, my department has continued to undertake significant regional development initiatives. In the last fiscal year, for example, 13 new subagreements were signed, representing federal commitments of more than $377 million, and a number of amendments were made to existing subagreements. Fourteen of them increased the funding under those agreements. These amendments represent additional federal commitments of $362 million. If you add both amounts you will find that in 1977-78, under the general development agreements signed with the ten provinces, more than $739 million was committed in federal funds.

Included in the above agreements are: a new subagreement on tourism in Newfoundland; on forestry, and tourism with Sysco in Nova Scotia; an agreement to provide for further development in northeastern New Brunswick, and a second agreement on the development of agriculture in that province; major amendments to existing agreements with Quebec on agriculture, key highway networks, forest development, industrial infrastructure, and a substantial new agreement for sewage treatment facilities in Montreal; a new agreement with Alberta respecting the development of the northlands in that province; and important new agreements on industrial development, agriculture, and rural development with British Columbia.

Recently, in the current fiscal year, I signed a significant new agreement on tourism with Quebec, and other new initiatives are under discussion with various provinces at present. In fact we signed agreements with practically all the provinces. Tomorrow we will be signing an agreement with the province of Manitoba. This is the kind of collaboration and support DREE is prepared to give to provincial governments to help develop their economies.

[*Translation*]

Mr. Speaker, the department is committed in each one of the areas. Our department allocates its budgets depending on

the needs of the region. It cannot of course cover everything, but in addition to giving more to the provinces which need more, one must also consider the fact that within the framework of these agreements, we are also contributing to an extent which varies, for instance, when we commit $50 million in a province and that this amount represents 90 per cent of the expenditures, the federal effort in this province is clearly superior to what it does in another province where it also spends $50 million, but where this sum represents only 60 per cent of the expenditures, as is the case for Quebec.

Mr. Speaker, I am saying this because we sometimes hear criticism from the opposition and outside the House to the effect that the departments do not allocate funds objectively in accordance with the needs of the various regions. They are forgetting that two factors are involved: the total amount allocated and also the proportion that this represents of the total expenditures of both governments under these agreements. I believe that when we consider this factor, we can better appreciate the substantial effort made in the areas which have greater disparities than others.

Since the time at our disposal is limited, I shall unfortunately have to limit my comments because I would have liked to talk about many other factors. We spent a substantial part of our budget in the Atlantic provinces, but this is because this area has much more obvious needs than other areas of Canada. I recognize that other parts of Canada also have needs, but in co-operation with the provinces, we are at least able to take care of the major priorities.

I would like to come back to Quebec in particular, Mr. Speaker, because two attitudes prevail from time to time in the House and elsewhere. Some say that the federal government is doing nothing to help Quebec fight against unemployment, to develop its economy, that we are content to observe Quebec fighting against its difficulties and that we are even pleased when we see a government like that of the Parti Québécois have problems and that we are not in the least sympathetic to the problems and the proposals that are made.

On the other hand, when we help certain regions—and I shall prove that we do help them—others blame us and say that all federal government funds go to the province of Quebec. Mr. Speaker, those two positions are wrong. They are wrong because on the one hand we help the province of Quebec, this is true, but on the other hand we do everything in our power with the money at our disposal to help the government of Quebec and Quebecers particularly to get out of their present difficulties, especially as concerns unemployment.

Mr. Speaker, since I have been responsible for DREE, I have looked at what we have done in the province of Quebec. If we consider the agreements with the province of Quebec alone, on March 29, 1976 I signed four agreements with Quebec; if you sum up the share of each government they amount to a total of $162,700,000. The share of DREE or of the federal government, was $97,428,000. Those are long-term commitments. On April 21, 1976 we signed another agreement in Quebec for the development of a pulp and paper mill and the federal government has committed $30 million for that project, an investment amounting to about $300 million. On June 16 another agreement was signed, this time in Mirabel for the development of the industrial park called Spicam, another $13 million commitment from the two government levels, including $8 million from the Department of Regional Economic Expansion. On June 27, 1977, under the PQ government, both government levels earmarked $440 million for three agreements concerning highways, agriculture and forestry. The DREE contribution was $200,880,000.

On January 24, 1978, $77,600,000 for the industrial infrastructure, including $46 million from DREE. Recently Montreal has received $150 million for three projects. On April 6 we signed an agreement on tourism development at a cost of $76 million, including $46 million from the Department of Regional Economic Expansion. So when I hear remarks to the effect that we do nothing for the province of Quebec or that we give everything to the province of Quebec, believe me, Mr. Speaker, that lack of understanding on both sides puzzles me—

[*English*]

Mr. Paproski: May I ask the minister a question?

[*Translation*]

Mr. Deputy Speaker: An hon. member is asking if the minister would allow him a question.

[*English*]

Mr. Paproski: I would like to ask the minister whether the figures which he has just given for the different projects in Canada are for one fiscal year or are they for continuous programs? I did not get it, because my translation was not on.

Mr. Lessard: All those amounts were committed during the fiscal year, but the spending of the cash flow is being spread, depending on the agreement signed, over a period of one to five years.

[*Translation*]

In addition to those agreements, Mr. Speaker, everyone knows there is the special area of Montreal where it has been acknowledged that there was a specific situation in the sense that over half of the Quebec unemployed are concentrated there. The cabinet has recognized that under the circumstances, in addition to the activities of other departments, my department could intervene. We have done so and to this day we have assisted more than 80 companies, new ones or older ones seeking help to expand or modernize. We are not ashamed of it, first because we are contributing to economic development and second because we are fighting against unemployment. It is part of our responsibility, but we are not the only ones involved. There is a provincial government which should play its part. Right now, I really wonder if they do so.

I see, Mr. Speaker, that the time allotted to me is slipping by and I would like to deal with other areas and not only with Quebec. In western Canada, we have signed agreements with each province. In the three prairie provinces, we have programs regularly in place to develop local infrastructures, for example in some forty communities through the prairie provinces, because we want to strengthen the structure of those communities to become growth centres through the prairies in order to hold back the population and provide services to them for the benefit of the farm industry first of all, which is very important, because when a farmer must drive 50, 60 or 100 miles to get a little service he gets discouraged and we often have seen farms deserted because of that situation. That is why the agreement on the development of local infrastructure in the prairies is a very valuable one which was signed in 1972, amended in 1975 and is presently going on. As I said, we have concluded five agreements in British Columbia during the last fiscal year and negotiations are still going on with that government. We have also concluded some agreements in Ontario as we also did in the maritimes. Before concluding, Mr. Speaker, I would like to talk about a corporation which is under my responsibility as a minister, the Cape Breton Development Corporation.

● (1602)

[*English*]

I would be remiss if I did not mention the valuable contribution to regional development made by the Cape Breton Development Corporation. Devco took over mines which were in terrible condition in 1968. It was felt then that the only future was humane phasing out of coal mining in Cape Breton. We in the government are proud of the creative and flexible mechanism which we created. I think it is fair to say that we all owe a debt of gratitude to the present Deputy Prime Minister and President of Privy Council (Mr. MacEachen) who ensured that Devco would be a flexible tool. How flexible has Devco been?

Devco was able to react very quickly to changes in the world energy market, able to change policy from a phase-out of worn mines to stabilizing coal production, able to seize an opportunity to sell metallurgical coal, and able to move toward coal industry expansion to meet strong future thermal and metallurgical coal markets.

Instead of closing mines, Devco will further rehabilitate No. 26 mine and develop a major new mine over the next five years, if final feasibility and viability studies are positive. The total cost of these and related developments will be close to $265 million. The new Donkin mine will add about 1,200 jobs in industrial Cape Breton. Instead of the extremely poor condition of the mines prior to Devco, while we are not without problems, this government is proud that Devco miners and management have developed the Lingan mine into one of the most efficient, perhaps the most efficient, long wall coal mine in the world.

In an age when it is claimed people do not want to work, Devco management and miners volunteered by the hundreds to go down five miles of tunnels out under the ocean to fight a fire in No. 26 mine several years ago. Why? Because they wanted to save their mine and their jobs.

What began as a welfare operation is transforming itself into a viable, proud industry. That is a result of the regional development policies of this government. There is work still to be done before the caterpillar becomes a butterfly, but we on this side know it will succeed. We know Cape Bretoners can do it, and we will support their efforts.

We stand now on the brink of over $265 million worth of new development in the coal industry. We got here not because someone said you should do this and that, but because DREE, working hand in hand with the province of Nova Scotia and Devco, found the coal reserves to make a new mine and to make the rehabilitation of No. 26 mine possible. These accomplishments are not accidents. They are the result of foresight, planning, hard work, co-operation within the federal government, and co-operation with the province of Nova Scotia. This government delivers. Also I refer to Devco's bed and breakfast program in tourism, Devco's revitalizing of sheep farming operations, Devco's oyster farming development, Devco's trout development, and many other things in which it has been engaged. Devco has a new president, Mr. Bob Matheson. Personally I have full confidence in him. He is competent, and I am sure he will lead Devco to more successes.

Mr. Paproski: Which constituency is he running in?

[*Translation*]

Mr. Lessard: Mr. Speaker, I think that Mr. Matheson is not in the race. He heads Devco. He comes from Cape Breton. He is the son of a miner who has made a career as a lawyer, just as my hon. colleague of the opposition, and who wants to take up the challenge of contributing to revive the economy of the area where he was born and where he grew up. Mr. Speaker, I could go on, but I see that you are about to interrupt me so I will close by saying that the budget presented by the Minister of Finance (Mr. Chrétien) is an excellent one, that it has been well received by the general public and that it will certainly win the support of the majority of members of the House when the question will be put for the last time, and I wish to thank him.

[*English*]

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, I have not participated in too many budget debates in the past, but I am privileged to do so on this occasion. The single item in this budget rated by most people as being the most important was the provincial governments' involvement in their provincial sales tax reductions. Certainly it has provided most of the after-budget news commentary and comments in this parliament.

However, the single item which appealed to me was the inclusion of an amendment to the capital gains tax law that provides for the deferral of capital gains in intergenerational

transfers of family farms and partnerships. I am sure hon. members on both sides of this chamber will recall that I was somewhat enthusiastic over this specific item in the budget. Perhaps they will recall also that this same item provoked the greatest spontaneous applause in the House over any other budget item. It marked the successful culmination of over five years of persistent, personal effort, commencing in 1973 with Mr. Turner, followed by Mr. Macdonald, and finally by the present Minister of Finance (Mr. Chrétien).

In retrospect, this change in the capital gains tax laws had to come, or we would have seen the end of our family farm and ranch way of life due to the ravages of seven years of galloping land inflation and the availability of foreign capital. In any event, I thank the hon. Minister of Finance and his policy advisers for this particular budget item. I know of many long-established family cattle ranch units which would join me in expressing this appreciation to the minister. I hope that his parliamentary secretary will convey that personal message to the minister. I am sure that the minister and his parliamentary secretary will understand when I suggest quite seriously that I feel that I can take considerable credit for this tax change in this budget.

● (1612)

I would like now to make some remarks about various energy aspects of the budget, in particular respecting remarks made by the Minister of Energy, Mines and Resources (Mr. Gillespie) in this debate on April 13. The minister was speaking about a Canadian strategy to establish an energy policy, and he had pointed out that it had three basic elements. The third element was of interest to me, which "was to develop our own indigenous supplies of oil, particularly the non-conventional sources—the tar sands and the heavy oils of western Canada." I mention this reference to draw attention to a new source of heavy crude that exists now in my Medicine Hat constituency, and that is on the Suffield military reserve.

I am sure members are aware that there is now substantial production of natural gas from this field. It is being produced by the Alberta Energy Company that is owned almost totally by the people of Alberta. This Suffield gas production will increase steadily as the present drilling program continues. What is not generally known is that heavy crude is also being produced in modest quantities in that same Suffield area, and there are now about 30 heavy crude wells in various stages of drilling and production.

Heavy crude oil, of course, is more expensive to produce and is priced below conventional oils. Thus there is a very valid reason for that extra world price provision provided for in Bill C-19, which is the Petroleum Administration Act that was passed last Monday night.

At the end of that debate I made a short intervention in support of the inclusion of these Suffield heavy crudes in the group of heavy crudes that will enjoy these higher world prices. The Minister of Finance has recognized the need for heavy crude production in this budget by extending the manufacturing and processing tax incentive to upgrade heavy oil. This does not include plants established in relation to bituminous sand mining projects. This incentive in the budget should apply to the Suffield heavy crudes.

The economics of producing both gas and oil at the shallow Suffield depth can be appreciated from a comparison of average drilling costs in western Canada to offshore costs based on 1976 figures. These comparisons were recently published in the bulletin entitled "Energy Update 1977" which was put out by the Department of Energy, Mines and Resources. I wish to give a few quotations from pages 13 and 14 of that bulletin. On page 13 it says:

> The combination of higher well-head prices and provincial drilling incentives resulted in a dramatic increase in exploration spending in western Canada. This drilling activity paid off in a significant expansion of our gas reserves as 80 per cent of the record 6,300 wells drilled were for natural gas exploration and development.
>
> Additions to our natural gas reserves from shallow producing horizons such as those found in the Suffield Block in southeastern Alberta have been well ahead of the annual consumption rate. These drilling successes have spurred additional programs across the prairies.

I should point out, Mr. Speaker, that this very positive comment is mainly due to Alberta's excellent incentive policies.

There is an interesting table of costs listed in this same bulletin on page 14, which is headed "Average Drilling Costs in Western Canada and Offshore, 1976" and gives the costs of four locations, Alberta; other western provinces; Northwest Territories, Yukon and the Arctic, and the fourth one, east coast offshore. I would like to quote two costs. One is the cost per total foot and the other is the cost per total well. First of all, the cost per total foot: Alberta $33.98; other western provinces $57.16; Northwest Territories, Yukon and the Arctic $770.70, and east coast offshore, $243.14.

Going to cost per total well, we get into the big money: in Alberta again, $108,129; other western provinces $283,482; in the Northwest Territories, Yukon, and Arctic $7,848,444. And on the east cost offshore, $4,818,200. It should be noted that these are actual total costs per producing well and do not include development and exploratory costs, which are usually much higher.

It will surprise no one in this chamber that I want to make a few comments about our Canadian cattle industry. I want to make a brief review of the financial side of our total Canadian beef cattle industry, and I want to say quickly that that side is certainly not the panacea that the Minister of Agriculture (Mr. Whelan) suggested in his budget speech a couple of days ago. In my opinion, the last three years—1975, 1976 and 1977—have been the most difficult years in the modern history of our cattle industry, and that includes the 1930's. This is about a 40-year period.

The single worst year was 1976. This is in relevant terms, of course, in relating market prices to production costs. Probably the most factual record and research in this critical three year phase of Canada's cattle industry is contained in a recent publication entitled "Economic Research Report", and it goes on in the title with a little more detail, "An Analysis of the Costs and Returns in the Canadian Beef Industry, 1970-

1977". This report was put out by a firm named Broadwith, Hughes and Associates Ltd. of Guelph, Ontario, and was dated September, 1977. This report was completed at the request of the Canadian Cattlemen's Association.

One of the authors, Mr. David Hughes, was a former senior staff officer of the Food Prices Review Board. I would like to give some very significant quotations from the chapter entitled "Summary and Conclusions":

—aggregate net income in Canadian feedlot operations showed generally increasing returns between 1970 and 1973 with 1971 and 1973 being exceptionally good years. A dramatic reversal of fortunes occurred in 1974 when net income fell from plus $77 million in 1973 to minus $46 million in 1974. A partial recovery was experienced in 1975 but a further dramatic fall in net income occurred in 1976 from a position of plus $19 million in 1975 to minus $84 million in 1976 . . .

Western cattle feeders appear to have had a comparative advantage in feeding cattle over their eastern counterparts during the 1970 to 1973 period. However, relatively greater increases in feed costs in the west in 1974 and 1975 completely eroded this advantage in those years.

● (1622)

It goes on as follows:

Net income returns to Canadian cow/calf operations showed a similar increasing aggregate net income picture to the feedlot sector over the period 1970 to 1973 but experienced an equally dramatic change in fortunes in 1974 when the net income level fell well below those achieved between 1970 and 1973. The decline in aggregate net income in the cow/calf sector has been sustained through 1975 and 1976. Net income has moved from a positive of plus $390 million or plus $78 per cow in 1973 to a position of minus $246 million or minus $40 per cow in 1976. It is interesting to note that the full impact of depressed prices for slaughter cattle were not felt until 1975 or 1976 in the cow/calf sector and that the size of the Canadian beef cow herd was still increasing in 1975.

On the next page appears the following short sentence:

In summary the dramatic change in fortunes in the beef industry in 1974 resulted from a coincidental sharp decline in slaughter cattle prices and a sharp increase in feed costs.

Later there occurs this sentence:

The most startling revelation of the analysis is the dramatic changes in net income returns from quarter to quarter and from period to period in the feedlot sector and to a certain extent the cow/calf sector.

Later on the report states:

As an adjunct to this it seems incongruous to us that the beef cow herd in Canada was still increasing in 1975, given that industry signals of impending losses in the industry were apparent in early 1974.

I remind hon. members that the decline in the cattle herd actually started in September, 1975. Mr. Speaker, that concludes the quotations from that interesting analysis of the difficult period from which we have just emerged.

The report clearly identifies a total Canadian industry loss in equity over the last three and one-half years of over $400 million. What this very factual report does not comment on or identify are the deep scars that are now apparent in our cattle industry. Many cattle producers, particularly young cattlemen, and perhaps some of those who got into the exotic side of the industry, are no longer with us. In the United States it is estimated that 200,000 cattlemen are no longer in the industry—that is 13 per cent of their producers. There are no comparable figures that I am aware of for Canada. At the usual ratio of 1 to 10, however, we could have 20,000 less cattle producers in Canada today.

[Mr. Hargrave.]

In addition to these scars, there are other significant changes in our cattle and beef industry and in beef consumer preferences. It was the liquidation phase of the cattle cycle beginning in September, 1975, that saw a 15 per cent drop in cow numbers in both Canada and United States; it was this liquidation phase that spawned the present hamburger craze. In 1977, 54 per cent of beef eaten in the United States was in the form of hamburger. The Canadian figure is probably just a little lower. Now that the big cow selldown is over in both countries, consumers will probably not want to return to the much higher percentage of choice steaks and roasts of former years because our society has become accustomed to and is satisfied with the fast food service so readily available on the North American continent. This is a logical and progressive development in our beef eating habits which should bring fed cattle prices and non-fed cattle prices, that is, cows and grass cattle, closer together. Fed cattle prices would come down and non-fed cattle prices would probably move up. This would be good for both the cattle industry and for consumers.

Most important of all, however, in the industry's recovery process from those three years of disaster, is the deep concern of cattlemen that our industry will have the opportunity to recoup that $400 million odd equity loss through the market place.

Over the last two months our North American cattle and beef markets have clearly strengthened, and strengthened rather quickly. Our industry can recover through the market place if the government allows our market system to function without political interference. It is only common cow sense that the good market price years have to carry the bad years.

Two days ago, during the rambling remarks of the Minister of Agriculture in this budget debate, he conveniently stuck to vague generalities instead of making at least a few specific comments about such things as his beef import law that we used to hear about. It now seems obvious that the great competition between this minister and the Minister of Industry, Trade and Commerce (Mr. Horner) about who would sponsor this new legislation has been called off completely and replaced by that very deliberately vague joint statement on March 30, indicating that the Export and Import Permits Act would continue to set quotas, but only for the next three years. These quotas, they pointed out, are to be based upon the base period of 1971-1975.

There was a very interesting phrase in that statement of March 30 which referred to those quotas. The phrase "adjusted for changes in domestic beef consumption since this base period" referred to the quotas that could be set under the Export and Import Permits Act. Canadian beef consumption for the base period 1971-75 was approximately 94 pounds per capita; last year we probably ate about 113 pounds per capita, and the estimate for 1979 is 95 pounds per capita. There are indications that our Canadian cow numbers are already too low to produce the ideal domestic supply of between 90 and 100 pounds per capita. We know, for example, that the next cattle cycle will peak approximately in 1985. Today, our industry has already determined the beef supply, that is, our

domestic beef supply for 1980 and 1981. It is here now, on the ground.

Our producer concern is, quite bluntly, that this vague phrase "adjusted for changes in domestic beef consumption since this base period" could be interpreted by the two ministers as an appropriate excuse to increase those offshore beef quotas—perhaps even this year but certainly over the next three years. Surely our Minister of Agriculture would not stoop so low, but it is a matter of concern. This is the reason cattlemen will continue to insist on a Canadian beef import law that would establish the rules by legislation and not be subject to change by this minister, future ministers of agriculture, or orders in council.

Another specific item that the Minister of Agriculture might have remarked upon—perhaps it was deliberately omitted—is the matter of a possible fed cattle payout for the first quarter of 1977. Both the minister and his staff have deliberately teased us with hints that there may be one, depending on what percentage figure, 90 or 95 per cent, is to be used. Now, almost 13 months after that period has ended with no final statement being made, we can only assume that this payout depends not on the stabilization legislation but on how much money the minister can get from Treasury and the political advantage he can get from a late announcement just before the election.

● (1632)

I must say I find it regrettable that the minister's original concept of stabilization with its stop loss approach seems to have all but disappeared. It has disappeared in favour of a cost of production index approach which is never explained or divulged, and the minister's power of discretion in varying that percentage figure used. We have already seen a percentage figure of 90, 95, 100; and in one instance up to 105 per cent.

There are some very obvious lessons which all of us, cattlemen and politicians, should have learned from this critical three- to four-year crisis from which our Canadian cattle industry has just emerged.

First of all it is appropriate to point out that in 1972 our Canadian Cattleman's Association in a beef seminar warned of an over-supply situation from a too rapid cow build-up, which continued to its peak in 1975. As a producers' organization we warned back in 1972 that that situation would surely develop, and it came about just as we predicted. However, no one, especially governments, listened to us at that time.

Today, when we are on the up side of the market price cycle, I want to remind all concerned that the Canadian Cattleman's Association has initiated a new "Beef Watch" policy to try to anticipate the cattle and beef cycle and then to project trends and advise accordingly. Some encouragement and attention to this new approach by cattle producers themselves are surely warranted, especially by consumers and governments.

Finally, there is no question that our Canadian cattle industry has survived perhaps the most difficult price-cost phase in our history, but at a cost which we do not yet really know. That $400 million figure which I pointed out is the actual cash cost as near as anyone can find, but there is much more of a cost than that.

In the west the drought, and the severe winter which is only now just over, have added to that cost, especially across southern Alberta and southwestern Saskatchewan. Hopefully we, as producers, and particularly politicians, will learn from this experience. I sincerely hope so.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, it is always a pleasure to follow the hon. member for Medicine Hat (Mr. Hargrave). Debates in this House are improved when we hear from him and from the Minister of Agriculture (Mr. Whelan) on a significant part of the agricultural community. It is a little unfair from the standpoint of the Minister of Agriculture because he has to cover the whole spectrum of agriculture in Canada and could not deal in a specific way with all of the items which the member for Medicine Hat suggests. I know that his speech will be very carefully read by the minister and he will call out that which should be taken.

In addition to being Minister of Employment and Immigration for Canada, it is also my privilege to be the member of parliament for Sarnia-Lambton. On behalf of my constituents I want to say to the Minister of Finance (Mr. Chrétien) that the budget was very well received in my region of the country. I listened to a radio broadcast from Ottawa on that particular night, I believe it was radio station CKOY, and its business consultant said that the senior citizens of Canada should stand up and cheer at the announcement made by the Minister of Finance in connection with the registered retirement savings plans, the options which are available to senior citizens, and the Registered Retirement Investment Fund referred to in the budget.

I think it is an appropriate move made by the minister so that senior citizens will now have a better opportunity to deal with the money which they have saved over the years, and still maintain the basic principle of the RRSP, which is, after all, meant to be retirement income.

The large concession made regarding research and development will sit well with the petrochemical industry in my area.

The sales tax cuts have won unanimous approval from citizens across the country, not only in my riding. We have heard some criticism of the fact that this was an invasion of provincial rights, or that it was not the appropriate way to deal with it. When one looks at the number of meetings and the number of times which the Minister of Finance travelled across Canada and met with the ministers of finance of the various provinces, on a multilateral and bilateral basis always bearing in mind the concern about secrecy respecting the budget, as there should be, I think we have to adopt a little bit more of a practical approach. In the final analysis the decision taken was adopted by nine out of the ten provinces of this country.

Certainly it is right that maybe we should be looking at other avenues of approach such as specific types of sales tax, and in this particular way we can work in conjunction with the

provinces. But most assuredly we must applaud the Minister of Finance for being able to meet with his provincial counterparts and come up with a program which is acceptable to nine out of the ten provinces.

In Lambton County, my riding, which was the former historic riding of Lambton West, there is a large rural element. All of us who have concern for people in that particular region, and I have some knowledge of that having spent some 12 years as solicitor for the County of Lambton, welcome the fact that the Minister of Finance saw fit to deal with incorporated farms and allow them to move from one generation to another without penalty of taxation. I think that move was appropriate. Obviously there was concern by the Minister of Finance that it might set some kind of precedent for other small businesses and the like. He took this step forward and I think it was an appropriate one, given the contribution that the primary producer makes to the people of Canada. Whoever deserves the credit, Mr. Speaker, in the final analysis the time must be chosen and the amount of money must be found so that this particular move can be made. It was a very grave move considering all of the other pressures that were being brought to bear at that particular time.

There is a genuine, legitimate concern by all members of this House, whatever their political persuasion, about the level of unemployment in Canada. Fortunately this government's employment measures, carried out on a significant scale, are geared to stimulating the economy without rekindling inflation and, most important, are targeted to groups in areas of the country particularly hard hit by unemployment. This is especially so, of course, in the case of direct job creation.

Over the past ten years, the Canadian labour force has increased by almost three million people, some 37 per cent. In total, some 2.3 million more people were employed in 1977 than ten years ago. But the continuing population growth and the continued influx of new entrants into the labour force have contributed to the present high levels of unemployment.

Unfortunately for the Canadian public, and in dealing with the problem of unemployment, the opposition parties' response has been poorly researched, sometimes reprehensible and on most occasions it will not work, at least it will not work as claimed by the opposition parties.

The misrepresentations and distortions perpetuated by a number of members of the opposition have contributed to a serious misunderstanding not only of the nature of the unemployment in Canada but also of the scope and the rationale of the government's programs to combat unemployment.

The comments of the members of the NDP have been singularly inaccurate. Their spokesman even has a hard time reading statistics correctly. It is a fact that Statistics Canada, and they use Statistics Canada, has estimated the actual numbers of unemployed in March, 1978, to have averaged one million. Admittedly, this number is higher than any of us would like to see, and the matter is of great concern. Nonetheless, the NDP insists on distorting these figures arbitrarily by adding over 600,000 individuals and referring to the over 1.6 million unemployed Canadians, an exaggeration of some 60 per cent. Furthermore, it attempts to rationalize these irresponsible statements by alleging that the difference of 600,000 is made up of discouraged workers, when the facts produced by Statistics Canada indicate that only 64,000 individuals in March could legitimately be classified as such. Even after making allowances for this, one can readily see that the NDP exaggerates the unemployment rate by some 50 per cent over the true figure. It is a very small example of the loose way in which that party bandies statistics around to suit its own purposes.

[Mr. Cullen.]

● (1642)

The trumped-up analysis of the opposition does not stop with misstatements about the labour market. It also includes concoctions with respect to the impact of recent changes in the unemployment insurance program on the labour market. A number of municipalities have recently experienced increases in their social assistance case loads. This situation has led to a number of unfounded allegations about the extent to which recent legislative changes to the unemployment insurance program have been responsible for those increases.

These allegations have been based upon data deliberately selected out of context, and this has left a misleading impression as to the potential impact of unemployment insurance on social assistance case loads. The allegations have been based on data from a few municipalities relating to only a small portion of social welfare recipients who are defined as "employable". In fact, no consistent data or definitions of types of persons on welfare exist across provinces, and the statistical evidence cited to support these allegations is totally misleading.

In fact, those increases in social assistance which have occured are primarily the result of slack economic conditions. In these circumstances many Canadians are having difficulty in finding or maintaining jobs. This has resulted in large and continuing increases in unemployment insurance benefit expenditures. However, it has never been intended that the unemployment insurance program should act as a total and eternal security blanket for all Canadian workers. Responsibility for income maintenance is divided among a variety of programs and jurisdictions.

I suspect, Mr. Speaker, that the opposition knows all too well the real facts about the employment picture, but that it is to their advantage either to distort them or ignore them altogether. In doing so, they deliberately rob people of hope. Let me put before you the true employment picture.

From 1970 to 1976, the latest period for which international comparisons are available, the number of Canadian jobs actually increased by 21 per cent, double that of the United States, which recorded the next largest increase of 11 per cent in the same period. France and Japan experienced a growth of only 5 per cent and 4 per cent respectively, and Germany's work force actually declined by 2.5 per cent. No other country has been as successful in meeting the challenge of providing additional employment opportunities for such a rapidly growing labour force.

Some hon. Members: Hear, hear!

Mr. Cullen: Regardless of these facts, the opposition still speaks of unemployment as if we were back in the thirties. Although the unemployment rate is high and, indeed, too high, it can no longer be regarded in the same light as that of a generation ago when the unemployment rate was rising due to numbers of jobs decreasing rather than numbers of workers increasing. A case in point: over the past 12 months, although the Canadian economy created some 330,000 jobs, some 432,000 workers entered the labour force.

This is a phenomenal increase in the number of people actually working in the course of a year. The fact that we have something like 62.4 per cent of people in the labour force as compared to 50 per cent many years ago, in the sixties and thirties, indicates where our problem is.

In any job creation we attempt, we cannot keep up with the numbers of people entering the work force. For instance, it has resulted in a situation in which there is a significant number of families with multiple earners. In fact, almost two thirds of the unemployed are in families with at least one other wage earner, so that the families are not altogether without income. I would not want to suggest that these additional sources of income are unimportant, or not required. But I do suggest that unemployment no longer means what it used to mean: a complete loss of all family income with resultant hardship and despair.

The Minister of Agriculture stated in his address the other night that to make a comparison with the thirties is absolutely ludicrous, considering at that time there was no unemployment insurance, no mobility grants, no training allowance and, in fact, no medicare. To compare unemployment and the unemployed person today with the thirties is not kosher, which is as charitable a word as I can think of.

There is no doubt that this still adds up to a situation where unemployment is at a level considerably higher than we would like it to be, and the Government of Canada shares the responsibility with the provinces and with the private sector to move to alleviate this problem. To some members of the opposition parties, the solution is simple, "spend our way out of it". Let us turn for a moment to some of the official opposition's proposals.

Personally, I looked forward with some expectation to the results of the three-member task force of the official opposition, about how they would cope with the unemployment situation. To be as charitable as I can, Mr. Speaker, I found the report pathetic. Someone referred to it as so much warmed over soup. The Conservative opposition sent three hand-wringers across the country and, after a great press release, much hyperbole, obviously altogether too much rhetoric, the pusillanimous result has been embarrassing to the official opposition, to the extent that they hoped that any press comment on it would be buried on page ten. One of their more ridiculous proposals tells how they would solve the problem of university graduates by putting them into debt or further into debt by lending them unemployment insurance benefits for a period of time, which benefits would have to be, of course, paid back later and so, I assume, would the premiums. Hardly adequate, Mr. Speaker. One might equally argue that fire insurance can be purchased after the fire! I very much doubt that those employees and employers who are currently paying premiums and who share the risk of benefit costs would accept this proposal to create a special class of citizens who would be exempt from the rules which apply to everyone else.

The NDP proposed measures to prevent unemployment would involve the launching of programs whose impact is highly questionable. In particular, I refer to the NDP proposal to launch $400 million for a municipal capital works program, on the misguided assumption that it would create some 60,000 new jobs. Indeed, one common and irresponsible feature of the NDP employment proposals is the completely unrealistic and inflated estimates of the number of additional jobs they would create. Note, Mr. Speaker, I said additional jobs.

Our experience with a capital works program in the municipalities in 1971 convinced us that this was not the most effective way of creating additional employment. That was a Liberal party program. If we thought it had done the job suggested for it by the NDP, we would have implemented it at the present time. We would have been great heroes with all the municipalities. We would have been perpetrating a fraud by suggesting to those who want to work that this program would creat 60,000 new jobs when we knew, after studying what we had done, that that program just does not work in that way. Having said that, we say there are other programs. The NDP will not lend us one iota of support for any innovative approach that we suggest.

The irony of it all, and one has only to pick up *Hansard* on any day this House is sitting for proof of what I am saying, is that the opposition is continuously assaulting this government. The fact of the matter is that whenever this government does come up with new and innovative approaches, the opposition's attitude has constantly been to shoot them down on sight and dismiss them out of hand. Let me point out one instance, Mr. Speaker, when the government has been able to overcome the critics of the opposition and implement, after countless hours of arguing and debating, what may well turn out to be the innovation of the decade in changing conditions in our labour market. I am talking about the developmental use of unemployment insurance funds, which was bitterly opposed by members of the opposition during consideration of Bill C-27.

Work sharing was the subject of particular opposition attack. This is what the hon. member for Nickel Belt (Mr. Rodriguez), had to say in the House of Commons on June 23, 1977, about the developmental use of unemployment insurance funds for work sharing:

> One of the so-called progressive ideas offered in this bill is work-sharing. That was very prevalent in the days of the depression. It is not a creative approach to employment, and the government knows it.

For his part, the hon. member for Egmont (Mr. MacDonald) concluded, and I quote:

> —organized labour and indeed the industrial community do not look with any great amount of favour or interest upon this proposal. It is somewhat useless for

the government to say this is a part of a new employment strategy, if in fact there is little interest or co-operation on the horizon from these significant groups.

However, even now, before we have envisaged embarking on pilot projects, initiatives have been and are being taken by workers and employers to establish work-sharing arrangements. As a result, we have already launched 14 work-sharing agreements in which approximately 1,900 workers have participated or are participating in. To date, the lay-offs of nearly 770 individuals have been averted. Companies, supported fully by their employees, have approached us in such numbers that the pilot phase of the program is very heavily booked. Whatever the results of these pilot programs, they will certainly not fail from lack of interest on the part of employers or employees. If we had listened to the members of the opposition, these, and undoubtedly other individuals in the future, would be on our unemployment rolls instead of actively working.

● (1652)

Again, if we had heeded the NDP, we would not have pressed forward with the developmental use of UI funds for training. But, by introducing this feature, we managed to free up some $42 million in 1978/79 to provide full-time training for an additional 17,500 Canadians in areas and occupations where unemployment needs can be identified. The total number of Canadians in full-time training will now be approximately 234,000 in 1978/79.

The government's employment measures are vigorous ones. While the government has moved to stimulate the economy, it has had to recognize that the serious danger of inflation remains with us and that expansionary measures must take account of this reality. Consequently, we have adopted a series of specific programs and activities designed to alleviate or reduce unemployment. However, it seems that whenever I speak of my department's programs, like Canada Works and Young Canada Works, the opposition quickly dismisses them as insignificant and trivial. Let the opposition tell this to the more than 185,000 individuals who got a job in 1977/78 because of employment measures brought in by this government.

Some hon. Members: Hear, hear!

Mr. Cullen: The following are among the government's recent measures designed to stimulate the economy and alleviate unemployment—some $1.2 billion dollars have been allocated for the two fiscal years ending in 1979. These include $458 million for the employment strategy for the fiscal years 1977/78 and 1978/79, including $50 million allocated to the new economic growth component of Canada Works to stimulate growth in the private sector; $150 million for the federal labour intensive program; $200 million allocated to the new employment tax credit program for this year and next. It is expected that this will result in 100,000 new jobs. In addition, there are the clear employment-creating effects of the recent budget in the area of sales tax reductions which it is expected will directly yield 25,000 new jobs.

Given the magnitude and complexity of our unemployment problems and our budgetary constraints, there are limits to the extent to which we can allocate additional financial resources to our labour market programs. In these circumstances, we simply cannot afford the option of buying our way out of difficulties. Government spending on job creation must be kept in careful balance, in order not to increase inflationary pressure which would eventually result in even higher levels of unemployment. Prime Minister James Callaghan of Great Britain expressed what I consider a tremendously logical view of this problem. Remember, he is a member of the Labour Party—in this country he might be in the NDP. The only difference is that he happens to be in power and that he happens to accept responsibility for fiscal measures. This is what he said:

We used to think that you could spend your way out of recession and increase employment by cutting taxes and boosting government spending. I tell you, in all candor, that that option no longer exists and that insofar as it ever did exist, it only worked by injecting bigger doses of inflation into the economy followed by higher levels of unemployment as the next stop.

Mr. McGrath: Then why did they reduce taxes by two billion pounds?

Mr. Cullen: I would never in my wildest dreams try to determine what the Labour Party might do in Britain. But here is a Labour Prime Minister who has stated that that policy does not work.

The measures introduced by the Minister of Finance in his budget are designed to stimulate the economy in such a manner that we will achieve our projected targets of real growth while, at the same time, have a minimum effect in stimulating inflation. Economic growth is, of course, in the long run the answer to our problems in the labour market. These problems are not going to be fully resolved this month or this year. But those who predict nothing but doom and gloom are not facing the facts. As I have said, our major cause of unemployment is not our inability to create jobs—during the past 12 months the economy generated no less than 330,000 new jobs. Our problem is that the labour force has grown with such great speed, and for so long a period.

But that growth is unlikely to continue into the indefinite future. A few years from now, it is entirely likely that growth rates will be far less than our present 21 per cent, and new entrants to the labour force will have far less difficulty in finding jobs. What we have to do now—and I submit what we are doing now—is to maintain a reasonable pattern of steady economic growth, backed up by a sound program of job creation and training. Supplemented by an effective placement service and supported by a comprehensive income-maintenance program, we will remain one of the most prosperous and economically healthy countries of the western world.

Mr. McGrath: Would the hon. minister permit a question?

The Acting Speaker (Mr. Turner): Does the minister accept a question?

Mr. Cullen: Yes, Mr. Speaker.

Mr. McGrath: I listened with great interest to what the minister had to say. He seems to be suffering from amnesia or, at least, his reading was selective. I am sure he did not intend to mislead the House deliberately with regard to the recommendations made in our report to the Leader of the Opposition (Mr. Clark). We recommended that in dealing with the serious level of youth unemployment—

The Acting Speaker (Mr. Turner): Order. I suggest the hon. member get to the point of his question—fast.

Mr. McGrath: Mr. Speaker, I will get to my question if you give me time. I will raise it as a point of order, if you like.

The Acting Speaker (Mr. Turner): The hon. member asked if he might put a question to the minister and I permitted him to do so. So I ask him to get to the point of his question.

Mr. McGrath: I rise on a point of order, then, in order to correct the record. I said the minister misled the House.

The Acting Speaker (Mr. Turner): That is not a point of order. That is a point of debate. I gave the hon. member the floor for the purpose of asking a question of the Minister of Manpower and Immigration (Mr. Cullen). Now, would he get to the question?

Mr. McGrath: Mr. Speaker, with the greatest respect, I am allowed to rise on a point of order and I think you have to hear my point of order first before you rule on it. I want to correct a deliberate misrepresentation by the minister. The minister said we recommended that graduating students be given unemployment insurance for six months and that afterwards they would have to pay it back. That is not true, and the minister knows it. He did not refer to our principal recommendation which was to scrap the discredited Canada Works and Young Canada Works programs and pay prevailing rates, and work through the municipalities, which would be much more productive.

The Acting Speaker (Mr. Turner): Order. I suggest to the hon. member that that is a point of debate.

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, throughout the minister's peroration I wondered what it reminded me of. It was Trevor Roper's tale about the last days of Hitler—about Hitler moving around imaginary armies from his bunker in Berlin. The minister is moving around imaginary jobs he thinks he has created, but the fact remains there are more than a million Canadians who cannot find those jobs.

It is nice to be able to rise in this chamber today. A few days ago we thought we might be away from Parliament Hill at this time, taking our case to the people. That is what seemed likely after the Prime Minister's performance last Monday when he stamped out of the House in a well acted fit of pique which followed a familiar pattern. When the Prime Minister (Mr. Trudeau) cannot answer a question, he aggravates the opposition into heckling him and then, when he is heckled, he claims he cannot be heard because of the heckling and he walks out. He did it again last Monday. Last Monday's petulance was of a kind most often found in youngsters. Anyway, the question of when an election will be called is getting to be a bore. I think the Prime Minister has wrung all the media attention out of it that he can.

Mr. Cullen: On a point of order, Mr. Speaker, the hon. member for St. John's East (Mr. McGrath) raised a point of order with regard to a statement I made concerning the recommendations contained in a report to the Leader of the Opposition (Mr. Clark). So that there might be no doubt as to the words which were used, I will read the recommendation, which is as follows:

> A special unemployment benefit should be established for university students entering the labour force in areas where the unemployment rate exceeds the national average. During a three year trial period, new workers would be able to receive benefits equalling the average benefit of their province for up to six months. The premiums necessary to establish a benefit period would be paid after employment had been found.

● (1702)

That is a reimbursement of the premiums, as I have indicated. They are moving students into further areas of debts, and this is inconsistent with the universality of the program and inconsistent with the people who are already contributing.

Mr. McKinnon: Mr. Speaker, it is not often that we have an example, which the minister has demonstrated, of the arrogance of this government. The minister seems to feel justified in interrupting other members' speeches to go back to previous speeches.

Right now what we are concerned about is Canada's situation. I should like to read a few words from the New York *Times* of Sunday, April 16, in the days following our budget. It is headed "Canada and Britain Unveil Budgets". It reads:

> Significant steps to faster growth in two of the world's weakest economies were taken last week as Canada and Britain announced their budgets for the coming year.

How does it feel after ten years to be one of the world's weakest economies? Are you members opposite proud of your record? The article goes on to read:

> Of the two, Canada's program is more stimulative, reflecting the more serious economic problems facing that country.

I guess that makes us the worst in the world. The article goes on to read:

> The budget of the Canadian government calls for record spending of $46.9 billion in the fiscal year that began April 1, with a deficit of $11.5 billion—by far the largest in Canada's history . . . Judging from first reactions, however, the Canadian public is skeptical as to whether all this can do much to combat their nation's persistent unemployment—

Which is, incidentally, the responsibility of the department of the minister who has just spoken. The article goes on to read:

—now at a post-depression high of 9.7 per cent. S. F. Hughes, executive director of the Canadian Chamber of Commerce, was wary lest temporary treatment be followed by new headaches.

You will recall that Mr. Hughes, at least in the five years that I have been listening to these budgets, has approved of every one of them, to my recollection. He always thinks they are good budgets that will improve things. If any member opposite can tell me of any budget in the last six years that has put the economy at the time of the next budget in a better state than it was in, I would like to hear it.

The article goes on to read:

The budget proposals, he said, "may only serve to encourage consumer spending in the shorter term, at the expense of 1979".

But by then, I guess, the election will be over. The article goes on to read:

Worse, many observers fear that Canada's budgetary stimulus, combined with the imminent lifting of the strict wage and price controls imposed at the end of 1975, could lead to a new wave of inflation. As if in anticipation, the value of the Canadian dollar slipped to a 45 year low of 87 U.S. cents after the budget was announced. Only 18 months ago the Canadian was worth $1.03 in American currency.

In Britain, the mood is far more optimistic.

That is as close as we can get to an objective viewpoint of our economy if we go to other countries and read what their papers, which have no axe to grind, have to say about it.

It seems to me that the question is one of tax rates and of tax revenue. I have been reading an interesting book which deals with a system of a university professor in California, Professor Laffer. Professor Laffer is a very intelligent man. There are two rates of taxation at which the revenue is zero. If you charge zero tax, then the revenue will be zero; if you charge 100 per cent tax, the revenue will also be zero because nobody will produce anything. There is a variable point at which revenues and production are at their maximum. If you can find that point, then you will have an economy that is high in production and high in revenue. The location depends largely, strangely enough, on the wishes of the people, a point which is often missed by politicians and by governments which seem more interested in maximum revenues.

During wars, for example, taxes can be very high, without losing productivity, and revenues will be high. When the war ends, the people no longer want massive government interference or provision of arms and services. They want to be taxed at a lower rate. History shows that the results of lowering taxes can increase revenues. This is the point that the Leader of the Opposition (Mr. Clark) was making in his speech on the budget.

I will give you a few historic examples. In the United States there was a recession in 1919 to 1920 when they were operating under the philosophy that wartime taxes should be left high, ostensibly to pay off the massive debts they had incurred during World War I. Warren Harding, who was not the world's greatest president, was elected in a landslide on a "return to normalcy" platform, and the subsequent cut in taxes led to the prosperity of the 1920's.

After World War II the Americans, who had learned the lesson from World War I, reduced taxes immediately and had a prosperous transition to the post-war period. Japan and Germany left their taxes high for the first few years, and stagnated. In 1948 Ludwig Erhard lowered taxes and the German recovery began. In 1950 Japan reduced taxes, and her economic recovery is now history. Reduced taxes increased their productivity and revenues.

I should like to read a short quote from *The Public Interest* about taxes, revenues and the "Laffer curve". It reads:

Andrew Mellon became a national hero for engineering the rate reductions of the 1920's, and was called "the greatest treasury secretary since Alexander Hamilton". The financial policies of Ludwig Erhard were responsible for what was hailed as "an economic miracle"—the post-war recovery of Germany. Throughout history, however, it has been the exception rather than the rule that politicians, by accident or design, have sought to increase revenues by lowering rates.

Finally, we should note that in 1962-1964 under John F. Kennedy, the U.S. cut taxes sharply and the U.S. economy promptly expanded and produced more revenues. What I am saying is that the recommendations, spelled out by the Leader of the Opposition earlier in this debate, for important tax cuts have a sound basis and have been proven successful in many countries in the modern era. Income tax directly affects the incentive to work.

I have one more quote out of *The Public Interest*. It reads:

The idea behind the "Laffer curve" is no doubt as old as civilization, but unfortunately politicians have always had trouble grasping it. In his essay, *Of Taxes*, written in 1756, David Hume pondered the problem:

"Exorbitant taxes, like extreme necessity, destroy industry by producing despair; and even before they reach this pitch, they raise the wages of the labourer and manufacturer, and heighten the price of all commodities.

David Hume knew that in 1756, but this government does not know it yet.

Now I would like to go to the second part of my speech which is on defence, the area for which I am responsible to the Leader of the Opposition. I would like to point out that if defence is ever to be discussed or spoken of in the House, it is up to the opposition to do it. The Minister of National Defence (Mr. Danson) is following what is getting to be a short tradition, established by his predecessor, of practically never speaking on defence in the House of Commons. We have had the new minister for a year and a half, during which time he has not spoken to the House on defence, except in answer to questions. It is a government that will not speak publicly about defence, and it falls upon us in the opposition to do the job for them. This is a sorry state of affairs in itself.

What is the state of Canadian defence? What is the state of our alliances? Alliances constitute the framework of Canada's defence policy, that is, NATO and NORAD. Let me turn first to our problems with our NATO policy. Recently the Minister of National Defence woke up to the difficulties inherent in our reinforcement roles to the northern flank of NATO, that is, Norway. We have had this commitment since 1968, but neither he nor his predecessor noticed the problem before,

despite the fact we were constantly reminding him of it. We understand now that the minister on his trip to Norway was talking over the reinforcement of the northern flank to which we were committed, and he found he had to ask for Norwegian naval assistance to convoy our troops.

Let no one be surprised that we have had to ask for help. In the last eight years we have managed to raise federal spending from $16 billion to $46 billion without finding enough money to lay down the keel of one new ship. No new ship in the equipment replacement program will be ready for service before 1985 at the earliest. If we start moving right now to get those six frigates for the Canadian navy, they will not be here until 1985 at the earliest, and by then our fleet will be composed of venerable antiques.

● (1712)

The new program will produce six frigates by 1989. At that time there will be only four ships under 25 years of age, plus the six frigates, for a total of ten ships. At the present time we have 23 ships. This is the type of hard knocks one receives because of the program the government has followed for so many years. The government has not given any increases in the capital budget of the Department of National Defence.

I should like to refer to the age of Canadian ships. We have heard about the program of the Minister of National Defence via press releases. In answer to questions he indicated that six frigates would be built, and that they will be completed by 1989. At that time we will have our four DDH 280s. They will be 16, 17, 17, and 17 years of age. By 1989 they will be getting fairly well on. Most countries think 20 years is the optimum life of a ship in the navy.

If one takes the life span of a ship and stretches it to 25 years, Canada will have two ships in the Annapolis class. They will be the *Annapolis* and the *Nipigon*, both 25 years of age.

In the Mackenzie class, we will have the *Mackenzie* at age 27, the *Qu'Appelle* at age 26, the *Saskatchewan* at age 26, and the *Yukon* at age 26. All the ships in the Restigouche class are in reserve already, but by 1989 the *Chaudiere* will be age 30, the *Columbia* will be age 30 and the *St. Croix* will be age 31. In the improved Restigouche class, there will be three ships: the *Gatineau* at age 30, the *Kootenay* at age 30, the *Restigouche* at age 31 and the *Terra Nova* at age 30.

Next is the St. Laurent class, which is the oldest of them all. Sometimes I feel parliament needs a new St. Laurent, speaking in a political sense. In the St. Laurent class there will be the *Saguenay* at age 33, the *Skeena* at age 32, the *Ottawa* at age 33, the *Margaree* at age 32, the *Fraser* at age 32 and the *Assiniboine* at age 33. There is no secret about this. The fact is that the government did nothing about the replacement of ships, and is now moving slowly to replace them. By the time the first six are built, we will have only four that will be less than 25 years of age, and those are the DDH 280s.

I do not have a great deal to say with regard to the army situation. The army procurement for this summer will be a Leopard I tank. As I mentioned before in the House, it would have been preferable to continue renting the Leopard I, which we are renting at the present time from Germany, for another year or so, and then purchase the Leopard II, which will be improved vastly over the Leopard I. At the time I propounded the idea in the Standing Committee on External Affairs and National Defence, I was told we would have to wait until well into the 1980's for the Leopard II, but my information is that the Leopard II will be in use by the German forces in 1980.

I should like to refer to the main differences between the Leopard I and the Leopard II. The Leopard II is armed with a 120 millimetre gun, instead of a 105 millimetre gun, and it has Chobham type armour. Thus, it will have a new gun and new armour. Unfortunately, Canada is purchasing a Leopard I with the old gun and the old armour. I suspect they will be the last models off the assembly line, thus we will have a tank which is not the newest within a year after purchase.

Now I should like to deal with our air force. We have a NATO and a NORAD commitment. We require new aircraft for both of them. The importance of the role in determining what aircraft should be purchased must be stressed. In no way am I satisfied that this is understood by the government. NORAD is the difficult aspect of this problem. The Voodoos, or the CF 101s, obviously need replacement, yet their role is not as clear as when they were acquired.

I should like to refer to a new book which was written by Dr. Cuthbertson. It is entitled, "Canadian Military Independence in the Age of the Superpowers." Those who are interested in Canada's military future might be well advised to read it. One does not have to accept Dr. Cuthbertson's recommendations, but certainly it is a well-researched book. Page 86 refers to NORAD and what the Americans are doing about it. It reads as follows:

> The United States plans to reduce its present 405 interceptors to 212 F-106s by mid-1980 . . .
>
> A principal reason why NORAD was renewed in 1973 without amendment for only two years was United States uncertainty about the relevancy of anti-bomber defence to its strategic requirements. Once anti-bomber defence was declared strategically redundant, the United States moved as rapidly to reduce and re-organize its air defence system as it had previously moved to establish it.

Against this very uncertain background, Canada is moving forward to purchase $2.3 billion worth of new fighter aircraft. The planes fall into two price classes: over $20 million each or under $20 million each. In the over $20 million, one will find the Toronado, which is made by the Panavia consortium of Britain, Italy and Germany; the F-14 and the F-15, which are two American planes. The F-14 and the F-15 are worth over $20 million each. Generally they are said to be multi-role fighters, they can shoot anything out of the skies, they have long ranges and very, very sophisticated equipment. In the under $20 million, one will find the F-16, F-18A and F-18L, which are American planes. The F-16 is a single-seater and has a single engine, compared to the others which are two and two.

I find it easy to support an immediate purchase for the NATO role, which is a ground support role for our troops in Germany. The role is there. It must be supported. We know what the troops and the planes are doing. It is quite a different

role than the NORAD role. Perhaps a good case could be made in favour of the purchase of the more exotic fighters such as the F-14 and the F-15 for the NORAD role, or the Toronado; but the need for such a plane for this anti-bomber role has not been proven to me, nor to the public.

The Americans consider the anti-bomber role to be declining. In fact our second last minister of national defence said that it was declining. Approximately 20 years ago ministers of national defence indicated that the anti-bomber role was becoming less important. Yet this role is put forward as a reason for acquiring new aircraft in support of NORAD. The forces would be wiser to point out the need of aircraft to see-off intruders. We require sovereignty of our air space. When one refers to the scenario concerning the manned bombers which will come over Canada and bomb our cities, one soon runs into difficulties attempting to carry through that scenario to its illogical conclusion.

There are other problems regarding NORAD, such as the AWACS, which is the Airborne Warning and Control System plane. It is particularly with reference to North American Air Defence. Where does the government stand in this? For months we have been asking what Canada intends to do with the AWACS. Are we going to participate or not? We have heard from one source that we will spend $180 million, and from other sources we have heard that it will be $300 million. The price of these planes has risen astronomically in the last while. The cost which will be entailed is almost beyond belief. We have not planned to get into it, but we might.

A year ago last January we heard a very interesting presentation by the then vice-chief of the defence staff, Admiral Falls. At the present time he is the Chief of the Defence Staff. When he was speaking to the Conference of Defence Associations he presented a very interesting chart which showed where and when the money was to be spent. The tank was budgeted for first and then the long range patrol aircraft. The long range patrol aircraft were to be purchased at the same time as the tanks, which has been the case. That was to be followed by the new fighter aicraft, and then the ship replacement program. You could see from the chart that that was going to happen. However, when you consider the cost of the AWACS that might well be thrown in there, it changes the picture.

● (1722)

Quoting from the New York *Times*, April 14, 1978:

West Germany and the United States would bear the largest part of the cost if NATO decides to acquire the AWACS,—

That is the airborne warning and control system. The secretary for defence in the United States is quoted:

—Mr. Brown said. As now conceived, acquisition would involve 12 aircraft at a total cost of $2 billion—

You may recall that we thought that the cost of long range patrol aircraft was high at $1 billion for 18, but this is $2 billion for 12 aircraft.

—The price for each aircraft would be more than $120 million at present prices with support cost included, Mr. Brown said.

[Mr. McKinnon.]

The charts of Admiral Falls showed us at the time three things of particular importance to be noted, and they should be recognized at this time. First, there is no provision for the airborne warning and control system, so if we get into AWACS more money would be needed. Secondly, the amount of money is based on an annual increase of 12 per cent in real terms in the capital budget. This was an introduction that was brought in by the former minister of national defence before he quit his portfolio in October, 1976. He had managed, however, to wring out of the cabinet an agreement that he would be allowed to increase the capital budget of the Department of National Defence by 12 per cent per annum on a real basis, that is, they would add the inflation costs in and then add 12 per cent to the capital budget.

The third thing to be remembered is that this acquisition plan of the Admiral was drawn up bearing that in mind, and at the present time no allowance has been made for the devaluation of the dollar. If we follow our plans at the present rate, even if our dollar stayed exactly where it is now, we would need an additional $125 million to make up the extra money to buy the more expensive American currency or German deutschmark.

I come now to the most disturbing news of all, to those interested in national defence in Canada. The government has broken its promise concerning the 12 per cent real growth in the capital budget. This year's estimates call for only an additional 2.8 per cent in real terms. Strangely enough, the Minister of National Defence cannot accept this. He hates to leave that wonderful speech where he said there would be 12 per cent each year. On March 21, 1978, in an External Affairs and National Defence Committee meeting, I asked Mr. Davies, who is the associate deputy minister of finance for DND:

Could Mr. Davis tell us exactly how much the percentage increased, the real growth percentage increased, in the capital budget this year after you had deducted the $60 million?

This $60 million offered by the Minister of National Defence to the President of the Treasury Board (Mr. Andras) as an Easter present or something.

MR. DAVIES: Mr. Chairman, I believe that worked out—

MR. MCKINNON: What did it leave?

MR. DAVIES: —to 2.8 per cent.

MR. MCKINNON: I see. What a comedown from the 12 per cent that everybody expected. So it was actually the inflation rate plus 2.8 per cent.

MR. DAVIES: That is the way it worked out, sir.

MR. MCKINNON: Thank you very much, Mr. Davies. It is nice to talk to an objective person.

Strangely enough—there may be some logical answer for it, but it has certainly escaped me so far—on April 18 the Minister of National Defence was speaking at the committee meeting, and I quote from those minutes:

Well, first of all, the increase is one that was committed of 12 per cent increase per year plus the escalating factor on capital equipment.

This indicates that there is a bare-faced difference between what the associate deputy minister of finance for DND said and what the Minister of National Defence said at that time. I

presume that the minister will correct it at the first opportunity.

Perhaps the most blatant of the broken promises of the government as far as defence is concerned is this failure to provide funds for the formula announced by both this minister and his predecessor, that 12 per cent real growth in the capital budget. Let me say once again that the real growth for 1978-79 is only 2.8 per cent. This is going to have an exaggerated effect down the pipe a little bit because next year we will not only be missing the $60 million we are missing this year but we will be missing the inflation rate, plus the $60 million, plus the 12 per cent that $60 million would have accounted for in next year's budget. Over the four year program the total difference that $60 million will make amounts to a quarter of a billion dollars. The failure to provide these funds calls into question the whole viability of the re-equipment program.

If the capital budget does not get the funds to grow in the early years of the five year program, then there will be insufficient money to buy either the new fighters or the new ships for the navy. The minister a year ago said, when he was talking about this 12 per cent and it was in the estimates that we were discussing, that by careful housekeeping he expected he would be able to get through the year with only a 12 per cent increase. Well, he does not have 12 per cent, he only has 2.8 per cent, and obviously something is going to be cut short, particularly if we go for the more expensive airborne warning and control system and we continue to have exchange problems that eat up part of the budget. It makes the statement made by the minister about spending between $3 and $10 billion on new ships over the next 15 to 20 years appear completely ludicrous. If he cannot keep a program on course for the second year of its five year life, how can anyone be expected to take his remarks seriously for the longer term?

In closing, there are a couple of other items I feel I would be remiss if I did not mention. One is the advent of such modern weapons as the neutron bomb and the cruise missile. If the cruise missile is accepted by the various nations in the world, particularly our nation, then one has to consider a defence against the cruise missile, which the Warsaw Pact nations will have in a very short space of time. The same thing applies to the neutron bomb. However, there is no room in our acquisition plans to have a defence against the cruise missile. It might be a good reason, if the services are looking for a reason that makes more sense than the manned bomber, to have fighter aircraft that could be used against cruise missiles brought in by bombers but fired from offshore, which they are quite capable of doing. It is called stand-off firing.

The neutron bomb, which the minister likes to refer to as enhanced radiation and reduced blast, is a very, very dirty weapon. It kills people by radiation, and any advantage it might have we will lose in a couple of years. We cannot expect to stay ahead of the U.S.S.R. for very long on neutron bombs. France has claimed to have exploded one just yesterday, and someone—probably someone from the media—said that that put them ten years ahead of the Russians.

This reminds me of the attitude just before Russia put the first Sputnik around the earth. Everybody thought that the Americans were ahead of Russia only to find that, indeed, they were a little bit behind. I would be very surprised if we were more than two years ahead of the Soviet Union in the neutron bomb area. From what I know about the neutron bomb, it is not difficult to make, and I am sure if the western allies were to accept this weapon they would not hold the advantage for very long.

I personally hope that President Carter will keep up his stand on it. His allies have told him to prepare it and build it and then give it away as a negotiating item. That may make some sense, but arming ourselves with it is not something I would like to see Canadian troops do. We have been opposed to nuclear weapon armament for quite some time now, and I do not think that the neutron bomb is worth losing our reputation over.

I would like now to say a few words about the peackeeping force which has gone to the Middle East. It was sent off by the government, and I expect it is filling a desperate need there as a communications unit. Canadians are very, very skilled in this area of providing administrative troops.

• (1732)

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Mr. Doug Neil (Moose Jaw): Mr. Speaker, my remarks will be relatively brief as I want to cover only two topics. The first is the provisions regarding family farm corporations and the second concerns registered retirement savings plans.

Under the rules that exist at the present time, there is provision for a roll-over on the death of a farmer of land to his child or children and also an *inter vivos* roll-over during the lifetime of the farmer provided the property was used, immediately before the transfer, by his spouse or any of his children in the business of farming.

The budget that was presented on April 10 provides for a roll-over in the case of family farm corporations. This is a welcome provision and one which members on this side of the House have sought for several years. On the prairies there are many, many family farm corporations. They take different forms and were set up for various purposes. What the budget does is provide for the transfer of shares in family farm corporations either on death or during the lifetime of the farmer to a son or daughter or, of course, any child, which includes grandchildren. This is a welcome amendment.

One thing which gives me and members of the accounting and legal professions some concern, as well as members of family farm corporations, is the uncertainty of the interpretation of this change. There is no problem where the family farm corporation owns the land, but there is a problem where the corporation, which is owned, say, by the father and one or more of his children simply rents the land from the father or a member or members of the corporation.

This is a fairly common situation in corporate set-ups, particularly within the province of Saskatchewan. Because of capital gains tax and other features, in many instances it is deemed wise that the father retain ownership of the land and rent it to the corporation. Where the grey area exists is in the interpretation. What is the position if the father and his sons are members of the corporation and that corporation is farming rented land, is the property in question immediately before death or transfer being used by the farmer, his spouse or his children as a farming operation?

This situation has caused a great deal of concern since the budget was introduced. From the interpretation made by some top tax experts, I understand their feeling is that the way the budget reads and the ways and means motion reads, in instances where the land is being rented by a corporation then there can be no tax-free roll-over.

I would ask the Minister of Finance (Mr. Chrétien) and the government to give this matter careful thought with the idea of clarifying the situation. It places the farmer in a situation where, if he is renting land and wants to dispose of it, he has no alternative but to cancel the lease with the corporation. He or his child or children would then operate it for one year and at that point would effect the roll-over. It seems ridiculous to have to go that route but that is the situation. I would urge the minister to take steps to see that the matter is clarified and, if necessary, changes are made to provide that the regulations will be equitable.

I should like to say a few words now about registered retirement savings plans, Mr. Speaker. Many individuals throughout Canada who have an RRSP appreciate the changes proposed in the budget which would provide more flexibility than there has been in the past. They allow for an annuity to be purchased till age 90 rather than a life annuity to be purchased at age 71. They also provide for some flexibility with respect to the type of RRSP that an individual can have.

A number of people have expressed concern to me about being tied to this age 90 annuity or the life annuity at age 71. They say, in many instances, that they have been saving all their lives anticipating that when they retire they will be able to take a trip with some of the money they have saved. Many people do travel at age 70 to 75 when their health is still good. They want to know why it is not possible to have flexibility in the plan that would enable them, when they reach age 70, to draw larger amounts out of the plan for, say, the first three or four years in order that they could take a few trips and enjoy their retirement.

It cannot be said that the government would lose any tax as a result of a flexible program such as this. If the moneys were withdrawn from time to time they would be taxable. If the government is concerned that the individual who withdraws the money might not pay the tax or might spend the money and have none with which to pay tax, they could deduct, say, 15 per cent of the amount withdrawn in each of the years and the company could remit that amount to the tax department.

These people are concerned because in many cases they have saved all their lives in anticipation of getting some enjoyment out of their twilight years. I suggest that the Minister of Finance look carefully at the regulations to see if he can make some arrangements for greater flexibility to allow these people to determine the amount they can withdraw from the program, at least in the first three or four years after reaching age 71.

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, in view of the fact that there is a request for royal assent at 5.45 p.m., I wonder if I might ask for unanimous consent to call it six o'clock at this time?

The Acting Speaker (Mr. Turner): Is it agreed that we call it 5.45 p.m. rather than 6 p.m., since we have royal assent at 5.45?

Some hon. Members: Agreed.

• (1742)

The Acting Speaker (Mr. Turner): Order, please. I have been advised that the gentleman from the other place will be here at about 5.55 p.m. I would suggest that the hon. minister carries on with her speech.

Mrs. Campagnolo: Mr. Speaker, I had hoped that it would be possible for me to give my speech all at one time. However, I am certainly willing to commence and use the remaining three minutes.

Mr. Knowles (Winnipeg North Centre): You have 13.

Mrs. Campagnolo: In this particular budget there are certain items of interest to people in British Columbia. I think the item most in demand is the one concerning board and lodging benefits and tax-free benefits for all employees at remote work sites. Remote work sites are sites where people cannot be expected to build or maintain a home in the ordinarily considered way. People live on these sites and as well they have homes in various parts of the country. They maintain their families and they put their children in school and then go off to the remote site. This particular provision has made it possible for employees in these remote areas to receive tax-free benefits.

Of course, there were other items in the budget to stimulate the economy and assist the recovery of this country. Because of this industrial growth will be increased. To strengthen consumer buying, to get goods moving and to create more jobs is really what everyone is seeking in a budget in an admittedly difficult time. To do this it would be advisable to cut taxes, and cutting taxes is a popular art especially just before an election. There are those who cynically believe that one would do just about anything before an election in order to have a favourable result. I think that the Minister of Finance (Mr. Chrétien) has put that to rest in a very outstanding way by gaining the co-operation of the provinces, even if it has been made into a somewhat politicized issue.

I feel that my colleagues and indeed many Canadians are willing to congratulate the Minister of Finance for his respon-

sibility and clear-sightedness in preparing this budget for us. I am particularly impressed as a northerner from the far west of this country that the budget did include, as I stated, a number of measures that will be of direct and immediate benefit for the kind of Canadians I represent.

It is from that perspective that I wish to enter this current budget debate, from the perspective of one who cares deeply about the people who live in the far reaches of Canada outside of our major cities. There are two matters that I wish to draw attention to. First, I would like to highlight what this budget, together with other economic measures taken by this government, will mean for the far west and north, areas of critical importance to Canada because of the part their vast mineral and other wealth plays in our balance of trade. Second, I want to look at economic performance in these areas during the tenure of our current Prime Minister (Mr. Trudeau) and under the influence of comprehensive Liberal economic policies.

For the benefit of members of the opposition with short attention spans, and sometimes I am afraid minimal comprehension, let me give short answers first. On the impact of this budget, I say that its measures will mean increased activity in many sectors of the economy which are particularly important to the west and to the north. This is true for logging, farming and for exploration sectors, as it is for many others.

On recent economic performance, I can say that the west and north have seen excellent progress and performance in most sections, even in the face of global economic upset during part of the last decade. In this regard, almost every economic indicator of importance shows significant real advances. In addition, the federal government has co-operated with the provinces in undertaking projects that will build the infrastructure of this nation. The positive results are obvious for anyone who looks objectively at the figures available.

I will come back later to these points about healthy economic performance in the west and north and will fully document them for you, Mr. Speaker, and for hon. members of the House. First, I want to deal with the positive impact which many of this budget's measures, together with accompanying measures that augment the budget's effectiveness, will have on the economy of this part of Canada over the coming years.

I think it is important that we see this budget in its context of other economic initiatives taken by this particular government. A budget is an important tool of economic management. I remind hon. members, however, that it is, after all, only one tool. Its many positive programs and elements serve to support and advance a whole range of programs designed to build this country and to increase the prosperity of Canadians everywhere. The opposition makes the dishonest ploy of selectively focusing on certain elements of the budget, when it is the rest of the budget and the rest of this government's far-reaching economic programs that are really part of the whole picture. It is fashionable on the other side to make selective statements as if other things did not exist.

THE ROYAL ASSENT

[*English*]

A message was delivered by the Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable Deputy to the Governor General desires the immediate attendance of this honourable House in the Chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the House went up to the Senate Chamber.

• (1752)

[*Translation*]

And being returned:

Mr. Speaker informed the House that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

Bill C-45, An Act to provide for the continuation of regular postal service operations—Chapter 23.

Bill C-19, An Act to amend the Petroleum Administration Act and the Energy Supplies Emergency Act—Chapter 24.

Bill C-46, An Act relating to the discounting of overpayments of tax under the Income Tax Act and related payments—Chapter 25.

Bill C-18, An Act to amend the Anti-Inflation Act and guidelines—Chapter 26.

Bill C-8, An Act to amend the Canada Labour Code—Chapter 27.

Bill C-29, An Act to amend the Farm Credit Act—Chapter 28.

Bill C-35, An Act to establish the Canadian Centre for Occupational Health and Safety—Chapter 29.

Bill C-2, An Act respecting the administration and development of certain fishing and recreational harbours in Canada—Chapter 30.

Mr. Speaker: It being six o'clock, I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Mr. Chrétien that this House approves in general the budgetary policy of the government.

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, as I was saying just before six o'clock, I think my colleague the President of Treasury Board (Mr. Andras) did a particularly good job of showing up the opposition on the budget when he joined this debate last week. While the hon. member for York-Simcoe (Mr. Stevens) argued that the total economic stimulus in the form of tax cuts for the coming year amounts to something under $1 billion, the President of the Treasury Board listed a comprehensive list of tax cut stimulants which will amount to $4.5 billion in 1978. The Conservatives are uncomfortable with these figures because they dwarf the $2.2 billion Tory tax cuts over three years which they propose.

Mr. Lambert (Edmonton West): Would the hon. lady deliver here own speech?

Mrs. Campagnolo: Mr. Speaker, hon. members opposite bray and yell but I will deliver my speech as others have done.

Mr. Andre: The minister of fun and games is playing games with parliament.

Mrs. Campagnolo: The hon. member opposite forgets that he reads almost everything he utters except his ad libs, and I wish he would stand up when he makes them.

Let me be more specific about the positive impact of measures contained in this budget and in current programs to stimulate the economy and build for the future. In remote logging and construction camps such as I mentioned earlier in my remarks before six o'clock, wage earners will receive higher after-tax income as a result of the measure to remove the value of board and lodging in relation to earnings. Not only will this put more money into the pockets of a sizeable number of men and women, people who are consumers as well as workers, but it will help employers to attract and keep those employees engaged in these projects which contribute so substantially to Canada's industrial growth.

There is also a particularly good bit of news in the budget for the many farmers who have steadfastly maintained the tradition of family farms and who have incorporated their holdings. The announcement that tax-free roll-overs will be extended to include incorporated family farms means that the tradition of family-owned and operated farms is being protected and encouraged. This provision will be very significant for the many farmers outside the large acreage farm belts of central Canada, but in my part of the country it is only the most recent of a whole range of government initiatives designed to facilitate agricultural development.

In July of last year the Prime Minister and Premier Bennett announced a joint program aimed at agricultural and rural development which will pump more than $80 million into agriculture in the province of B.C. over the next five years. It is a comprehensive program which will help small agricultural communities develop facilities for serving the farm community. It will rehabilitate extensive range lands, provide money for market and other research and fund such projects as new irrigation systems. This, together with the budget announcement, is a convincing commitment to the future of small scale agriculture in Canada as well as to large scale corporate agricultural groups.

[Mr. Speaker.]

● (2012)

But the commitment to agriculture in the west and north and Canada at large does not end there. The Minister of Agriculture (Mr. Whelan) and the Minister of Transport (Mr. Lang) recently announced plans to build additional grain handling facilities in Prince Rupert to take the pressure off Vancouver and to facilitate the movement of grain from northern Alberta to a northern export port. The commitment to rail upgrading, to the provision of additional rolling stock, and to aggressive overseas marketing—an effort that has consistently produced record sales—all form part of the comprehensive plan for economic development in this sector.

The current budget makes brief but telling reference to mining. I know it is popular to deride the future of mining among the doomsayers across the way. It is a sector on which much of this country's wealth is built. I believe the federal and provincial financial and resource ministers are in the process of reviewing the taxation of the mineral industry, with an eye to its continued health and importance.

This process of careful review is taking place against a background of active involvement by governments in developing the infrastructures that will make rapid mineral development possible when world markets inevitably draw on Canada's huge potentials in this area. Two examples of this approach can be found in the joint agreements between the federal government and the government of B.C. in developing coal and uranium resources in the province. In January, 1977, we signed an agreement that put $3 million into transportation, manpower, community resources, and environmental studies. It was followed in May, 1977, by a second agreement that will make available $10 million for the same purpose over the next three years. These agreements are in addition, Mr. Speaker, to projects such as Roberts Bank—in which I know the hon. member in the back row opposite is interested—which has already made a huge contribution to the B.C. economy.

In April, 1976, we joined with the province in funding regional geochemical exploration in B.C.—specifically aimed at identifying and developing uranium resources.

An hon. Member: Good old Social Credit.

Mrs. Campagnolo: The Social Credit government would not have undertaken this without the federal government's share, which I would think hon. members opposite of whatever political stripe would welcome.

Mr. Deputy Speaker: The hon. member for Surrey-White Rock (Mr. Friesen) is rising on a point of order?

Mr. Friesen: Yes, Mr. Speaker. The minister made reference to me as "the member in the back row". I wonder if she would permit a question.

Mrs. Campagnolo: Yes, I would welcome it, but I would prefer to have it at the end of my speech rather than now.

Mr. Lambert (Edmonton West): Because the speech is too well written.

Mrs. Campagnolo: The hon. member from somewhere in Edmonton sits there like an old gentleman at a tea party. I wish he would await his turn quietly, as he usually does.

Mr. Knowles (Winnipeg North Centre): What is wrong with old gentlemen who drink tea?

Mrs. Campagnolo: About $600,000 will be spent on the program as a seed investment that may result in a whole new industry in that part of the country.

In a few moments I will be putting figures before the House that attest to the strength of that industry in B.C. and to its remarkable growth during the tenure of this government, but let me point for the moment to the impact government monetary policies are having on the mineral industry this year. The devalued dollar has made most of our mining products particularly attractive to foreign consumers, with the result that the value of mineral production in the province of B.C. alone rose by about $290 million last year to a record $1.89 billion. The federal government has moved to make new export facilities available for bulk commodities like coal and sulphur with the announcement of the Ridley Island, B.C., port development over the next three years—a development fueled by close to $20 million from the federal treasury. This is the sort of comprehensive approach needed to keep such industries competitive and healthy well into our future.

My colleagues have gone into some detail in explaining the positive impact that can be expected subsequent to a cut in sales tax. In British Columbia the federal government will fund a 2 per cent cut in the cost of consumer items. That, I believe, will be a signal to consumers to buy, with a range of spin-off benefits for retail merchants, wholesalers and manufacturers.

But again, if one were just to look at this element of government economic measures, one would not see their comprehensive and integrated nature. To use the example again of the more remote parts of B.C., the federal government is co-operating with the province in funding an ambitious five year industrial development program that will pump up to $110 million into its economy. The money is available to help fund the construction of such things as industrial parks to assist municipalities in attracting businesses. Other money is directly available to manufacturing, service and small business ventures and other similar industries. The money will fund industrial commissions, which in turn are eligible for money for market research, research that will help to establish the potential of these remote areas in British Columbia.

To aid the fishing industry on the west coast, there has been a considerable amount of funding, research and a great deal of work undertaken. My colleague the Minister of Fisheries and the Environment (Mr. LeBlanc) has undertaken an ambitious multi-year program to restore depleted fish stocks, especially depleted salmon stocks.

Mr. Friesen: So that Americans can catch them.

Mrs. Campagnolo: The hon. member fails to note, I suppose, that last year Canadian fishermen had the highest return in many, many years.

Some hon. Members: Hear, hear!

Mrs. Campagnolo: The $100 million plus salmonoid enhancement scheme has already yielded results in the form of above average catches on the Nass and Skeena rivers in the past year. This is a fact that augurs well for the future of this most important industry, an industry that is currently valued at more than $300 million at the wholesale level.

The introduction of the 200-mile fisheries protection limit, together with the reduction of the number of foreign vessels in our waters, promises to increase the volume of the catch for Canadians, the numbers of jobs for Canadians, and the strength of the Canadian economy as a result of the increasingly significant contribution this industry will make to our balance of trade.

These elements of the budget and related economic measures, as I said at the outset, will mean increased activity in all of the sectors I have mentioned, certainly in the short run but, more important, over the long run. These are measures that build for the future—and that is what good government rather than opportunistic government is all about.

I also promised in my introductory remarks to look at the economic record of B.C. over the sweep of the last ten eventful years. I am pleased to be able to say that according to most indices, the economy in that part of Canada has paralleled the growth of the economy in all of Canada—it has steadily advanced. In the last couple of years, B.C.'s economy has actually outpaced that in the rest of Canada because it has been the direct beneficiary of a number of federal government programs I have already touched on, and because certain B.C. industries have benefitted from the very phenomenon the Conservatives are so strongly denouncing—the devaluation of the dollar.

I will speak more about our current economic status and about our immediate prospects in a few moments, but first let me dig into the past. The Conservatives would have Canadians believe that we are all a lot worse off than we were when the Prime Minister came to office ten years ago. If one were to believe those prophets of despair, Canadians are less productive, less well fed and less prosperous than before. One would expect less investment, lower production volumes and a lower standard of living. But that is not the case, and I will present a few figures to make my point.

● (2022)

First, let me indicate some sweeping indicators as guides to our economic progress: gross provincial product, new capital investment and the value of exports. In 1967 British

Columbia's gross national product was an acceptable $7.1 billion, but in 1977 it stood at over $24 billion, which is a 350 per cent increase, fueled largely by an increasingly buoyant export market.

Mr. Lambert (Edmonton West): Constant dollars?

Mrs. Campagnolo: "Constant dollars" is what the hon. member is saying. In any dollars a 350 per cent increase is a very large amount.

Mr. Lambert (Edmonton West): Oh, oh!

Mrs. Campagnolo: I hope the hon. gentleman is not bubbling over with good humour because of his dinner.

New capital investment in 1967 was about $2.6 billion in British Columbia. Last year it was $7.2 billion, which is roughly a 250 per cent increase. With the exception of 1968, real investment figures have increased every year, jumping by close to a billion dollars a year over the last two years, each year. It is jumping by close to a billion dollars each year.

The value of exports leaving British Columbia was about $2 billion in 1967. Last year it was $8.4 billion, which is a 430 per cent increase. Also this figure has taken enormous strides during the last couple of years.

The record in these three critical areas puts the lie to Conservative babblings about hard times. Of course we have problems, all nations have problems, but what are we doing? We are doing a lot more than just coping. We are advancing at a rate that most other countries would like dearly to emulate.

If hon. members think I have deliberately stacked the deck by choosing just a few especially good figures tonight, while more gloomy ones go unmentioned, let me point out significant advances on other scales as well. Retail sales advanced from $2.6 billion in 1967 to $3.3 billion in 1970; to $4.6 billion in 1973; to more than $7 billion in 1977. This is more than a 200 per cent increase in ten years. Mineral production values jumped from $380 million in 1967 to $530 million in 1971; to $1.3 billion in 1974; to $1.8 billion in 1977. This is another 400 per cent increase. The landed value of British Columbia fish catches has recorded a 300 per cent increase in the decade. It advanced from $50 million in 1967 to $150 million last year. Remember this is the landed value of the catch. At the wholesale level the value of the catch passed the $300 million mark last year.

The lumber industry has been more variable over the decade, because it is more subject to market conditions in other countries than most. When building starts are down in the United States, the Canadian lumber industry suffers as a result. But in that decade the number of board feet of production advanced from about 7.1 billion board feet to roughly 12 billion. The industry has more than recovered from the bad years of 1974 and 1975 and is looking forward to an excellent year in 1978.

Mr. Lambert (Edmonton West): Thanks to Bill Bennett.

Mrs. Campagnolo: Thanks to Bill Bennett? The hon. member must forget when British Columbia had its last election. There was an interregnum, which the hon. member for Winnipeg North Centre (Mr. Knowles) will also take credit for.

Investment in primary industry has marched from $390 million in 1967 to $1.1 billion in 1977.

Mr. Nystrom: Why the hon. member for Winnipeg North Centre (Mr. Knowles)?

Mrs. Campagnolo: Because the hon. member for Winnipeg North Centre is my friend. That is why I mentioned him.

Investment in manufacturing has taken place at roughly the same rate, going from $430 million in 1967 to $1.3 billion last year. I could refer to all sorts of other great and magnificent increases, as multi-percentage increases are certainly there in British Columbia and in the western provinces in general.

I can see some hon. members opposite starting to wince, as they do when they hear some true figures for a change, so let me conclude my numbers by pointing to progress in British Columbia in a field the opposition has chosen as its very own—employment. If we were to believe the Conservatives and members of the New Democratic Party, no progress should have been made in securing livelihoods for British Columbia residents or, in fact, from listening to them during question period, for any Canadians whatsoever.

The figures indicate the following: between 1967 and 1977 more than 354,000 jobs were created in the province of British Columbia. Employment is currently at an all time high, with 1,065,000 men and women gainfully employed in that province. The rate of job creation shows every sign of soon outstripping the truly phenomenal rate of increase in participation in the work force. When that takes place, as it will because of the promising national and world economic picture a few months and years down the road, then the economic stimuli wisely implemented by this government will ensure that unemployment rates return to the very low levels all Canadians have a right to expect.

If hon. members still think I am overly optimistic or perhaps a little selective, let me conclude by pointing to the economic prospectus for British Columbia which was prepared by the Employers Council of British Columbia. This was prepared for the coming year. That council is predicting a real growth rate of 5 per cent for 1978. It foresees strong markets for our products in all nations, but most importantly, those nations which are on our specific list, such as Japan. There are other nations which are of interest to our western economy, such as the countries of the European Economic Community and the United States. The council predicts strong years for the fishing industry, the tourist industry, the oil and gas industry and for a number of key mineral industries. The legacy of the controls program is part of the significantly improved labour scene, and it will make the predictions possible. The Employers Council thinks this will continue for another year, and we will see

vastly fewer days lost to strikes and lockouts, as we have experienced since the program of anti-inflation began.

I am proud of the record of this government. As I have said and supported, I have particular cause for satisfaction as a resident of northwestern Canada. I ask Canadians to look at what the record really contains, and to give the doom and gloom portraits of the oppositions the scorn they deserve. Once again, I make mention of the hon. Minister of Finance. As I said a few moments ago, good government rather than opportunistic government is something special. Good government is what we have. It has done and will do more for the average Canadian than the nay-saying, crepe hanging of hon. members opposite. This government is led truly and surely by a rational, logical, intelligent leader; not someone who has to bear the indignity of a teeny, tiny perfect threat to his opposition leadership.

We are a team on this side of the House. We have a leader of whom we are very proud and one whom the world respects. Respect is what I am talking about tonight. I am not only speaking of leadership, I am also speaking of the solid, year-in, year-out service to human beings that members of the government spend their time on. Hon. members on this side of the House stand for service to the people of this nation, whether an individual in Canada, a group with special interests, be they large or small, or a lot of Canadians seeking changes to adapt to a new and sometimes very frightening future. This is a government of service, as well as a government of leadership.

This was a budget of service, and the budget debate on this side of the House has shown what kinds of services are offered to hundreds of thousands of Canadians.

Mr. McKenzie: As Your Honour is apparently giving special privileges to hon. members on the other side—

• (2032)

Mr. Deputy Speaker: Order, please. I would hope the hon. member would withdraw that remark.

Mr. McKenzie: Well, explain then, Mr. Speaker.

Mr. Deputy Speaker: Order, please. I would ask the hon. member to resume his seat. I keep the count in co-operation with those at the table, and the hon. member would be the first one to object if I took a minute away from him. The hon. member might not have been in the House when the proceedings started this evening. I do not know if he was here, but he did not check the time. In any case, I think his remarks are not appreciated by the Chair at this time.

Mrs. Campagnolo: Mr. Speaker, I only have one more minute and I was mentioning that this is a budget of service; service to all Canadians, even the hon. member opposite. It is perhaps only a question of time, sir, before people in this chamber address not only you but all those who are looking in to see what kind of a House this is. We will address both you and the nation at the same time. I should like to emphasize that those of us who are British Columbians—

Mr. Deputy Speaker: Order, please. I have to interrupt the hon. lady as her time has expired. I did allow half a minute for the intervention.

Mr. Friesen: Mr. Speaker, on a point of order.

Mr. Deputy Speaker: Order, please. I should mention to the hon. member that the hon. lady's time having expired, she could not answer a question.

Mr. Jake Epp (Provencher): Mr. Speaker, I have been listening very carefully to the speech that has been read by the hon. minister. She read very quickly during the entire length of her speech, in fact so quickly I was not sure whether she did not quite believe it herself or—

An hon. Member: Have you got a speech to give?

Mr. Epp: —she wanted to get over the material as quickly as possible.

An hon. Member: Why don't you give a speech?

Mr. Epp: Mr. Speaker, that hon. member has just made the longest speech and the least intelligent of his career. I was wondering why she was going over the speech so quickly and whether she did not quite believe it herself. I should like to make one suggestion to the hon. minister. If she paid anyone to write that speech, on behalf of the taxpayers of Canada she should ask for a full refund.

An hon. Member: You are sick. Make a speech yourself.

Mr. Epp: If she does not, then the treasury will have been very sorely done in by paying for the speech she made today.

An hon. Member: Why don't you make a speech yourself?

Mr. Epp: Mr. Speaker, I will get to my speech as soon as—

An hon. Member: You have been recognized to make a speech.

Mr. Epp: Mr. Speaker, I will get to it as quickly as there is order in the House.

We have been listening to various government members during this budget debate, and one might think one was not living in the reality that is known as Canada today. For example, it has been mentioned time after time that investment in this country is not being made in order to create the number of jobs that we need, first of all simply to maintain the present unemployment rate, to say nothing of reducing it.

The hon. minister spoke for half an hour and at no time did she ever refer to the crisis that is now facing us in Canada as a result of the one million unemployed. She acted as if the situation did not exist, and as though there were not one million unemployed. She never mentioned that. Nor did she mention that there are young Canadians under the age of 25 today who, upon entering the labour force, have doubled the national unemployment average. Never did she mention that there were students coming into the labour market at the end

of the academic year, this month or at the beginning of the next, who cannot find jobs.

Let us look at the facts as presented by impartial observers—for example, the Conference Board of Canada. Its report today stated that barely three months ago, in January, Canada's real growth after inflation was estimated at 4.7 per cent.

It is generally regarded that we need 5 per cent real growth just to maintain present growth, and with that we will not even have started to reduce the unemployment rate. Three months after making that projection the Conference Board today lowered that projection to 3.9 per cent. The fact of the matter is that we do not have enough growth in this country at this point in time to give to our young people and our unemployed the opportunities they deserve.

We could look at the loss of investment capital in Canada. At no time did a member of the cabinet get up and say what the government was going to do simply to reduce the exodus of investment capital from this country. Every time investments of this kind are made outside the country two things are obvious: the first is that many Canadians do not have confidence in this government and are, therefore, investing outside Canada; they do not have confidence in the economic leadership of this country. That is simple.

Even more important—and this is a long term effect—is the fact that as we invest outside Canada we do not invest to create the jobs we need now. Right now we are exporting jobs. As western Canadians we have chafed for a long time over this situation. We have said that in our view we have not realized our economic potential because of exporting raw materials without enough processing at home. Members from western Canada regardless of their political persuasion have put this argument forward. The situation has gone even further in that we have now reached the point where we are exporting jobs not just out of western Canada but simply out of Canada. That is a very tragic situation.

What I want to do today is bring to the attention of the House some of the realities of Canada and some of the opportunities that I believe exist. Earlier the Minister of Employment and Immigration (Mr. Cullen) quoted from a statement by the Prime Minister of England, Mr. Callaghan, in which he stated that one cannot create prosperity by government spending, and one cannot create prosperity by spending oneself out of trouble. I agree with that statement. You cannot spend more than you produce for a long period of time without reaping the negative effects of that economic approach.

This is the situation we are facing in Canada today. The huge deficits being rolled up by this government will not be paid by any member of this House. They will be paid through lost jobs, lost opportunities and high taxes on our children and their children. The legacy of spending by this government is now becoming a legacy of debt for future generations. The future generations will be saddled with this debt. There is no point in minimizing that fact. It is simply a fact that exists.

We have seen from the British Columbia and Manitoba experiences that it is very difficult for a provincial or a federal government to cut back. I am not suggesting for a minute this is easy or that it is a panacea. However, it does take leadership, and this government has not shown leadership in putting in place those programs needed to create expansion. It has in fact continued a process that has cost great amounts of money, but from which we have received very little in long term economic benefits.

● (2042)

The government has not emphasized the spending of public funds on job creation on a long term basis within the private sector. Every government that is now faced with deadlock—whether a federal, provincial or municipal government—is faced with the startling reality that they cannot continue spending the amounts of money that they have been spending in the past. What the government intends to do, according to the budget statement of the Minister of Finance (Mr. Chrétien) is spend $1 billion a month more than it takes in in any given month over the next year. The government expects to have a deficit of $11.5 billion, roughly a $1 billion shortfall a month. They intend to over-spend this year more than the total budget for the first year of the government of the right hon. Prime Minister (Mr. Trudeau) when it stood at $9.9 billion. Today the over-spending exceeds that by one and a half million dollars.

I ask the members of this House, is that economic leadership? Is that courage? Is that an economic statement that is worthy of praise, or economic leadership that one can go to the Canadian people with and say "Look how well we have led"? The point that I am making is that it will be difficult for any government to cut back. Why is it difficult? The minute a program is established it creates within itself a dependency factor which benefits certain areas but does not necessarily benefit the total economy or all of the Canadian people. I challenge every government in Canada today to get their economic house in order. It is going to mean difficult decisions. There are going to be negative reactions from many people who feel that they are being done in by that kind of program; but it is a program that is extremely necessary if we are to give to our children and grandchildren a heritage that will allow them to develop the potential that I believe is Canada.

I would like to spend some time on the matter of farm income. One of the most incredible statements that I have heard in this House was made by the Minister of Agriculture (Mr. Whelan) the other day. I quote him from *Hansard* at page 4641, April 18, 1978:

> I am so tired of hearing talk about farmers who have lost their net income. I wonder how many are honest enough to admit why farm land is higher in value in Canada than it is in the United States. The answer should be plain and simple to them. It is because farm income is generally better in Canada and because farmers, if they are efficient producers, are provided more security in this country that they are in any other nation of the world. None of our programs provide any kind of income for an inefficient producer who is lazy and does not want to work. He or she must work or they will not get that kind of living or that kind of net income I have just talked about.

He further said:

I am so tired of listening to politicians and even some farm leaders who talk about farm income going down. I received a letter from a so-called farm leader from British Columbia pointing out that the farmers' incomes had dropped 9 per cent. Mr. Speaker, do you know how much farm income went up in 1975? At that time it had an increase of 187 per cent.

That is what is recorded in *Hansard*, but what are the facts. The Canadian Federation of Agriculture in its statement to members of parliament dated April, 1978 said:

If the 1978 figure is reduced 19 per cent to 1975 dollars, it becomes $1.562 billion, a drop from 1975 of an horrendous 54 per cent.

How can the Minister of Agriculture say there is an increase of 187 per cent when the Canadian Federation of Agriculture—and I would think that those members who have a rural riding know that the Canadian Federation of Agriculture is a very credible organization—comes out with this report?

I went a little further, Mr. Speaker, because I wanted to find out what was happening in Manitoba. Here are the figures, taken from Statistics Canada data as compiled by the Manitoba Credit Union Federation. They are not my compilation, so it cannot be argued I used wrong addition or sleight-of-hand. In 1976 the gross income of Canadian farmers was $9,975 million. The expenditures of farmers in 1976 in Canada gave them a net income of $3,706 million. In 1977 that net income was reduced to $3,372 million, and in 1978 it is estimated that there will be a further drop to $3,082 million. Even a zero growth I would understand, but not 187 per cent.

Let me now go to Manitoba, because that is the province I was most interested in. In 1976 Manitoba farmers had a gross income of $897 million and costs of $570 million, for a net income of $327 million. In 1977 their income was $892 million, and costs of $611 million gave them a net income of $281 million, a drop from 1976. The estimate for this year from the same statistics is that income will escalate to $904 million with a comparative cost increase of $656 million. It is estimated, Mr. Speaker, that their income will drop even further to between $248 and $260 million. How can the Minister of Agriculture say that there has been an increase? He cannot use the figures of gross income without looking at input costs, because surely, every person in this House and every farmer in this country must look at income as income after expenses. Surely no other figure is valid. I say to the Minister of Agriculture, almost in disillusion rather than anger, that Canadian farmers are in desperate straits because of the cost-price squeeze they are in.

Let us look at some of the solutions. In Manitoba we have a program in the Interlake region known as the ARDA program. The ARDA program, and I say this quite openly, I believe had beneficial effects in the Interlake. The program in the Interlake was used for drainage and land clearance, with a general approach to expanding the agricultural base. At that time we in southeastern Manitoba were hoping that our area would also be included in the special ARDA region. Conditions were similar. Unfortunately, this was not to take place.

● (2052)

What has happened, not through my leadership but through that of farmers and local municipal officials in the far southeastern corner of Manitoba, is that they have created a development corporation known as the Stuartburn-Piney Agriculture Development Association. A large portion of the land mass of this area is Crown land, and primarily provincial Crown land. The province is working on a plan in conjunction with the farmers so that they can sell some of this bona fide Crown land to farmers in order to expand the agricultural base. I hope that plan will be put into effect shortly.

A survey was done in that area by these constituents and it showed some very interesting facts. It showed that there was not enough developed land for an agricultural base that would have economic viability. It showed that people in the area were interested in land development and in making the investment, and that what they needed was an incentive program. Three-quarters of the respondents to the survey indicated that drainage and water control was a problem. The underlying argument, however, was that they needed to expand the tax base and create an infrastructure.

I think a few facts should be put on record about the findings of this committee, Mr. Speaker, and I should like to quote from the study as follows:

The farmers of the L.G.D. of Stuartburn and Piney suffer from the lowest farm incomes and poor agricultural services in the province of Manitoba . . .

65 per cent earn $1200 to $5000 gross. There are several reasons for this:

(1) Very small percentage of total land, only 4 per cent and 7 per cent respectively in Piney and Stuartburn is developed crop land. In most cases, a lot more land can be developed and put into agricultural production . . .

What they propose—and I want to present this to the Minister of Regional Economic Expansion (Mr. Lessard) and the Minister of Agriculture—is the following. I believe the first recommendation is the critical one. It reads as follows:

First we propose that this area be designated for assistance under a long term federal-provincial ARDA-type program bearing some of the following points in mind:

Then they clearly spell out the various advantages that program would have and the areas of development they would like to see take place.

I listened to the Minister of Regional Economic Expansion state today that he would be signing an agreement with the government of the province of Manitoba tomorrow. I urge and recommend to him that first of all we need a general development agreement for the southeastern part of Manitoba. That agreement should not only include tourism, which is an attractive option for that area, but should definitely include a program similar to the special ARDA area that was used in the Interlake. At the present time the minister of agriculture for the province of Manitoba has associated himself with this report. He wants to move ahead and we look forward to the co-operation of the federal minister in this program. I ask the minister not to worry about press releases and announcements that an agreement will be signed tomorrow, but to put into that agreement terms which will allow for the development of this area and the growth that these people deserve.

I also want to mention that tourism in that part of Manitoba as well as eastern Manitoba must be expanded. This is a job creator. The spin-off affects the area substantially. I made numerous representations to the former minister of national revenue—wherever he might be today—and to former ministers of national revenue—

Miss Bégin: What is wrong with us?

Mr. Epp: Mr. Speaker, I suggest to the Minister of National Health and Welfare (Miss Bégin) that she was better in her former portfolio than the present one. I also say to the Minister of National Health and Welfare that if she is still interested in the problem, highway 59 should be open for a longer period of time as a port of entry. This is important. Communities along that highway have asked for it. Chambers of commerce such as St. Pierre have asked for it, but there has been no positive response from the federal government.

There are other areas of eastern Manitoba where I believe potential exists and can be developed. There is the old question of the northlands agreement. That was signed and was to be a general development agreement to expand economic activity in the north. We have seen very little positive effect from it. I say to the government and to the Minister of Regional Economic Expansion that a development program is needed throughout eastern Manitoba. We must get a program that does not just spend money on research and more studies. We have been literally studied to death. I say, use some of the money for development.

Let me give an example of what I mean, Mr. Speaker. I mentioned to the Minister of Industry, Trade and Commerce (Mr. Horner) that research and development should be expanded, for instance, into tantalum mining in eastern Manitoba. We have at least 66 per cent of the world's reserves of cesium tantalum. We were exporting some to the U.S.S.R. so we placed it on the export control list. I am not arguing the point that it should be placed on the export control list. We have a potential there. But instead of expanding research and development, instead of expanding opportunities for ancillary manufacturing that could come from that mining, we literally closed the place down and said that if we cannot export it to our traditional markets, nothing will happen.

I should like now to speak of small business, and this takes me to the matter of taxation. A great deal was said in the budget about the reduction of sales tax by the federal government. I say quite openly that it is hoped the reduction of sales tax will have a beneficial effect on retail sales in Canada, at least for the next six months. What will happen when we go into the winter period and the tax comes back is another question.

I want to point out what happens between the time something is presented to us in the House and the person back home is faced with the regulations which flow from decisions made here. In the March 31, 1977, budget there was a provision for a roll-over if a person sold his farm or small business and used the full amount of money to buy another farm. In that case there was to be a deferment of capital gains tax. That was really the essence of the program. I announced it in my riding and in the budget debate I supported the provision. Indeed, most hon. members commended the government for that action.

I find things a little strange now, however. First the government puts on a capital gains tax and then removes it in certain instances in two subsequent budgets. A case was brought to my attention of a farmer who had land and a poultry operation. He decided to sell the poultry operation and rolled the total proceeds over to purchase more land to expand his grain operation. Revenue Canada taxed him. It was never mentioned in this House that if a farmer—let us say a hog producer—should sell his hog operation and buy a larger operation that was not a hog operation, he would be taxed. That is trickery. That is what creates the cynicism that we find about government throughout Canada.

• (2102)

The Parliamentary Secretary to the Minister of Finance (Mr. Lumley) is here this evening. I have mentioned this situation to his minister and to the Minister of Agriculture. I thought last week that we were making some progress and that that regulation, which I found out in fact does exist, would be modified. I had high hopes that common sense would prevail. But what do I find out this week? I found out that a farmer can sell a farm, say a dairy farm, and use that money for a rollover only if he buys a larger dairy farm. If he buys a grain farm, he will be taxed.

Was that the way it was presented to the people of Canada on March 31, 1977? No way. I say to them, Mr. Speaker, that is the ignominy that this government will have to face with the farmers and the small businessmen of Canada. No matter how you cut it, it was not presented to them in that way. I say to the farmers and the small businessmen of this country that if that regulation is not removed with the provisions that were in the March 31, 1977 budget and this recent budget, then they had better be careful before they make any move whatsoever.

I notice that the Minister of State (Small Business) (Mr. Abbott) is in the House tonight. He has made a few pronouncements that small business is going to get the government off its back; less red tape, less bureaucracy, more return. I say to the minister that I hope he is right. I hope that what he has said will in fact take place and that I will not have to come back to him a few months later—

Mr. Paproski: You won't have to because they won't be in power.

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the hon. member for Provencher (Mr. Epp) closed his remarks by touching on a particular interpretation of a regulation and its enforcement. He then immediately drew from that example a conclusion, the wrong one. But instead of waiting and pursuing the interpretation, pursuing it not only through gov-

ernment but also through the various processes which are available, he drew an interpretation of skepticism and cynicism which is so common in those who constantly oppose.

The record of this government is clear as being sympathetic to the various needs and situations in which our Canadian farmers find themselves in regard to their taxes. This budget included a new move in relation to the extension of the rollover of the capital gains tax to the corporate farm structure. Those of us on this side of the House who saw the need for the rollover for farmers in the first place thought that it would apply fairly broadly. We found as a matter of interpretation that the way the law was written it did not apply to corporations. We were first told there might be some difficulties in applying it in that regard. We persisted and we saw that the change was in fact extended.

That is not the first example by any means of the extension of tax advantages to farmers. I would remind the hon. member for Provencher that when it came to the question of delivery of grain and how that grain would be delivered, it was this government which quickly responded to a need on the prairies, where the quota system exists and where farmers were in the position of not necessarily being able to control deliveries, for a new device—the idea of preferred tax credit where they could deliver their grain and have the grain counted in the following year for tax purposes, if that is what they chose.

Those are just small examples, but important ones, of the way this government has been responsive to the needs of that sector of agriculture to which the hon. member for Provencher most recently referred.

It is extraordinary that the hon. member today would talk about agriculture and its needs when the record of the Conservative party, even when it was represented by large numbers of members from the west, was such a sorry story in the area of agriculture. It is most extraordinary indeed.

Hon. members opposite, including several from Saskatchewan and other prairie provinces, were critical when an analysis of all the developments which have taken place in agriculture in the last eight or nine years went out not long ago from this government. It was a long document with many items in it of tremendous importance to farmers, and particularly to grain farmers to whom it was addressed. It included such things as hopper cars, with an expenditure of $250 million for that item. It included the introduction of two-price wheat. It included grain stabilization which the Tories have so long fought to stop from coming into existence, not because in their hearts they thought it was unwise, but because they did not want to see a program of that quality put in place by a Liberal government with the Liberals taking credit for it.

Some hon. Members: Hear, hear!

Mr. Lang: The story goes on and on, list after list.

Two-price wheat is significant because that is an item which was asked for by prairie people long before the Conservative government was in power with all its prairie strength in the years 1957 to 1963. What would that prairie story of the Conservative government have shown if they had printed it at that time? There would be one item of permanence and merit and that item would be cash advances. There would have been one other item and that is two pre-election $100 payments on an acreage basis, to a maximum of $200, which were pure election gimmicks and which the Conservatives have looked for ever since. Their grain story for six years, with a prairie prime minister and prairie members in the Conservative party, could have been printed on two pages, and one of those pages would have been blank.

Some hon. Members: Hear, hear!

Mr. Lang: Perhaps not blank because, as hon. members have noted, the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) would have insisted on his picture being printed, showing him signing a sales agreement in a boat off the shore of China, an agreement which he was pretending to sign because in fact it had been signed and completed by the Canadian Wheat Board weeks before he got there to put his pen to that agreement.

Mr. Paproski: You wouldn't say that to his face.

Mr. Lang: I have said that to his face in Regina many a time. The opposition—

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Turner): Order, please. The hon. Minister of Transport has the floor and I suggest we listen. We have all had our day; let us give the Minister of Transport his day.

Some hon. Members: Hear, hear!

Mr. Lang: Mr. Speaker, the opposition are in a sorry state when it comes to making suggestions to deal with what are difficult questions in today's economy. They are difficult economic questions and recognized to be that by everyone, particularly by this government. They are also the kinds of questions which require sensible and sensitive solutions, not a lot of rhetoric such as we have heard today.

The budget which the Minister of Finance (Mr. Chrétien) brought in clearly did the right things for today, for this week, for the economy of this country, in striking the right balance between further encouraging economic development and yet taking very careful note of the need to restrain the financial spending of the federal government because of the dangers of inflation. We had had a target of 5 per cent growth. It began to look as though that might not be achieved in real terms. The hon. member for Provencher referred to a Conference Board figure of 3.9, but he failed to say that the Conference Board said that their figure did not take into account the recent stimulus put into the economy by the Minister of Finance.

Some hon. Members: Hear, hear!

Mr. Lang: The budget of the Minister of Finance was a courageous budget, one which was welcomed by economic experts across this country as being the right thing for today.

● (2112)

The extraordinary testimony about the quality of the budget of the Minister of Finance is the fact that some members suspect, probably with some correctness, that we are fairly close to election time. It could have been very tempting for the Minister of Finance to accept a suggestion that more be done in the way of tax cuts, that he not restrain himself to the $1.2 billion in total tax cuts being accomplished in these next six months by his reduction in sales tax, whereby he helps the provinces to create those reductions. He could have done more about that if he had not been careful about the advice of his best advisers or not cared about the comment and advice of reasonable experts everywhere.

What in the face of that budget do the opposition parties come up with at a time when there are challenges and you might think they would be dreaming solutions of their own? The hon. member for York-Simcoe (Mr. Stevens) comes in with a motion that suggests there be a tax cut of $2 billion on the income tax side. Essentially the New Democratic Party through the hon. member for Waterloo-Cambridge (Mr. Saltsman) said that a sales tax cut is the right cut. In neither party were there imaginative ideas about what the government should do in the way of further job creation. There was no criticism, particularly of our Canada Works programs, our other major ventures and all the rest.

There were a few comments by the opposition about matters chosen from the first ministers' conference and the background papers, such as the economic development which we see ahead and where 11 first ministers agreed that the course the government was on was right. Hon. members opposite then say there should be a tax cut of $2 billion a year. What the Minister of Finance came up with was a tax cut of $1.2 billion in six to nine months, which is a greater tax cut than they with their best imagination are able to come up with as economic advice today.

The evidence was clear that this was the right thing to do. Economic advice clearly indicated that was the best course available to this government. The banks, the senior civil service and all outside advice agreed as well, so much so that the opposition did not dare to suggest, even in their own position of opposition, that much more should have been done in that regard.

One might well ask where the Leader of the Opposition (Mr. Clark) gets his economic advice. The hon. member for Don Valley (Mr. Gillies) is now moving out of that scene, probably because he sees that not very much in the way of economic quality and advice is required or wanted by the Leader of the Opposition.

Some hon. Members: Hear, hear!

Mr. Lang: When I think of the Leader of the Opposition and his advice, I am reminded of a premier of Saskatchewan some years ago who, looking across at one particular member of the opposition, referred to him as a yahoo. That word created some parliamentary difficulty in those days. Things are different now. Hon. members may not know what a yahoo is; he is a close relative of "Joe Who" when it comes to his economic advice. Where does he get this economic advice?

Look at what he thinks of advice inside the government. Whereas the Minister of Finance was accepting the best that was available, the Leader of the Opposition was sneering at it, just as he sneered at the RCMP and police of this country a few months ago when his party, instead of calling them in or having the key sleuth in his party call them in, fearing their offices were being bugged, did not trust the police. In all their attacks on the police, they could not get away from the fact that they have not trusted the best possible advice available in that circumstance, just as they do not here in economic circumstances.

Some hon. Members: Hear, hear!

Mr. Lang: They called in a group from outside, a group the quality of which is now a matter of public record. I remember one great day in Saskatoon. The morning edition of the *Star Phoenix* had a picture of the Leader of the Opposition peering at his telephone. There were some words to the effect that "Clark finds some listening device there". It turned out to be a top head diode, a regular part of the equipment. The afternoon edition of the *Star Phoenix* had much the same picture, much the same front page. It changed the headline. It read "Clark device normal". That was very reassuring to many of us. Those who believe in a healthy opposition were certainly delighted to see that bit of evidence.

The sales tax was the right tax. One of the delightful things in the Minister of Finance's introduction of this particular sales tax is that once again he was able to demonstrate the way this government seeks the support of all the country in taking what is indeed a differential approach in the way a tax is handled.

The Atlantic provinces have less financial capability than many others. In complete keeping with the spirit of this government's putting very high priority on the development of the Atlantic area and promoting causes there, the minister said there would be a 3 per cent sales tax reduction without any cost to them, fully reimbursed by the treasury. In this Liberal party, members from the west, central Canada and the Atlantic area support that kind of program, in that regard and in every regard, showing that we believe in the development of this country.

I look at the programs of this government from one part of the country to the other, programs which are designed to spur development by taking action when it is required to allow the free enterprise side of the economy to operate, which is what hon. members opposite ask.

I look at the west coast and I see our development in the ports. I see the Vanterm terminal, Lynterm, the Fairview terminal in Prince Rupert coming to a conclusion, the investment we propose to make in Ridley Island, our willingness to

co-operate through DREE in the northeast coal development. You see there, step by step, the laying of the groundwork for investment by Canadians which will mean many jobs in the future right across the country.

Mr. Smith (Churchill): What about Churchill?

Mr. Lang: The hon. member asks what about Churchill? There too we have millions of dollars going into dredging and lighting programs, and $1½ million going into rail improvements during the course of the next year to build the capacity of Churchill, because we have confidence in it. So would everyone else in that area if they did not have a member who constantly "hoo-hoots" gloom and doom in the face of our programs.

Some hon. Members: Hear, hear!

Mr. Lang: In the prairie provinces, I mentioned our developments in assuring grain transportation in the sense of $255 million worth of hopper cars. There are members opposite who go into other regions of the country and use that as a negative example against this government. Of course, they very much hide that from people in the prairies whom they want to support them. That is the kind of division they go through. One of their members says "Everything is done for the prairies and nothing is done for us here". They are always dividing the country instead of trying to see the positive side of good action in every region.

The stabilization program was an example of recognition by this government on the tariff structure in this country, which we are trying to improve by lowering the burden it traditionally imposed upon our prairie farmers. There was built into our structure such things as the Crowsnest rate on grain, built in and maintained because of the problems the grain farmer faces in this tariff world. We carried through on that, instead of doing nothing, as the Tories had done in their years of power, with, I say again in astonishment, a prairie prime minister and a House full of prairie Conservatives. They did nothing of note for that particular farmer.

It is a monument of credit to this country and to real democrats within it, like my Liberal colleagues from central Canada and the Altantic provinces, that when we come forward with one, two, three or four voices alone from the prairies, they do not ask whether, in providing hopper cars and $60 million a year for grain stabilization, and now $75 million a year for rail rehabilitation, there would be political consequences in our favour. They only asked whether it was right for the regions, and they were then willing to do it.

• (2122)

Some hon. Members: Hear, hear!

Mr. Lang: The railway rehabilitation program is a positive example of our moving forward in an optimistic way in the prairie region in terms of the grain handling program. This program means that, with the Hall commission report and the Snavely commission report and the action now being taken, we shall in the course of seven or eight years have transferred to the basic rail network the bulk of the prairie grain lines and rehabilitated every one of those miles of lines with ties where required, stones to lay the ties upon which will last for half a century, and with rail which will carry those fully loaded hopper cars. That is the kind of action which is forthcoming from this government in the prairie region.

This budget also recognized the need for further railway investment. This is important in many parts of the country but particularly in the west where so much freight traffic will increasingly move. The last budget made provision for easier investment by the railways. There were cash flow advantages to the railway companies through increased depreciation allowances. One further step in that regard was taken by the Minister of Finance in this budget.

You know, Mr. Speaker, you could not at this time of restraint have implemented immediately and in full the recommendation of the Hall commission to pay the total of $200 million a year as an additional sum to the railways. But we did the important thing. We paid that part of it which could assure railway rehabilitation in getting a contract agreement with the railways and assure that every penny was spent on equipment for those rail lines. Though not being able to go the whole distance as the commission recommended, we did put the railways in a better position be giving them depreciation advantages, and this, too, will be reflected in terms of rail development by improving the cash position of the railways.

I could go on to mention the development of a heavy oil processing plant in the Lloydminster area. Concessions in the budget make this possible now as soon as the provincial government in Saskatchewan comes forward with some certainty in this area. The plant is ready to go. The investment would be there if the provincial government would move. Once again we have seen a significant and sensitive approach by the Minister of Finance in the field of economic development affecting our western provinces.

The Atlantic area is one to which the government constantly attaches extremely high priority as far as development is concerned. We have seen in that region advances in the development of ports, highways, airports, and now also of bus transportation, which signify the importance we attach to this area. In the last two weeks I have had the privilege of visiting several of the cities in the Atlantic region. I have seen an additional forest products terminal being put under way in Saint John, New Brunswick.

An hon. Member: Did you fly there?

Mr. Lang: Yes. The small-minded Conservative from I know not which constituency asks me: Did I fly there? Indeed I did. And, indeed, that record of transportation costs which they like to allege and criticize from time to time is made up over the years of trip after trip after trip by myself and my staff to places all over this country to talk transportation to people who want to hear.

Some hon. Members: Hear, hear!

Mr. Lang: I do not back away from the fact that in this country members of the government have to fly frequently when they want to meet with people far from the centre of administration. I have met with hundreds and hundreds of groups of farmers from throughout the prairie provinces by doing just that, and by flying to those meetings I have been able to go there and back in one day and also attend to cabinet matters which affect the prairies and the rest of the country, which is, of course, what I am expected to do.

Some hon. Members: Hear, hear!

Mr. Lang: Still dealing with the Atlantic region I would refer to a couple of transportation initiatives we have taken, such as the development of the ports. In Halifax, only two days ago we turned the sod for a new container terminus which will meet the needs of the port and which will be ready just as the terminus is ready for completion. It is not, as some Tories have suggested, a part of the country which would be neglected by us because we favour some other region. Again I refer to speeches they make in their own areas spreading this divisiveness and terrible negativity in which they constantly engage.

I was also in Charlo and Wabush and Gander visiting new airport developments which would encourage regional development in a major way by providing important transportation links between those areas and the rest of the country. In the last two weeks I have signed highway agreements with all four Atlantic provinces which involves an expenditure of $100 million of federal money joined with $100 million of provincial money to develop highways and strengthen highways across the Atlantic region. This means there will be uniformity of truck rates so that the most economic handling of trucks will be possible in the region, thereby furthering the development we want to see.

The development of the Atlantic region in particular, of course, through the department of my colleague the Minister of Regional Economic Expansion (Mr. Lessard), has always received a very high priority from this government and will continue to do so. We do not think we have found all the solutions, but it is very evident that we have the will to try to develop the Atlantic provinces and find a way to allow people who go there to stay there and find jobs. The will is present and we will keep searching for new, different and better ways of helping development there. I say again on behalf of all of us on this side, including those from the west, and I say this proudly of myself: we in this government put very high priority on Atlantic development.

Some hon. Members: Hear, hear!

Mr. Lang: Mr. Speaker, I have mentioned a number of regions of Canada and outlined what the government is doing for them—the effort it has made to understand their varying problems. I could say the same about central Canada where port development at Hamilton, Montreal and Quebec is under way. Almost unnoticed, $125 million is being spent on Toronto International Airport. These are important developments to meet particular needs.

I should like, however, to say something about another issue which is not directly economic. It concerns my colleagues from Quebec and the desire of my Francophone friends to see promoted in this country a place for themselves and their culture. This government has responded, initially with the support of parties opposite, and I hope we can count fully and firmly on their support today, too. We responded because Liberals in all parts of the country felt it was an important priority which had to be taken into account. We did so because, whether we came from the west or from Ontario, we wanted to provide for our friends who were interested in Francophone development in this country what we ourselves would want if we were in such a minority position.

Time and time again the government has been able to find ways of meeting needs, and in speaking of this issue, just as in the case of economic issues, it has never expressed itself in one way in one part of the country while putting forward a different view elsewhere. That is of fundamental importance.

• (2132)

Some hon. Members: Hear, hear!

Mr. Lang: I hope the Conservative party will dedicate itself to controlling its many members so that they follow the principles for which they voted several years ago. Of course, I am not sure that one can expect a great deal from a leader of a party who has, after all, succeeded at nothing else but hopes to succeed at being prime minister.

Some hon. Members: Oh, oh!

Mr. Lang: I suppose I should make an exception because of the fact that he won the leadership by being the third choice of everyone present on that particular occasion.

Some hon. Members: Hear, hear!

Mr. Lang: The way he chooses his advice, by going away from the RCMP and the police to an outside source for excellent advice, is another example of his quality of leadership and his judgment. He said the other day, however, that he has accomplished one thing, and that is unity within his party.

Mr. Baker (Grenville-Carleton): You have the ethics of an alley cat.

Mr. Lang: He loses members here, there, and everywhere and says he has unity within the party.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): You are disgusting.

An hon. Member: If he is the only one left, he will have unity all right.

Mr. Lang: I see, Mr. Speaker, that he has just managed to come through with a major constitutional proposal which he puts on the desk and then quickly says: "Of course, this is for discussion." I see three Conservative comments noted in the

paper today. One of the outstanding senators in the Conservative party says that that would lead to a house of obstruction; the second one says it is a half-baked idea. The Conservatives might say these are just senators, but then I could refer to the right hon. gentleman from Prince Albert (Mr. Diefenbaker), who has sat in this House for some 37 years now, when he was faced with the proposals of the Leader of the Opposition (Mr. Clark).

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order.

Some hon. Members: Oh, oh!

An hon. Member: You cannot take it.

Mr. Baker (Grenville-Carleton): May I just say that for this speech, the Minister of Transport (Mr. Lang), who has been known to misuse aircraft—

Some hon. Members: Oh, oh!

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

Mr. Baker (Grenville-Carleton): —and has shown himself to have the morals of an alley cat, ought to be ashamed of himself. He ought to know that his government is the cause of the great difficulty that our country faces, and I would like him to address himself to the problems in the country.

The Acting Speaker (Mr. Turner): Order, please. I would like to suggest to the hon. member for Grenville-Carleton (Mr. Baker) that that is not a point of order.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the minister that his allotted time has expired. The hon. member for Yorkton-Melville (Mr. Nystrom).

Mr. Lang: Mr. Speaker, I rise on a question of privilege.

Some hon. Members: Oh, oh!

An hon. Member: Sit down, turkey.

An hon. Member: You're finished.

Mr. Lang: Mr. Speaker, I will want to look at the rules to consider further what course of action I ought to take because I had some difficulty hearing the hon. member for Grenville-Carleton (Mr. Baker), if I may call him that, but I heard some rather distinct slurs. It seems to me he took a bit of grievance out of some reference I made to the Leader of the Opposition. It happens to be true, which is why, no doubt, he grieves even more.

He has some nerve, Mr. Speaker—and this will be my question of privilege—to use slurring language in regard to me when over these many months and years he has, from his place, tried to make it appear that I was somehow doing something unfair, indecent, in doing my job. He constantly made it appear, in a despicable way which should be beneath contempt, except that the hon. member for Grenville-Carleton has no standards at all with which to restrain himself—

Some hon. Members: Hear, hear!

Mr. Lang: The hon. member for Grenville-Carleton is giving one of his big, broad smiles because he does not take seriously what he does to the political system and to people who work within it. I may say, to the credit of some of his colleagues and I think also to some of mine, that there are many members in this House who give a great deal of effort and dedication to politics and who do not deserve the standards of politics which the hon. member for Grenville-Carleton is showing when he takes them into the mud and makes slurs upon them the way he has again tonight.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Turner): The hon. member for Grenville-Carleton is rising on the same question of privilege.

Mr. Baker (Grenville-Carleton): Mr. Speaker—

Some hon. Members: Oh, oh!

An hon. Member: Apologize.

An hon. Member: That is the only course you have.

Mr. Paproski: Go to a judge.

An hon. Member: Go call a judge.

The Acting Speaker (Mr. Turner): Order, please. The Chair would like to hear the response of the hon. member for Grenville-Carleton.

Mr. Baker (Grenville-Carleton): Mr. Speaker, if I have in any way slurred the Minister of Transport in an unparliamentary way upon his examination of the record, he knows and I know that I would withdraw it. But I am going to say to the Minister of Transport that I believe—

An hon. Member: Resign.

Mr. Baker (Grenville-Carleton): I would suggest to the Parliamentary Secretary to the President of Privy Council (Mr. Pinard), who said the minister should resign, that perhaps he should.

An hon. Member: You should resign.

Mr. Baker (Grenville-Carleton): I will examine the record, but I hope that, with respect to ethical conduct by the government, the Minister of Transport in that government would not hold up as a model to Canadians the conduct of this government and those who have been associated with it. Never in the history of this country has there been a government that has been so involved in the courts as a result of—

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Yorkton-Melville.

Mr. Andre: Otto, that was good practice for the opposition.

Mr. Lorne Nystrom (Yorkton-Melville): Finally, Mr. Speaker, I have a chance to say a few words, but I will be brief because the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack) wants to say a few words to the House tonight, which will be his last in the House after serving here, I believe, some 16 years. His anniversary will be on June 18. I will try not to take up too much time to enable him to say a few words of farewell to the House.

I will briefly mention three items—

The Acting Speaker (Mr. Turner): Order, please. The Minister of State for Small Business (Mr. Abbott) wishes to rise on a point of order.

Mr. Abbott: Mr. Speaker, I rise on the same question of privilege. I do not think it is quite enough for the hon. member for Grenville-Carleton (Mr. Baker) to rise and describe a minister of the Crown as having the personal ethics—

Some hon. Members: Oh, oh!

An hon. Member: Come on!

Mr. Paproski: Raise it tomorrow morning.

Mr. Abbott: —the personal ethics of an alley cat, then try to make a speech about it, then sit down and for the debate to move on. I think that that was a disgraceful moment.

Some hon. Members: Oh, oh!

An hon. Member: And you are a pussy cat.

The Acting Speaker (Mr. Turner): Order, please. I would like to remind all hon. members that in his comments the hon. member for Grenville-Carleton suggested that, after he has taken a look at the written record tomorrow, if he finds he said anything unparliamentary he would be willing to withdraw it. So I consider the case closed.

Mr. Lang: Mr. Speaker, I rise on the same question of privilege. I indicated earlier that I had not heard the precise words due to the noise, but I gather that one of my colleagues did hear them and he has now referred to them. Presumably the hon. member for Grenville-Carleton would know himself whether he used those words. If he did, surely the words are clearly unparliamentary. Perhaps he would have the good grace to confirm whether or not he did use them and, if so, withdraw them without further ado.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): Mr. Speaker, I think that I have made myself fairly clear to the minister. I think it should be understood clearly that I have very little regard for the Minister of Transport—

[Mr. Baker (Grenville-Carleton).]

Some hon. Members: Hear, hear!

An hon. Member: Who does?

An hon. Member: Nobody in Canada does.

Mr. Baker (Grenville-Carleton): —whether as Minister of Transport or otherwise, together with the government. I have very little regard for this government. If the minister would like me to read into the record tomorrow other things about the government, and to waste the time of the House doing that, I will do so. The public already knows these things.

● (2142)

I respect this place. Sometimes it is a place of harsh words. Those words, harsh or not, always should be parliamentary. If I have offended the rules, then he knows and I know. Indeed, all hon. members should know. If that is the case, I will withdraw those words; but I want an opportunity to examine them tomorrow.

Mr. Lang: Mr. Speaker, I am sorry I am having difficulty with the hon. member for Grenville-Carleton. It seems to me he would know if he used those words. If he used those words, it should be very clear to him, as well as to Mr. Speaker, that those words are unparliamentary. If he has any respect for this place at all, he should not wait any further. I put that to him very directly. Perhaps he can end the matter by withdrawing those words, and I will not get into a speech about my respect for the hon. member.

Mr. Baker (Grenville-Carleton): I think the hon. minister should look at the record to see what I said.

The Acting Speaker (Mr. Turner): Order, please. Perhaps we should wait until tomorrow to see the written report. The hon. member for Grenville-Carleton has indicated that if he used unparliamentary language he would be willing to withdraw it. At this time the Chair considers the incident closed.

Mr. Nystrom: Mr. Speaker, ethics of a tomcat or not, I think the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack) and I are being short-changed.

An hon. Member: I think we all are.

Mr. Nystrom: Perhaps we all are. I want very briefly to touch on three issues, because I have only approximately seven minutes.

The economy of this country is in real rough shape. Many people indicate that Canada is in good condition, especially when one considers what is happening around the world. We in this country have a lot of resources such as oil, gas, potash, iron ore, lead, zinc or what have you. Our people are highly educated. We have all the technology in the world that we need. If those three things are put together, it seems to me a society could be developed in Canada which would be second to none in the world. It is a real crime that the government is not entertaining that type of plan.

Back in the days of the second world war, I am told by hon. members of the House, such as the hon. member for Winnipeg North Centre (Mr. Knowles)—

Mr. Parent: Before the second world war? Perhaps the first world war?

Mr. Nystrom: Not the first world war.

Mr. Parent: What about the Boer War?

Mr. Nystrom: No, not the Boer War. I am referring to the days prior to the second world war.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Turner): Order, please. It being 9.45 p.m., the Chair recognizes the hon. member for Grenville-Carleton on a point of order.

Mr. Baker (Grenville-Carleton): Mr. Speaker, there has been an agreement arrived at among all parties that Your Honour ought not to see the clock at 9.45 in order for us to continue until ten o'clock.

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

Mr. Knowles (Winnipeg North Centre): That is agreed, Mr. Speaker.

Mr. Nystrom: Perhaps I should quit.

Some hon. Members: Hear, hear!

Mr. Nystrom: I meant perhaps I should quit speaking. At any rate, prior to the days of the second world war, Canada was faced with a situation similar to that of today. There was a lot of unemployment in this country. People were told that money could not be found to put them back to work, to build schools, hospitals, roads and other necessary things. The government of the day indicated that it could not find a money tree. Suddenly a war broke out, and within a few short weeks, the government found money. They took men off the rails and took men out of the unemployment lines. They bought them uniforms, shined their shoes, filled their teeth and put them to work fighting a war, working in munitions factories or various factories across the country that were building tanks, boats and things for Canada's war effort. If that can be done during the time of war, surely it can be done during peacetime. We could declare war on the unemployment situation and the inequality which is present in Canada.

Many people ask what unemployment really means. It is said that it only affects a few of us, but that is not true. In the last year, unemployment has cost Canada approximately $8.5 billion. Approximately $4 billion of lost productivity, $3 billion in welfare and unemployment insurance payments and $1.5 billion in lost taxes make up that total. Instead of that money being spent on welfare and lost productivity, perhaps that amount and more should be spent on putting people to work. That would create a much better and wealthier nation for each and every one of us in the long run.

The Minister of Transport (Mr. Lang) referred to the question of rail line abandonment, which is something important to the people of the prairies. The Hall commission determined that approximately 2,000 miles of rail lines in the prairies should come under the prairie rail authority. That was suggested because a decision could not be reached as to whether or not the 2,000 miles of rail should be preserved in the basic network or abandoned. The Hall commission thought the matter required further study, and that the PRA be established for that purpose between now and 1990.

Instead of establishing a prairie rail authority, the Minister of Transport established a small advisory body composed of his friends. It is known as the Prairie Rail Action Committee. Apparently it does not have a mandate to go into various communities and hold hearings. I am referring to the communities which the Hall commission could not make a decision on. A number of those communities happen to be situated in my riding on two rail lines, namely, the rail line which runs from Preeceville to Kelvington, and the other one which runs from Canora to MacNutt. The people in those communities have set up Save Our Rail Lines committees. They want the prairie rail authority, the CTC or someone who is able, to make a decision. They want those authorities to come out to their communities to see the reason why those rail lines must be preserved. They have strong, solid arguments, and they want to present their cases to the government. The least the government can do is to instruct the Prairie Rail Action Committee, if the prairie rail authority is not going to be established, to go to those communities and hold hearings in order to provide those people with a chance to fight.

If they were provided with a chance to fight their cases in front of federal officials, I am sure they would save those rail lines. The rail lines which are placed inthe category recommended by the Hall commission deserve to be transferred to the basic rail network. I am sure the hon. member for Assiniboia (Mr. Goodale) could point out other cases.

Before I give the hon. member for Frontenac-Lennox and Addington a chance to participate in this debate, I should like to refer to the question of farm incomes. The other day the Minister of Agriculture (Mr. Whelan) indicated that Canadian farmers are enjoying quite a bit of affluence. When he quoted his figures, he forgot to mention that he was referring to farm income jumps between 1971 and 1974. He picked 1971, which was one of the worst years Canada has ever had in relation to farm incomes, and 1974, which was one of the better years.

If one refers to those two years, of course there will be a substantial increase in farm incomes. But in the last three years, farm incomes have dropped drastically. From 1975 to 1977, in fact farm incomes went down by 73 per cent in Canada. I am referring to the net farm income which goes into the pockets of farmers. At the same time farm costs have risen by 18 per cent. Farm incomes have dropped by 23 per cent at the same time as farm costs have risen by 18 per cent. Canadian farmers deserve better, but they have not received such from the hon. minister. When one looks at other statistics

concerning farm incomes, it is evident that the trend is continuing downward rapidly, despite the programs which are in effect today.

For example, in Saskatchewan, the cash receipts of farmers between January 1975 and 1978, according to the minister's own department, have dropped by 55 per cent. During that same period of time, the cost of operating prairie farms has risen by some 23 per cent. How can a farmer be expected to pay his bills, if the costs are rising by 23 per cent and his income is dropping by 55 per cent?

There are many other things I could say, but out of courtesy I will conclude my remarks at this point in order for the hon. member for Frontenac-Lennox and Addington to have an opportunity to say a few words of farewell before he retires.

The Acting Speaker (Mr. Turner): Order, please. I should like to point out to hon. members that this could be the last speech of the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack). He has served his country well for the past 16 years. On behalf of the Chair, officers of the table and hon. members of the House, I wish him well.

Some hon. Members: Hear, hear!

● (2152)

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Thank you, Mr. Speaker, thank you my colleague, the hon. member for Yorkton-Melville (Mr. Nystrom), thank you ladies and gentlemen, colleagues in the House of Commons. I am pleased to make my contribution to the debate on this budget, although it will be brief.

The best definition of this budget is that it is a short term election device of the Liberal party.

An hon. Member: There goes the goodwill!

Some hon. Members: Hear, hear!

Mr. Alkenbrack: It is regrettable, sir, that the policy makers of that party did not find themselves able to look beyond the next election. Sir, the Prime Minister (Mr. Trudeau), in marking the end of his decade in power, having been first elected to the high office in 1968, marks the end of this decade at this time.

In 1968 when the first Trudeau government came to power, the Prime Minister campaigned under the slogan "The Just Society". If the just society meant anything in 1968, it was a clear mandate to Trudeau and the Liberals to attack regional disparities across our country, to work to alleviate poverty in our society and to improve employment conditions and fight unemployment in our society.

The slogan "The Just Society" would imply a fair system of taxation. In order for the just society to prosper, inflation should have been controlled. Again, a just society would expect the wise spending and administration of tax moneys levied from that society by this government, in whom that so called just society had pinned its hopes. Our society of 1968 expected continuation of healthy trade relationships with other countries and the usual measure of necessary tariff protection for Canadian industry that would be vulnerable to unfair competition from countries employing cheap labour.

That once strong society of 1968 expected that our government would be a good neighbour among the comity of nations, helping those less fortunate than ourselves as long as it was not at the expense and dire hardship of unemployment of our citizens. That just society expected a reasonably strong economy that would sustain itself if it were left alone and was not over taxed or dictated to by a federal government.

That 1968 just society I mentioned implied good co-operation and good relationships between the so-called two founding races of our country; the French and, for want of a better description, the English. We expected bilingualism would be encouraged only wherever needed in our public service, and wherever numbers warranted this and it was expected.

We anticipated that all these principles and ideas, if put into effect, would maintain the unity we had always enjoyed before this country ever heard of Prime Ministers by the names of Pearson or Trudeau. But, alas, none of those great expectations ever materialized. We are now all asking the question here this evening, even some of those on the government side, as a result of a surfeit of so-called Liberalism and ten years of Trudeau: Where is that just society? It is a myth; it simply does not exist.

Both national unity and justice have been withering and dying over the past decade. The so-called charisma that the Prime Minister was supposed to have possessed is also a myth. The Liberal administration has been a total failure and all that remains at the present time is the Prime Minister's obsession with power and the exercise of power.

To go back over the list of implications I have just mentioned in the meaning of a just society, we see that Liberalism under the Prime Minister has totally failed in this country, and we see where that failure has led us.

Sir, I must now dispense with further remarks I had ready regarding this budget and say to you and to the House that my final remarks during this budget debate tonight pertain to myself, my family and, one might say, "my budget".

As most hon. members know, after 16 years in this House as representative of the former federal riding of Prince Edward Lennox and the still existing riding of Frontenac-Lennox and Addington—that is, it still exists until an election writ is issued—I am voluntarily retiring from federal politics.

I was first elected on June 18, 1962 and I am the last remaining Progressive Conservative member of what we call the "class of '62", although there are several other members remaining in this House from other parties of that class of '62.

My working career began here in Ottawa in 1931 when I was employed by the government of that day, the Bennett government, as a clerk, grade 2, in the Dominion Bureau of Statistics. I was employed on the agricultural census for two years, and the offices of the bureau were on Green Island,

down on Sussex Avenue, directly opposite the present City Hall.

My working career as far as this House is concerned also ends here in Ottawa, in this House of Commons, where I was a frequent gallery visitor as a boy in 1931 and 1932, never thinking I would occupy a seat here for sixteen years.

Some hon. Members: Hear, hear!

Mr. Alkenbrack: My friends, I have seen quite a bit of the Canadian Kaleidoscope pass in review in this chamber. Although I have sat on the opposition side for the past 15 years, with the goodwill and help of colleagues from both sides of this House I have been able to accomplish many things in the service of my constituents, and I thank you, Mr. Speaker, and other Speakers under whom I have served, as well as members on both side of the House.

Some hon. Members: Hear, hear!

Mr. Alkenbrack: I want to thank all hon. members of this present House and that vast throng of other members and colleagues of the past who are no longer here, many of whom have gone to their just reward. My appreciation and commendation also go out to all those who work on Parliament Hill, which of course includes the security staff, the secretaries and the executive assistants, all of whom I remember and recognize with magnanimity and gratitude. My deep appreciation also goes to the public service and all the various departments of government that throughout the years have assisted me in representing my constituents.

I deem it time to return to Napanee, my home in Lennox and Addington county. I invite all my colleagues in any of their journeys throughout our area, or near it, to visit me in Napanee. I can assure them that they will certainly be welcome.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Order, please. The question is on the main motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

An hon. Member: On division.

Mr. Deputy Speaker: Motion agreed to on division.

Motion (Mr. Chrétien) agreed to.

Mr. Deputy Speaker: It being ten o'clock p.m., this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 2(1).

At 10 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, April 21, 1978

The House met at 11 a.m.

● (1107)

[*English*]

BEREAVEMENT OF HON. MEMBER FOR WINNIPEG NORTH CENTRE

EXPRESSION OF SYMPATHY ON PASSING AWAY OF WIFE OF MR. STANLEY KNOWLES

Mr. Speaker: Order, please. Before calling motions pursuant to Standing Order 43—I will, of course, try to reserve an appropriate length of time for that and extend the question period if necessary—hon. members will have noticed the rather singular absence from the House today of the hon. member for Winnipeg North Centre (Mr. Knowles). This absence from this House is so rare that it is worthy of note on the occasion it does occur. I wish I could say that the hon. member's absence was due to some happy event, but it is not. Hon. members will be saddened to learn that the wife of the hon. member for Winnipeg North Centre passed away last night and he is, of course, in Winnipeg at this time.

Hon. members of all parties have spoken to me, and rather than having individual comments at this time, particularly in view of the suddenness of the event, perhaps I could speak on behalf of all members of the House in saying to this very distinguished parliamentarian of such long service and great devotion and affection for parliament that all of us wish in some way to reach out to him in this moment of sadness.

Our thoughts and prayers on this day are with him and his family who are all together in Winnipeg. We know the hon. member left earlier this week to be in Winnipeg because of some news and returned to his duties here only too briefly, to be called again last night to be told of this very sad news. I am sure I speak on behalf of all hon. members in saying our prayers and thoughts are with him. I will, of course, be taking the appropriate steps to extend that sentiment directly to Mr. Knowles the moment I leave the chair here today.

ROUTINE PROCEEDINGS

[*English*]

PARKS CANADA

REASON DIRECTOR DOES NOT TRAVEL IN COMMERCIAL AIRCRAFT—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise on a matter of pressing necessity under Standing Order 43. On the Peter Warren show on radio station CJOB in Winnipeg, it was stated that the director of Parks Canada in Winnipeg, who owns a Mooney 201 aircraft which normally rents at $42 per hour, rents the aircraft to the federal government for $52 per hour when he travels on government business. I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That this House direct the Minister of Indian Affairs and Northern Development to launch an immediate investigation into this renting practice and report to the House on why the parks director does not use commercial transportation when on government business instead of using his private plane which he rents to the government at considerably above commercial rates.

Mr. Speaker: The presentation of such a motion for discussion is permitted, pursuant to Standing Order 43, only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1112)

[*Translation*]

THE CANADIAN CONSTITUTION

INQUIRY WHETHER GOVERNMENT CONSULTS PROVINCES ON AMENDMENTS—MOTION UNDER S.O. 43

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I should like to introduce a motion and ask for the unanimous consent of the House under the provisions of Standing Order 43. Considering that the Prime Minister stated yesterday that it is difficult to decide whether it is advisable to unveil the constitutional proposals to the House of Commons or during an election campaign; considering that according to the confederative spirit the provinces should be first to decide, or settle as the Prime Minister said, the future of confederation, although we recognize that the federal government could take part at the unanimous invitation of the provinces, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the Prime Minister undertake serious consultations with the provinces to know what they want instead of forcing his will on them, thus antagonizing them and giving rise to the present state of confusion instead of creating the harmony suggested by the Social Credit Party.

Mr. Speaker: Such a motion requires the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*English*]

NORTHERN AFFAIRS

FUNDING OF NORTHERN FLOOD COMMITTEE—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. On March 16, 1978, the Northern Flood Agreement was ratified by the five Indian bands comprising the northern flood committee. However, it will become "another meaningless paper commitment" if the Indian people cannot participate in the actual implementation of the agreement.

In view of the fact the former minister of Indian Affairs, the present Minister of Consumer and Corporate Affairs (Mr. Allmand), recognized the committee's need for continued funding during the transitional period after the agreement had been ratified, I move, seconded by the hon. member for Provencher (Mr. Epp):

That the present minister of Indian affairs meet with the northern flood committee and ensure funding be continued throughout implementation stages of the agreement.

Mr. Speaker: Presentation of such a motion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

UNEMPLOYMENT

LAY-OFFS AT MARINE INDUSTRIES, QUEBEC—REQUEST FOR GOVERNMENT ASSISTANCE—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise under the provisions of Standing Order 43. From the month of April and on for nine consecutive months, Quebec's Marine Industries will lay off 100 employees each month, bringing the number of workers down from 2,500 to 1,600. This reduction is caused by international competition, particularly from Japan and Brazil.

I move, seconded by the hon. member for Broadview (Mr. Gilbert):

That the House ask the government to take action to stop this drain of 900 workers.

Mr. Speaker: Presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

HOUSE OF COMMONS

REQUEST FORM OF PRAYERS BE PROPOSED BY VARIOUS PARTIES—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

In view of the fact that several months ago the House adopted a motion calling for a change in our Standing Orders which would allow the public to be present in the galleries and join us in the prayers at the beginning of our daily meetings, a motion which was referred to our Committee on Procedure and Organization for recommendations; and in view also of the fact that the nature and length of our current prayers should be modified to reflect better the new ecumenical spirit, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the House urge the caucus of each and every political party represented in the House to provide our committee on procedure, within the next two weeks, with the text of a prayer in which all Canadians could join to ask Our Lord and Father for His guidance, with instructions to the committee to report before the end of the current legislature.

Mr. Speaker: Order, please. Pursuant to Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VACANCY

Mr. Speaker: Order. I have the honour to inform the House that I have received a communication notifying me that a vacancy has occurred in the representation, namely that brought about by the resignation of Claude Wagner, Esq., member for the electoral district of Saint-Hyacinthe.

Accordingly, I have addressed my warrant to the Chief Electoral Officer for the issue of a new writ of election for the said electoral district.

• (1117)

ORAL QUESTION PERIOD

[*Translation*]

FINANCE

SALES TAX—GOVERNMENT STUDY OF QUEBEC PROPOSALS

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Finance. Because of the current concern in Quebec about the budgetary proposal and also because of the impending lay-off of 1,900 workers announced by Marine Industries and Northern Telecom, I should like to ask the Minister of Finance whether, in view of the analysis made by his department which proves, with supporting figures contrary to the claims of the minister himself, that the Quebec proposal could help the industries outside Quebec as well in the clothing, footwear and textile industries, he will take that report into consideration and give an affirmative reply to the Quebec government, this in order to stop misleading the Canadian people by claiming that the step was taken as a separatist measure?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have answered that question repeatedly. Over a period of three weeks, we made proposals to all the provincial governments. During my discussions with my provincial counterparts, we looked into all kinds of possibilities. We picked two out which were agreeable to the nine other provinces; unfortunately, Mr. Parizeau decided to act unilaterally after the federal government reached an agreement with the other provinces. Last Friday, through my officials, I suggested a compromise through the formula explained to the House by my colleague the Minister of State for Federal-Provincial Relations and I intend to send Mr. Parizeau a letter if he feels the information given by his officials is not adequate.

GOVERNMENT URGED TO PREVENT LAY-OFFS AT MARINE INDUSTRIES, QUEBEC

Mr. Roch La Salle (Joliette): Mr. Speaker, I have a supplementary. Could the minister tell us whether he is prepared to have a personal meeting with his counterpart to discuss this issue, which is quite important at least for all hon. members in the House and, at the same time, would he consider with his provincial counterpart the possibility of offering at least his co-operation and could he tell us what his government can do to avoid 900 workers being laid off by Marine Industries shipyards in the town of Sorel?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it is well known that the federal government has been working very actively to help the Canadian shipbuilding industry. When I was Minister of Industry, Trade and Commerce a year and a half ago, I increased the level of federal government subsidies to shipyards by 12 to 20 per cent and we took action with the Export Development Corporation to finance, almost entirely, the ships which are now under construction. Unfortunately, current conditions on the international market are rather depressed and it is clear that some shipbuilding industries may find themselves without work for some time but I know the Department of Industry, Trade and Commerce is actively working with this industry to find new contracts.

Mr. La Salle: Mr. Speaker, I am certainly listening carefully to the minister's answers, but he does not answer my question at all and he cannot give any encouraging answer.

Is the minister prepared to announce soon the proposals of his government and give us the assurance of co-operation? What kind of proposal on the danger of those lay-offs can the minister make, not necessarily to the government of Quebec, but for the Canadian economy as a whole? Furthermore, is he prepared to assure the House that he will make every effort to come to an agreement on the proposal of the province of Quebec? I think these are two questions which should be answered by the Minister of Finance and as soon as possible.

Mr. Chrétien: Mr. Speaker, as to the second question put by the hon. member concerning shipyards, I did say that not only have we substantially increased the subsidy to shipbuilding but all the ships which are now in the shipyard of Marine Industries are financed practically outright by a federal agency, and yet the company itself is owned by the provincial government.

As for the first part of the question, I said that I was sending a letter to Mr. Parizeau and, of course, I took the trouble of going personally to Quebec City with Mr. McKeough two weeks before the budget in order to talk to him about this. I would be prepared to do so again. However, he did not ask to meet me. I made a counterproposal through my officials, and he said that it was not enough for him, so I will send him a letter as early as today or next Monday at the latest.

• (1122)

[*English*]

LAY-OFFS AT NORTHERN TELECOM PLANT IN QUEBEC

Mr. James Gillies (Don Valley): Mr. Speaker, my question is for the Minister of Finance. It relates to the lay-offs at Northern Telecom in the province of Quebec. I ask the minister, inasmuch as these jobs were developed from research and technology and are high-technology jobs that are being undertaken in other countries, what is the minister planning to do to keep in Canada the jobs that result from investment in research and technological advance?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it has been explained often that there is no export of jobs in the operation of Northern Telecom. It is a corporation that tries to expand its operation not only in Canada but abroad. I think it is a welcome development because it is quite important that

Canadian technology and management be used internationally. Of course, because of the slow demand in that type of business in Canada at this time, Northern Telecom have temporary problems. But we hope that with recovery, orders will increase for the corporation and the people laid off will be re-employed.

Mr. Gillies: Mr. Speaker, it is certainly important that the products of Canadian research and technology be used abroad. We would be very happy if the government would do something to see that this has a reasonable opportunity of being fulfilled. One of the prime reasons it is difficult to get products of research and technology and the jobs resulting therefrom is that many countries have tariff barriers or internal agreements which provide that they will not accept the products of research and technology unless the work is done in their own country.

Will the Minister of Finance or the government give assurance to this House that in the GATT negotiations at Geneva which are now going on, the question of opening the borders of other countries to the importation of products of research and technology is an important condition that the Canadian government is putting forth in connection with non-tariff barriers for trade?

Mr. Chrétien: Mr. Speaker, in the negotiations going on at Geneva the government is pushing for the opening up of procurement policies by all governments. We think it is a very important element of freer trade in the world. We are asking for less protective policies in terms of procurement by all nations involved in the GATT negotiations.

Mr. Gillies: Mr. Speaker, will the Minister of Finance give us an assurance that the Canadian position at Geneva will be that we will not permit the importation of products of research and technology in Canada without a reciprocal agreement with countries exporting to Canada that they will give the same preference to Canadian products? Is that the position the Canadian government will take at Geneva?

Mr. Chrétien: Mr. Speaker, I have just explained the goal which the federal government has for the negotiations. Of course, negotiations are going on at this time and we will see the results when they are completed, we hope at the end of the year.

Mr. Gillies: It will be too late then.

Mr. Chrétien: Exactly what we are doing is asking countries to be less protectionist in their procurement policies, which is the point I made earlier.

[Mr. Chrétien.]

GOVERNMENT ADMINISTRATION

REASON PRIME MINISTER NOT IN HOUSE—EXPENSES IN CONNECTION WITH TRIP

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Acting Prime Minister. Will he confirm that the Prime Minister is not in the House today because he is attending a private election planning meeting with Liberal organizers and candidates in Toronto, and that he flew there at public expense in a government plane?

Some hon. Members: Shame.

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, the trip between Montreal and Toronto will be at the expense of the Liberal party.

Mr. Broadbent: Mr. Speaker, I say to the Acting Prime Minister that the question was put in that direct way to get that kind of direct answer, and I thank him for it. Will the Acting Prime Minister assure the House that all subsequent flying around by the Prime Minister in this pre-election period will be done at the expense of the Liberal party and not at the expense of the public?

Mr. Chrétien: Mr. Speaker, I explained very clearly that the trip between Montreal and Toronto was a recognized political trip and it will be paid for by the party.

● (1127)

However, as sometimes happens with every one of us, we have to combine both political and governmental work. Therefore, we judge accordingly. However, with regard to the expenses of travelling between Montreal and Toronto today, they are being paid by the Liberal party.

* * *

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

INQUIRY WHETHER GOVERNMENT CONSULTING PROVINCES ON ENACTING NEW CONSTITUTION

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of State for Federal-Provincial Relations. Given the responsibilities delegated to the minister for improved relations between the federal government and the provinces, can the minister tell the House whether he has had continued talks with the officials responsible in each province on this subject, and can he also specify if there have been talks with the officials responsible in the province of Quebec for an in-depth study of a possible redrafting of the constitution, in order to maintain harmony in our country and preserve a Canada of which we can be proud?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, I would like to thank the hon. member for his question and indicate to him that I have indeed

been in contact with my provincial counterparts and even the premiers during the last few months. We have had the opportunity to discuss the matter raised by the hon. member. Unfortunately, as far as Quebec is concerned, I have not had the opportunity to discuss the constitutional question with my counterpart, for the simple and obvious reason that that government has clearly indicated through its official spokesmen, including the premier himself, that it is not interested in discussing a federal or federalist type of approach to Canadian problems, but that it merely wants separation of the country and the constitution of a country separate from the rest of Canada. Of course, the government does not endorse such an option and as far as we are concerned it is not even a negotiable option, so as long as the Quebec government maintains that position on the future of Canada and of Quebec, I fail to see on what grounds we could agree.

Mr. Lambert (Bellechasse): My question, Mr. Speaker, was of course inspired by the statements made by the Quebec premier in Boston these past few days, where, according to newspaper reports, he stated that he has absolutely no intention of splitting up Canada. That is why I thought that the premier of Quebec and the federal minister responsible for federal-provincial relations had engaged in certain discussions. That being the case, however, is the minister willing, in light of the reply he has just given, to lend an ear to the least showing of good faith which may come from the Quebec government?

Mr. Lalonde: Mr. Speaker, this government would obviously be very happy to see a positive evolution by the Parti Québécois and the Quebec government in their position, more particularly as it relates to the question of independence. Moreover, the hon. member knows very well that Premier Lévesque is a master in the skilful use of words, that he has a tendency to speak with extreme moderation when he is abroad and to spit fire as soon as he is back in Quebec. Nothing in what has been said, both in Quebec and abroad, indicates any change whatever in the fundamental position of the Quebec government about the future of Canada and more particularly about that of Quebec. It is obvious that the Quebec government has in no way modified its position as far as its objectives are concerned, these objectives being its political sovereignty in Quebec and the independence of Quebec, even at the price of some economic association with the rest of Canada, the conditions of which have not yet been determined. As far as we are concerned, we believe that position is absolutely unrealistic; it is not a reasonable solution to the problems of Canada and, in our view, it is unacceptable.

[*English*]

COMMONWEALTH GAMES

PROPOSED ATTENDANCE OF IDI AMIN AT GAMES

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, we are now approaching the Commonwealth Games to be held in the city of Edmonton. There has been a tremendous commitment by the president and committee of the organization for the games and the people of Edmonton, in particular the hon. member for Edmonton Centre, to make this an event of which Canadians will be proud. We now learn that Mr. Idi Amin, a dictator of Uganda, has stated that he will be present at the games in order to coach.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: We need no coaches for murder and terrorism in this country. I ask the hon. Minister of State for Fitness and Amateur Sport whether the government will assure that he, in common with other criminals, will be denied admission to Canada?

● (1132)

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, some time ago my office became aware of the possibility that Mr. Amin might be coach of the Uganda boxing team—

Some hon. Members: Oh, oh!

Mrs. Campagnolo: There has been no confirmation of this, however. I would inform the right hon. gentleman that this same ploy was used in connection with the Commonwealth Games held in Christchurch, New Zealand, in 1974. Mr. Amin did not appear at those games and I do not expect he will appear at ours. However, as my colleague, the Secretary of State for External Affairs, has stated in the House, if such an eventuality should become a fact we shall deal with it at that time. I would like to join with the right hon. gentleman in praising the people of Edmonton for the absolutely superb job that has been done on the preparations for the Commonwealth Games.

Some hon. Members: Hear, hear!

Mrs. Campagnolo: I am most pleased to see the very great pleasure that Canadians from every part of Canada take in sharing in those games. They are presently sharing in an amount in the order of $40 million.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I am glad to have the enthusiastic support which I knew would be forthcoming from the minister. Now I would like to ask my supplementary question. Amin having stated that he is coming, will the Government of Canada informally advise him that he will not be welcome here, so we will not have that pest entering this country?

Oral Questions

MANPOWER

UNEMPLOYMENT RATE IN CONSTITUENCY OF PERTH-WILMOT

Mr. Bill Jarvis (Perth-Wilmot): In the absence of the Minister of Employment and Immigration, Mr. Speaker, may I direct my question to his chief statistician, the Minister of Agriculture, who said in the House during the budget debate that there was less than 2 per cent unemployment in the constituency of Perth-Wilmot?

Since no official statistics are available by constituency—though under present government secrecy, such statistics may be available to ministers—since that constituency comes under region 57 which had an unemployment rate of 8.2 per cent, up 44 per cent, and since the major Manpower office has a "live file" register showing an increase in the number seeking work of 38 per cent over the figure of a year ago, would the Minister of Agriculture, as the statistician for Manpower, explain to the House the basis on which he said the unemployment rate in Perth-Wilmot was less than 2 per cent?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the hon. member knows full well that I obtained some of my facts from a conversation with him when he was bragging about the young people in Perth-Wilmot all having jobs. Most of the statistics I got were his own statistics. If his statistics are so inaccurate, perhaps I should not use them in the future, Mr. Speaker. I note the hon. member did not quote the statistics I gave about the incomes of the people in Perth-Wilmot. The farming population there has one of the highest incomes of any constituency in rural Canada. I am surprised he has not asked a question about those figures also.

Mr. Jarvis: I hasten to assure the minister that my statistics are a great deal more accurate than those he gave in the House on Tuesday night. In supporting the very excellent situation which admittedly exists in Perth-Wilmot—nothing approaching the minister's statistics—I wonder, since the minister attributed this happy situation to government policy, whether he would agree that a 44 per cent increase in unemployment and a 38 per cent increase in the number of people registered for work and unable to find it—

Mr. Speaker: Order, please. The hon. member for Medicine Hat.

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AGRICULTURE

SUGAR BEET STABILIZATION PAYMENT FOR 1976 CROP

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, I have a question for the Minister of Agriculture in connection with sugar beets. It is almost two years since the 1976 Canadian sugar beet crop was seeded. In view of a clear indication from the minister's department and the stabilization board that a pay-out would be forthcoming, will the hon. gentleman indicate when the sugar beet stabilization payment for the 1976 crop will be made, and what will be the amount?

[Mr. Diefenbaker.]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I signed a document and a news release the other day announcing the payment. I do not know whether it has gone out yet or whether the media saw fit to use it. I can say, however, that our support price for beets in Canada, as I am sure the hon. member is well aware, is $6 more a ton than it is in the United States. It is probably one of the best programs in the world. The marketplace has returned practically all that is needed by producers. The payment, if I remember correctly, was based upon three different sections in Canada, not just Alberta. It was based on three provinces—Alberta, Manitoba and Quebec—and in all instances it was less than $1 a ton.

Mr. Hargrave: A short supplementary question, Mr. Speaker. Does the minister recall what the specific pay-out was for Alberta?

Mr. Whelan: Because of the economic conditions which existed in the sugar market and the return producers were able to obtain for themselves, I am happy to say the pay-out is not very big. They got their return from the marketplace, where it should come from.

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EXTERNAL AFFAIRS

CANADA-U.S. NEGOTIATIONS ON HIGHWAY-USE TAX

Mr. G. H. Whittaker (Okanagan Boundary): Mr. Speaker, my question is for the Secretary of State for External Affairs, but in his absence I will ask it of the acting minister. In view of the concern expressed to the Canadian government by the Canadian trucking industry about the unfair application of the United States federal highway-use tax, in view of the understanding Canadian truckers have that External Affairs would raise this issue with the appropriate United States authorities, and in light of the pending requirement that the United States federal highway-use tax has to be renewed by congress, would the acting minister inform the House and the country what steps the department has taken to raise this issue with the American authorities, and what stage the negotiations have reached?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I will take the question as notice. I am sure the minister will wish to deal with it early next week.

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ADMINISTRATION OF JUSTICE

REGULATIONS FOR GUN CONTROL LEGISLATION

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, my question is for the Minister of Justice. In order for the law to be obeyed and respected, free from any ambiguity so that citizens will know what the law is, and now that more than a year has elapsed since parliament approved the gun legislation,

have the orders in council called for in that bill to clear up the ambiguity in the law been approved and published?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, this matter really lies within the jurisdiction of the Solicitor General who is administering these sections. There are, however, no ambiguities in the law which need to be cleared up by legislation.

Mr. Woolliams: The minister says there is no ambiguity in the law. I asked him two days ago a question with reference to the difficulties encountered by bona fide gun collectors who are trying to get certificates. I read from a police report according to which various citizens had gone to the police detachments to get their certificates. According to the letter, the commissioner had received legal advice from the Department of Justice that he lacks legal competence to deal with these applications, and because of the way the law is presently written, if those applications are not approved by January 1, 1978, they cannot be made at all. I wish the minister would comment on this subject, because we are getting hundreds of letters with reference to this deficiency in the law as it now stands.

Mr. Basford: The letter from the commissioner which the hon. member mentioned refers to the statement that under the law he is unable to process applications for the new registration of machine guns. Under the legislation it was made clear that owners of machine guns registered prior to January 1 were bona fide collectors of machine guns, but that thereafter there will be no additional machine gun collectors.

● (1142)

There are some cases before the courts relating to the interpretation of the statute. In one case about which I know, someone imported 500 machine guns before the end of the year and endeavoured to register them. The application was not processed after January 1.

Mr. Woolliams: Mr. Speaker, I have some sympathy with reference to machine guns; they are called automatic weapons. However, I am advised that there are no orders in council approved by either the government or by the provinces, which also have to approve orders in council. Would the minister assure us that no prosecutions will take place under this act until the orders in council are drawn up? That is what the farmers, trappers and Indians are asking; they want to know where they stand on this matter. There has been a hiatus of over a year. Nobody knows what the law is. How can we obey the law if we do not know what it is?

Mr. Basford: Mr. Speaker, I am not aware that farmers, trappers and Indians want machine guns.

Some hon. Members: Hear, hear!

Oral Questions

INDUSTRY

LAY-OFFS AT NORTHERN TELECOM PLANT—GOVERNMENT ACTION TO PREVENT

Mr. Derek Blackburn (Brant): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. It relates to a couple of questions asked earlier in the question period with respect to Northern Telecom. This is a rather sad story. Northern Telecom laid off approximately 2,500 workers in the past year and a half. The company has now announced that it will be laying off another 1,000 workers. I would ask the minister what he has done so far to prevent these lay-offs.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, Northern Telecom is making great efforts to export many of its products and we are assisting in every way possible. We believe that the more the company can export, the more employment it can create in Canada.

* * *

FINANCE

TAX CONCESSIONS TO NORTHERN TELECOM

Mr. Derek Blackburn (Brant): Mr. Speaker, the minister should have said that Northern Telecom is exporting jobs, not products: that is a well known fact.

I would like to direct a question to the Minister of Finance. It is well known that tax concessions given to Northern Telecom in the last several years have been used to build plants abroad, and that has transferred jobs out of Canada. Has the minister called Mr. Scrivener? Will the minister bring Mr. Scrivener into his office to tell him that he had better keep the jobs in Canada or there will be no more tax concessions?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I hope the hon. member will be able to substantiate his accusation that the money has been used to create jobs elsewhere, because the tax concessions which have been given to the private sector have been for expansion in Canada. I think that kind of accusation which is not based on facts should be substantiated. The Minister of Industry, Trade and Commerce and I are trying to help any industry to export, but I explained in my previous answer that the lay-offs at the present time are because of slow demand for that type of equipment within Canada. The jobs which have been affected are those involving exports.

Mr. Blackburn: Mr. Speaker, I would like to ask the Minister of Finance and the Minister of Industry, Trade and Commerce to get their act together and to investigate what Northern Telecom is doing in Turkey at the present time. That is where the company is making components for telephones which should be made in Canada. Would the minister investigate the Turkish operation of Northern Telecom?

Mr. Chrétien: Mr. Speaker, I would like to look into that matter. Of course, when a company exports, it signs agree-

ments with local industries. Perhaps that is one of the arrangements. But the technology, engineering, and so forth, which is being exported is Canadian. That is the way we proceed with foreign trade. Sometimes we have to share the work with the country to which we are exporting.

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ENVIRONMENTAL AFFAIRS

REFERENCE OF IJC REPORT TO HOUSE COMMITTEE

Mr. Dean Whiteway (Selkirk): Mr. Speaker, my question is for the Minister of State (Environment) and it has to do with the Garrison diversion project. Can the minister tell the House whether the government has any intention of referring the final report of the International Joint Commission to the appropriate standing committee of this House, and does the government intend to refer the Andras plan to the IJC?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, I will have to investigate. I have not yet seen the Andras plan. I have read accounts of it but I have not seen the actual plan. I am not sure that this is the final position of the United States government with respect to the Garrison diversion, but I would be very willing to have the committee study the IJC report. There is nothing wrong with that.

Mr. Whiteway: Mr. Speaker, I want the minister to be clear on this. Is the minister telling the House and the Canadian people that he has not yet seen the Andras plan? Has he not yet seen that counterproposal to the IJC? The whole Garrison diversion question is now some four years old. Would the minister undertake to give an answer to this House on Monday? Will he look at the Andras plan over the weekend and report the government's response on Monday? This is a long-standing problem. This is incredible.

Mr. Marchand: Mr. Speaker, I said I have not seen the actual document, but I have received accounts of it. I have been briefed on the Andras plan and my officials have indicated their concern and opposition to it. The IJC plan was very acceptable to us because it met all the concerns we had. We could have lived very easily with the report made by the IJC.

An hon. Member: You are six months late.

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THE CANADIAN ECONOMY

FORECAST OF UNEMPLOYMENT FIGURES AND REAL GROWTH

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. The Conference Board in Canada has revised its unemployment figure for 1978. The board is forecasting unemployment for this year to be 8.5 per cent. The board forecasts an unemployment rate of 16.3 per cent for Newfoundland, 11.3 per cent for Quebec and 13.5 per cent for New Brunswick. Would the minister indicate the level of unemployment forecast in his April 10 budget?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have replied many times that we do not have a precise figure for unemployment in the next fiscal year because it is too difficult to predict in view of the participation rate over which we have no control. I laid out other information in the budget speech. The Conference Board made those predictions before the provincial and federal budgets were out.

Mr. Stevens: Mr. Speaker, the Conference Board has revised its estimate of real growth in the country down to 3.9 per cent. Would the minister indicate his current estimate as of April 21 with respect to real growth in Canada in 1978?

Mr. Chrétien: Mr. Speaker, on budget night I predicted that the real growth of the gross national product in Canada for 1978 would be close to 5 per cent.

Mr. Speaker: The hon. member for Provencher.

Mr. Epp: Mr. Speaker, the minister to whom I want to direct my question has left.

Mr. Speaker: The hon. member for Esquimalt-Saanich.

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VETERANS AFFAIRS

WAR DISABILITY PENSIONS' ADHERENCE TO 1973 FORMULA

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is directed to the Minister of Veterans Affairs. Is the minister's department preparing legislation, to redeem his department's credibility, for presentation to this House which would make the 1973 formula of mandatory application in the calculation of disability pensions for war veterans? In addition, are any proposals coming forward to accord prorated pensions to widows of those who are drawing pensions?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, if the hon. member refers to *Hansard* he will find that on probably 17 occasions I have made reference to this matter and told the House just what the position of the government is.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I asked the minister whether there is any legislation coming forward because I am sure the House would undertake to give it rapid passage. There are people in dire need. Is the minister refusing to bring forward legislation: is that what he is saying?

Mr. MacDonald (Cardigan): Mr. Speaker, if anything of this nature happens, it will be available to all members of the House.

INDUSTRY

REQUEST GOVERNMENT ACT TO STOP EROSION OF INDUSTRIAL BASE

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. Large segments of our electronics industry, such as television research and production facilities, which are the largest ones, have discontinued Canadian operations. Northern Telecom, which has been "the" private Canadian industry in terms of research and development, is now experiencing difficulties.

● (1152)

Will the minister tell the House what new action the government will take to stop the erosion of Canada's industrial base, which Mr. Shepherd, director of the Science Council of Canada, estimates is happening at the rate of 10,000 jobs per month?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, this afternoon we will be asking for speedy passage of the Export Development Corporation bill. Last year, through the Export Development Corporation and its assistance in exporting goods produced in Canada, we created or maintained 200,000 man-year jobs alone. Thus, it is very important for the House to pass that piece of legislation.

Some hon. Members: Hear, hear!

Mr. Howie: Mr. Speaker, I thank the minister for his answer. I draw to the minister's attention the answer he gave in response to a question I asked some time ago, that representations were made to auto manufacturers to carry out a proportionate share of their research and development in Canada amounting, by some estimates, to $250 million a year, which is not done here now. Can the minister report any success in this matter? When, and what companies, will commence such operations?

Mr. Horner: Mr. Speaker, we are continuing to work with the Big Three in the automotive industry. We have set up a sector study on the entire question of the automotive industry. I hope to be able to announce shortly research and development plans for the automotive industry in Canada.

COMMUNICATIONS EQUIPMENT—STEPS TO CORRECT TRADE IMBALANCE

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. It follows on the questions posed by my colleagues, the hon. member for Don Valley and the hon. member for York-Sunbury. Is the Minister of Industry, Trade and Commerce aware that last year Canada imported $1,251 million worth of communications equipment and that we exported $39 million worth? In other words, we had a net deficit of $1,212 million. What is the minister going to do about it? It is a significant market.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I am doing two things in particular about our manufacturing industry. Just as the hon. member did with one particular item, the $26 billion item of manufactured goods imported into this country is being analysed by my department. We are studying who buys them, what they are used for and why they cannot be produced in Canada. We are about to launch a program to encourage and to educate Canadians as to the value of buying Canadian goods. It would create jobs and improve the basic standard of living of all Canadians if we could procure more of our equipment in Canada.

Some hon. Members: Hear, hear!

Mr. Kempling: Mr. Speaker, can the minister tell us if there is any mechanism of which he is aware in the statistics-gathering mess in the government to indicate whether the results of research and development policies of the government in fact go out of the country? When we look at $26 billion in imports of high-technology products and the amount of research and development which has been done in Canada in the last ten years, certainly a great deal of it is going out of the country and not staying in the country as it should. What can the minister tell us about that? What mechanisms does the government have?

Mr. Horner: Mr. Speaker, we have a Patents Office. The Canadian government encourages Canadian manufacturers to patent the results of their R & D. Naturally, the patent only lasts so long and then it can be used by other countries.

Mr. Kempling: That is the problem.

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POST OFFICE

ALLEGATION INCREASE IN POSTAL RATES ILLEGAL

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is directed to the Minister of Justice. It arises out of an answer which he gave yesterday, as reported at page 4687 of *Hansard*, which reads in part as follows:

—the present and past postmasters general have acted on the advice of the Department of Justice that the use of section 13 of the Financial Administration Act is a proper and valid use of that section—

Is the minister aware that the former postmaster general, the hon. member for Papineau, in 1974 said that he would not proceed to raise rates until he had an opportunity to amend the Post Office Act. His successor, the Hon. Bryce Mackasey, in 1976 was the first to use the Financial Administration Act but he realized he was operating contrary to the will of parliament and said that he would move retroactively to regularize what he was doing by this irregular procedure. The present Postmaster General—

Mr. Speaker: Order, please. If the hon. member has a question, perhaps he can come to it quickly; we are running out of time.

Mr. Dinsdale: The previous postmaster general said that he would be amending the Post Office Act to make his action regular. Why is the Minister of Justice advising ministers to break the law, and in particular to circumvent the rights of parliament which is the main charge made in the fourth report of the Standing Committee on Regulations and Other Statutory Instruments that was concurred in unanimously by the House?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, none of those statements in any way affect the statement I made yesterday. There is more than one way of doing something. One way—

Mr. Baker (Grenville-Carleton): Legal or illegal.

Mr. Basford: —both of which are legal, and one of which may well be preferred by the hon. member or the committee. That is a matter of opinion and debate. But as was indicated yesterday, it does not affect the legality of the action taken.

Mr. Dinsdale: Mr. Speaker, in view of the fact that the Minister of Justice does not even realize—and yesterday the Postmaster General indicated that he did not realize—that he is violating the fundamental right of parliament in the advice he has given—

Mr. Baker (Grenville-Carleton): And the law.

Mr. Dinsdale: Yes, and the law. In view of this, would he now table the judicial opinion which is supposed to support his illegal activity or his illegal advice?

Mr. Basford: Mr. Speaker, as I indicated yesterday, successive postmasters general have acted on the advice of the Department of Justice. I take it the hon. member wants the legal opinion upon which that is based, not the judicial opinion. As the hon. member well knows, for the reasons once very eloquently stated in the House by the hon. member for Peace River, governments do not table their legal opinions.

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NORTHERN AFFAIRS

FUNDING OF NORTHERN FLOOD COMMITTEE IN MANITOBA

Mr. Cecil Smith (Churchill): Mr. Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. The northern flood committee in Manitoba was led to believe by the previous minister of Indian affairs and northern development that funding would be available for a transitional period after the flood agreement was ratified. The agreement was ratified on March 16, 1978. Will the minister give a firm commitment now to fund the northern flood committee during the implementation stages of that agreement?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I should like to inform the hon. member that discussions are ongoing at this time among the members of the flood committtee and the regional director of Indian affairs in Manitoba. In fact, they are discussing a proposal for funding. I will review any commitments made by my predecessor and if they are there I will certainly live up to them.

Mr. Smith (Churchill): Mr. Speaker, will the minister meet the request of the northern flood committee and meet personally with them at his earliest convenience?

Mr. Faulkner: I will look into that, Mr. Speaker.

Mr. Speaker: The hon. Leader of the Opposition.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

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EXTERNAL AFFAIRS

MOTION OF CONDEMNATION RESPECTING ATROCITIES IN CAMBODIA

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I find it amusing that when I rise, hon. members opposite try to end the question period.

Some hon. Members: Oh, oh!

Mr. Clark: My question is directed to the Acting Prime Minister, but I will wait until the House has quietened down and the shouting has stopped.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Clark: As the Acting Prime Minister will know, on April 7 the House of Commons unanimously passed a motion moved by the hon. member for Matane and seconded by the hon. member for Grenville-Carleton expressing the horror and condemnation of this House at the murder of some two million men, women and children in Cambodia. The Acting Secretary of State for External Affairs at that time indicated that the extent of the action the Government of Canada was prepared to take was to have the matter discussed at the United Nations Commission on Human Rights. That is good as far as it goes, but obviously it does not go far enough to give expression to the horror felt by this parliament.

As a matter of policy, will the Acting Prime Minister give us a commitment now that the government will put this item on the agenda of the fall session of the United Nations?

● (1202)

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, as this problem comes within the jurisdiction of my colleague, the Secretary of State for External Affairs, I will let him reply to this question next week. Because the proposition of the hon.

member does not call for action before the fall, we can wait a few days.

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PUBLIC SERVICE

REQUEST PUBLIC SERVICE COMMISSION REPORT BE TABLED IN HOUSE

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question for the President of the Treasury Board which arises from reports a few days ago on the report of the Public Service Commission to the D'Avignon committee which is looking into personnel management and the merit principle in the public service. This report was intended to be made public shortly after it was made. Public reports indicate that now that a federal election is in the wind, the Public Service Commission is keeping the proposals under its hat for fear they will become political footballs. Would the government be prepared to concur in the tabling of that report in the House of Commons?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, as the hon. member knows, the Public Service Commission reports to parliament and might or might not be properly influenced by government attitudes toward it. However, the chairman of the Public Service Commission has indicated that the facts as the hon. member has stated them in his question are essentially correct, and this is by its decision, not by the government's.

I also gather that this decision was based upon some implied advice by the parliamentary committee at an earlier stage to the effect that this question be kept out of the political realm. If the hon. member disagrees, I have no particular objection one way or the other. I think probably the proper way to do this is to have the chairman of the Public Service Commission note these views and make a decision. We could not, of course, impose the government's view upon the Public Service Commission, but I will convey that view to the chairman.

Mr. Baker (Grenville-Carleton): Mr. Speaker, for the minister's benefit, let me say that the task force referred to by the joint parliamentary committee has now had part of the Public Service Commission's submission given to it and that part is public. I am sure that if the minister, on behalf of the government, joined with me—or I am prepared to join with the minister if he is willing—in advising the Public Service Commission that there would be no objection to this report being tabled in parliament, particularly now that it appears the election they feared is not so imminent, the Public Service Commission would be prepared to do this.

Would the minister undertake, on behalf of the government, to join with me and others in the House who are concerned about these secret plans for the public service, which will not be released before an election, in advising the Public Service Commission that it should release and table the report in the House of Commons?

Mr. Andras: We will give that suggestion consideration, Mr. Speaker. I do not think the hon. member intended to indicate otherwise, but if he did I think we should be clear that this is a decision of the Public Service Commission and not of the government. Therefore, the suggestion of secret plans and that sort of thing and the implications should not be addressed to the government. This is a decison of the Public Service Commission.

Mr. Baker (Grenville-Carleton): Are you willing to go to the Public Service Commission with me?

Mr. Basford: They are not accountable to you two people.

Mr. Baker (Grenville-Carleton): We could ask.

Mr. Andras: I will reiterate what my seatmate has said: they are not accountable to us. Under the circumstances, I will listen very carefully and give great consideration to the suggestion of the hon. member, but that is as far as I can go at the moment.

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PRIVILEGE

MISS BÉGIN—UNPARLIAMENTARY LANGUAGE USED BY HON. MEMBER FOR GRENVILLE-CARLETON

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I should like to rise on a question of privilege and I refer to page 4690 of the English version of the *House of Commons Debates* of yesterday where the hon. member for Grenville-Carleton (Mr. Baker), whose name appears in *Hansard*, is reported to have said, when speaking of me during an answer to a question, "She is a hypocrite". I do not think that is considered to be parliamentary language. I checked the meaning in the dictionary, and I do not understand at all to what the hon. member is making reference. I should like him to withdraw the remark or to explain it. If he makes an explanation, I should like the opportunity to answer. None of my colleagues can understand why he should use such language, and I would like him to withdraw it.

Some hon. Members: Shame, shame!

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have checked the precedents this morning in respect of the use of the word "hypocrite". It was drawn to my attention that it was on the record of the House. That is unparliamentary language, and I withdraw it.

Some hon. Members: Hear, hear!

MR. WOOLLIAMS—ANSWER GIVEN BY MINISTER OF JUSTICE DURING QUESTION PERIOD

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I rise on a question of privilege, and I am sure the Minister of Justice (Mr. Basford) would not deliberately misinterpret my words. When I used the term "guns" today I am sure he knows

what I meant. When I was talking about regulations in connection with the act which governs the new owners of long guns, guns used by farmers, ranchers, fishermen, and trappers, I suggested the regulations had not been drafted. That act has been law for almost a year. I have looked into this matter and there are no regulations which have been approved by the provinces or the Minister of Justice. In other words, there is a law on the books without any explanation or understanding.

For example, in respect of the definition of a bona fide gun collector, we have no idea in law whether this has reference to one gun, two guns, or twenty guns. When these people apply for permits in order to get certificates they are told quite properly by the commissioner he does not have the authority to issue the certificates. If the certificates are not issued before January 1, 1978, or at least applications are received, gun collectors can never get certificates. That is what I was putting to the minister.

We have waited a whole year for this from the government, as we did in respect of regulations regarding gas and oil. These people are subject to prosecution probably because of the illegal possession of weapons of any kind, in the absence of those regulations. The minister misinterpreted my question to be related to machine guns. The Minister of Justice knows I was not talking about machine guns, but he used that answer deliberately to cover up his own procrastination.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, perhaps the hon. member was not talking about machine guns, but the letter from the commissioner, from which he has quoted in this House on two occasions, is a letter relating to the registration of machine guns, in which the commissioner makes it very clear that the law states that after January 1, 1978, new collectors of machine guns cannot register what are now absolutely prohibited weapons. The law is also quite clear that bona fide collectors of weapons other than machine guns can register their guns. The RCMP is clear on what is a bona fide collector for that purpose, namely, someone whose record, on checking, does not contain some adverse comment, and nothing is known to the local registrar of firearms that would indicate the information on the application, as a collector, is false.

On the third point the hon. member raises, and I am surprised that the hon. member is not aware of this, having sat as a member of the committee studying that bill, it has been made very clear by the government, by myself, and by the Solicitor General (Mr. Blais), that the portion of the law relating to firearms' acquisition certificates in respect of long guns, rifles and shotguns does not come into effect until January 1, 1979 and, therefore, there are no orders in council to be passed. Farmers, trappers and hunters who want to go out and buy rifles or shotguns can do so now under the law.

MR. STEVENS—ALLEGATION CONCERNING COMMITTEE APPEARANCE BY MINISTER OF FINANCE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question of privilege arises from the fact that, in spite of the minister's main estimates being introduced in the House on February 22, the Minister of Finance (Mr. Chrétien) has refused to appear before the Standing Committee on Finance, Trade and Economic Affairs to give an accounting to that committee.

Your predecessor, Mr. Speaker, in a similar situation, took it upon himself to send a letter to the Standing Committee on Procedure and Organization, requesting that committee to review the matter and determine whether there is some way a minister can be required by parliament to appear before the appropriate committee to answer in respect of his estimates.

• (1212)

This is particularly pertinent today because, in response to questions is this House, and I had only one supplementary, the minister made it very clear that he has presented a budget to this House and the government does not know what unemployment level to anticipate in the current year. Surely, Mr. Speaker, a minister who makes that kind of admission to the House should be virtually required to go before the appropriate committee of this House and give an accounting, not only with respect to his main estimates, but with respect to how he could conceivably be asking this House to accept a budget, as he has done, without having the basis of that unemployment level they foresee for Canadians. My formal question is, Mr. Speaker, that you consider at least sending a letter to the Standing Committee on Procedure and Organization pointing out the fact that we have not been able to get the Minister of Finance to appear before the Standing Committee on Finance, Trade and Economic Affairs.

This morning he was tentatively supposed to appear. He flatly refused, saying that he did not have time to go before that committee, yet he had time to attend a session in Vancouver. I would suggest he should make the time to spend at least 60 to 90 minutes before the appropriate committee of this House to account for his estimates.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, again we see how this member of parliament can be dishonest with the House of Commons. My parliamentary secretary stated that I would appear next Tuesday night, and I have accepted that, but the hon. member rose in this House this week again to throw some cheap shots because I was presiding over an international meeting in Vancouver.

Some hon. Members: Hear, hear!

Mr. Chrétien: There were 2,000 delegates, ministers of finance from the Latin American countries and so on, and I was performing my duty as Minister of Finance.

Mr. Stevens: You should have been here.

Mr. Chrétien: Because we on this side of the House can be gentlemen occasionally, I invited the hon. member for Edmonton West (Mr. Lambert) to sit in my place and represent Canada at this conference. He is more of a gentleman than the hon. member.

Some hon. Members: Oh, oh!

Mr. Chrétien: The hon. member seems to think that my three-day absence was a very long absence. It was probably longer than the life of the Western Bank of Canada before it went bankrupt. I did go to the meeting because I was representing Canada in my responsibility as Minister of Finance and as governor of the InterAmerican Development Bank, for which I was elected chairman of the Board of Governors in the coming year.

Some hon. Members: Hear, hear!

Mr. Chrétien: I know that the hon. member will be at the meeting on Tuesday to ask his thousands of questions that will make no bloody sense!

Mr. Speaker: Order!

Mr. Chrétien: Mr. Speaker, you gave him time to make all sorts of insinuations on a point where he was completely wrong.

I had already indicated when I would come before the committee, and it was not necessary for the hon. member to get up in this House and accuse me of refusing, when he already knew that I would be there. Or, if he did not know, it is because he is not aware of what is going on in front of the committee, perhaps because he is a part-time member of the opposition—I do not know.

I will be there on Tuesday, Mr. Speaker, because with the kind of policies they are proposing we will not have an $11.5 billion deficit but it will be $20 billion, and if he becomes minister of finance the fate of Canada will perhaps be the same as the Western Bank.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker—

Some hon. Members: Oh, oh!

Mr. Clark: Again the Liberals opposite, particularly the hon. member for Ottawa-Vanier (Mr. Gauthier), whose major contribution to debate is to shout from his seat, are trying to shout me down.

Mr. Gauthier (Ottawa-Vanier): I did not say a word.

Mr. Clark: What has happened on this question of privilege is that the hon. member for York-Simcoe (Mr. Stevens), who is responsible to this party as the critic on economic matters, quite properly stood in his place to express concern that the Minister of Finance (Mr. Chrétien) for Canada at a time of the most serious economic crisis in the country, has refused to this point to come before the appropriate committee of the House of Commons to discuss his main estimates. The minister tells us today that—and my colleague from York-Simcoe has informed me that this is the first time that he, as a member of that committee, has been advised—he intends to appear on Tuesday night. Well, that is fine, and we will see if he keeps that engagement, because he failed to keep the engagement this morning.

The point raised by my colleague was a request to you, Mr. Speaker, on a matter of the greatest of importance to the ability of this House of Commons to do its job in examining estimates and to try to hold this government accountable. I regret to say that it is not only this minister who refuses to come to committees, but it has become a pattern with that government on its estimates. It is a very appropriate request that the hon. member for York-Simcoe has made.

Some hon. Members: Oh, oh!

Mr. Clark: Please do not try to shout me down again. I can understand that a party that is in full retreat from calling an election wants to shout, but I wish that they would not try to interrupt debate in the House in this way.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, it is a fundamental right and an obligation of this House to review estimates. It is particularly important in relation to the economy when we are in the state of crisis that we are. There is a precedent of which you have been reminded by my colleague from York-Simcoe and he has asked you to consider taking very seriously that precedent.

The Minister of Finance, as has too often been his practice, instead of dealing directly with matters which might have advanced confidence in the Canadian economy, has resorted instead to the inference of malicious intent, personal attacks and the debasing of debate in this House of Commons. That is why I rise. The business of the Parliament of Canada and the necessity of confidence in the Canadian economy are too important to be put aside by the partisan game-playing of the Minister of Finance.

What I would like you to do, Mr. Speaker, is to give most serious consideration to a very serious request put forward by my colleague from York-Simcoe, and you act as previous Speakers have acted in similar circumstances when previous ministers refused to carry out their responsibilities and come to committee.

Mr. Speaker: Order, please. We have had contributions from the hon. member for York-Simcoe (Mr. Stevens), by the hon. Minister of Finance (Mr. Chrétien), and the hon. Leader of the Opposition (Mr. Clark). I do not believe this matter need be discussed any further.

The Minister of Finance stood in his place today and said that he was not able to attend the committee meeting this morning and that he has indicated to the committee, and confirmed in the House, that he will be at the next meeting, which is Tuesday night. That closes the matter as far as any procedural difficulty is concerned.

I am unable to take any action in a situation in which the minister says that he has indicated that he is prepared to come to the committee at its next meeting and that is the first opportunity he has had to be there. Therefore, from a procedural point of view, the matter is closed and ought not to go any further.

Ways and Means

MR. LUMLEY—NOTICE OF MINISTER'S APPEARANCE

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I rise on a question of privilege. I do not wish to further this debate, but the Leader of the Official Opposition (Mr. Clark) made a very erroneous statement when he said the opposition parties were not aware that the Minister of Finance (Mr. Chrétien) agreed to come on Tuesday, April 25. At our last meeting of the steering committee of the standing commiteee I stated emphatically, while the hon. member for York-Simcoe (Mr. Stevens) was present, that the minister would be available on April 25, and tentatively available on April 21, which was this morning. The minister could not make it this morning, but he has re-emphasized the fact that he would be there April 25. The statement of the Leader of the Opposition, Mr. Speaker, is totally erroneous.

Mr. Speaker: Order, please. We can go on at great length here, and argue this matter, but we are clearly into questions of debate. The procedural question raised initially by the hon. member for York-Simcoe (Mr. Stevens), and contributed to by the Leader of the Opposition (Mr. Clark) was totally answered by the Minister of Finance (Mr. Chrétien) when he stood in the House and stated that he would be at the meeting on Tuesday night. There is no further procedural argument or remedy that can be advanced at this time.

MR. STEVENS—MINISTER'S COMMENT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I have a new question of privilege. During the course of his remarks the Minister of Finance (Mr. Chrétien) said that I had acted dishonestly. I would ask him to withdraw his comment because I believe that it is unparliamentary language.

Mr. Speaker: Order, please. If my memory serves me correctly, the minister said that this indicates the manner in which the member can act dishonestly, or can be dishonest with parliament. However, I will check the record to see if in fact he said there had been dishonesty in the circumstances.

● (1222)

ROUTINE PROCEEDINGS

[*English*]

WAYS AND MEANS

CUSTOMS TARIFF

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in accordance with Standing Order 60 I request you to designate an order of the day for consideration of the Notice of Ways and Means Motion with regard to the Customs Tariff, tabled Monday, April 10, 1978.

[Mr. Speaker.]

PETITIONS

REQUEST FOR IMPROVED POSTAL SERVICE IN CONSTITUENCY OF EDMONTON WEST

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I have here a petition in the following terms:

THE PETITION of the three hundred-fifty (350) undersigned residents of the City of Edmonton in the Province of Alberta who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your honourable House will therefor provide a remedy,

The petition goes on to show:

THAT there is grave dissatisfaction with the present method of mail delivery from the site box system in the constituency of Edmonton West and more particularly in those areas west of 170th Street;

THAT those residents of such areas now pay tax levies for postal service at the same level as do other citizens in the said constituency who receive door to door delivery and to that extent your petitioners feel that they are being discriminated against;

WHEREFORE your petitioners humbly pray that the Government of Canada give immediate consideration the institution of door to door postal delivery in those areas of the constituency of Edmonton West not now served which in all respects meet the normal requirements—

Mr. Speaker: Order, please. I wanted to let the hon. member go along enough to describe the petition, which he is entitled to do. He is not entitled, as a right, to read it. I would certainly not want to encourage any practice whereby those bringing petitions into the House would consider it a right to read the terms of the petition. The hon. member is entitled to present the petition and describe it accurately, which he did in that particular way on this occasion. I want to stress again that I would not want that to be taken as a precedent that those bringing petitions into the House for application and approval would be entitled to read them in every instance.

Mr. Lambert (Edmonton West): Mr. Speaker, I would simply say that the terms of the petition are as brief as any other description that could be made. I hereby present the petition.

* * *

[*Translation*]

QUESTION ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following question will be answered today: 1,445.

[*Text*]

MR. LIONEL ORLIKOW

Question No. 1,455—**Mr. Epp:**

1. Is Mr. Lionel Orlikow employed by the government and, if so (a) what is his job designation (b) upon what basis and on what criteria was he hired (c) for how long has he been hired (d) what salary and what expense account per year is he receiving?

2. Will he be submitting an annual report of his findings and will the report be Tabled in the House of Commons?

Hon. John Roberts (Secretary of State): 1. No.

2. Not applicable.

* * *

[*Translation*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if questions Nos. 1,081 and 1,390 could be made orders for returns, these returns would be tabled immediately.

[*English*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House that questions Nos. 1,081 and 1,390 be deemed to be made orders for returns?

Some hon. Members: Agreed.

[*Text*]

NATIONAL FILM BOARD—MR. ROBERT CARDINAL

Question No. 1,081—**Mr. Cossitt:**

1. Is Mr. Robert Cardinal employed with the National Film Board and, if so (a) in what position (b) on what date was he appointed (c) what is his annual salary?

2. What were the previous positions he held with the National Film Board and the dates concerned?

3. Has he been specifically involved with the promotion of films produced by the National Film Board and, if so, what is a complete list of all such films and the expenditures in each case, including the total expenditures in all cases, made for promotion, etc?

4. Is it a requirement of the government and the National Film Board that at least three tenders be received for those to be considered for promotion of films?

5. In how many cases did Mr. Cardinal (a) call for tenders (b) not call for tenders and, in each case, what was the amount expended, to whom was it paid and for what film being promoted?

6. To the knowledge of the government, were amounts of whisky or other gifts delivered to Mr. Cardinal at any time by firms doing promotion work for the National Film Board and, if so, what are all the details?

Return tabled.

DIFFERENCE IN INCOME TAX ABATEMENT IN QUEBEC, ONTARIO AND ALBERTA

Question No. 1,390—**Mr. Schumacher:**

1. What was the amount of federal income tax payable by a resident of the province of (a) Quebec (b) Ontario (c) Alberta, on a taxable income of (i) $5,000 (ii) $10,000 (iii) $15,000, in the fiscal years 1975-76, 1976-77 and 1977-78?

2. What is the reason for the difference in tax abatements?

3. On what basis are the formulas for abatement in each case, decided?

4. In each case where compensation is received by the provinces, how much adjustment is made through (a) cash payment to the province (b) recoveries from each province?

Return tabled.

[*English*]

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

CURRENCY AND EXCHANGE ACT

AMENDMENT TO AUTHORIZE ISSUANCE OF CERTAIN GOLD COINS

Hon. Marcel Lessard (for the Minister of Supply and Services) moved that Bill C-39, to amend the Currency and Exchange Act, be read the second time and referred to the Standing Committee on Miscellaneous Estimates.

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, the purpose of this bill is to allow the Governor in Council to authorize the Royal Canadian Mint to strike and issue gold coins, to determine their face value and specify the maximum mumber of gold coins to be struck in a year.

In 1977 the Royal Canadian Mint was authorized to issue a special 22 carat gold coin with a $100 face value to commemorate the 25th anniversary of Her Majesty. In only four months, 176,000 gold coins were sold for an amount of $24.6 million.

[*English*]

The world annual market of numismatic coins is estimated at about $1 billion, and in 1977 the Mint sales were more than $31 million. The government believes the Mint should continue its efforts to gain for Canada a substantial share of the world market.

[*Translation*]

Such a project could yield such benefits as creation of jobs at the Royal Canadian Mint and better profitability of production services; creation of jobs outside the mint, for example for the production of related products like blanks and cases; creation of jobs in mining and related industries; and improvement of our balance of payments through the sale of coins abroad.

[*English*]

I trust these advantages will commend themselves to hon. members opposite and that any difficulties they may find with the bill will be resolved in a spirit of mutual co-operation at committee stage.

Some hon. Members: Hear, hear!

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I expect there will be considerable difficulties from members on this

side in connection with this bill because of the possible wide powers it takes away from the House of Commons and gives to the cabinet.

This would not be the first time we have seen attempts by this government to reduce the powers of the House of Commons. I do not have to think back very far to remember the last tally we had on orders in council issued by this government. The last annual count was something like 3,300. I think we have to compare the number of orders in council used in this parliament with the number used in the British House of Commons. There, for the same period, 12 orders in council were issued, compared to over 3,000 issued by this government. It may be that through familiarity with the use of orders in council, Canadians, and even Canadian parliamentarians, have been lulled into a sense of complacence and think there is nothing wrong with this.

I ask hon. members to recall a few short years ago when we had a lengthy debate in this House on the right of the government to issue these very coins that are under consideration. The reason for that debate was obvious. Members of the opposition were quite concerned that this kind of tampering with the coinage and the money system in Canada should be taking place. I only refer to this to indicate to the House the seriousness of the measure before us.

I am sorry that the Minister of Justice (Mr. Basford) has left the chamber. He was party to another move by this government when it attempted to remove the importance and power of this House of Commons. I am referring to an action taken within the last two months by the Minister of Justice who, while in Vancouver, called a press conference for the express purpose of announcing a matter of serious concern to British Columbians. It was a matter which should have been announced in this House, not by the Minister of Justice but by the Minister of National Revenue (Mr. Guay). I am referring to the matter of the importation of and duties on wide flange steel beams which are so widely used in steel fabrication in British Columbia.

● (1232)

The government has imposed a tariff on imported steel in order to help eastern steel producers. That move was probably understandable, Mr. Speaker, but the government had not thought it through to see how that kind of a move would affect the industry in British Columbia. It was established that the B.C. steel fabricators were not using eastern Canadian produced steel in any event. Freight rates and other factors made it non-competitive with steel that was available from overseas.

I do not mean to debate the steel issue under this bill, but I am stressing the fact that instead of the then minister of national revenue getting up in the House and saying that the government had decided to remove temporarily the tariff on imported wide flange steel, the government took that power away from the House and sent the Minister of Justice (Mr. Basford) to Vancouver to hold a press conference at noon Ottawa time on a Friday, which effectively closed off any possibility of debate until Monday afternoon of the following week.

In the normal circumstances the Minister of National Revenue would have made a statement in the House. There would have been an opportunity for reply from this side and from other opposition parties, and then questions on the matter, so that it would have been fully aired. As it was, the Minister of Justice was sent to Vancouver to do it. But not only that, he had indicated in less than a frank manner after the cabinet meeting the night before that no decision had been reached on that matter. Furthermore, he indicated to the press conference in Vancouver that the Minister of Finance (Mr. Chrétien) or the then minister of national revenue—I am not sure which one it was—would be making a simultaneous statement in the House of Commons. That, of course, did not happen. The only statement which was made in that case was made by the Minister of Justice in Vancouver.

Another reference which we can all remember involving the removal of powers from this House of Commons was the holding of a first minister's conference by the Prime Minister (Mr. Trudeau) in Ottawa which took place down the street from this building. This conference, held during the current session of this parliament, took away from the media and from Canadians the importance of the business of this House. We can excuse the Prime Minister—I guess we can get along without him from time to time—but in this case there were more ministers than just the Prime Minister absent, which curtailed the answering of questions. As well, other members had to absent themselves from the House in order to observe the conference. I draw that to your attention, Mr. Speaker, simply as an example of attempts by the government to take away powers of this House.

Who knows at this point what the intentions are of this particular bill or what powers will be taken away from the House and given to the cabinet under this bill? What is the bill actually telling us? It allows the gold content of coins to vary. It allows the cabinet to determine the number of coins to be issued. The parliamentary secretary has set out briefly and accurately the intent of the bill. However, I would like to look at the explanatory notes to the bill, shown on page 2. With regard to clause 1 it says:

> This amendment would allow the Governor in Council to authorize the issue of gold coins of different denominations and would remove the requirement that the value of the gold in the coins be equal to the amount that appears as the denomination of the coin.

What will that do to our coinage? Already under the Olympic Coin Act we have a situation where we have two categories of gold coins. In each category the gold coin has a face value of $100. We find the 14-karat gold coin contains 7.77 grams of pure gold, whereas the 22-karat gold coin contains 15.55 grams of pure gold. I do not know what reliance people can be expected to put on the value of coinage. Here are two coins both having a face value of $100 but each containing a different quantity of gold. We do not know whether it is the intention of the government to issue a Kruger rand kind of coin with a known quantity of gold, for instance one ounce.

We can refer to some other actions of the government to illustrate that the government does not let us know exactly what it has in mind. However, before I do that I want to refer to the Olympic gold coin program and in particular with regard to the advertising which was used to market the coins. A buyer was given the impression that this investment would pay handsomely within a short period of time. The advertisement states:

Seven reasons why the Canadian Olympic 22 karat Gold Proof Coin is one of the most unusual coins in history . . . . . and why you should reserve yours now!

Those words appear in large print at the top of the advertisement. Following that the seven reasons are given why these coins will increase in value. Then it opines "Yesterday's Olympic Coins are today's treasures." Then a table is given which is headed "Value of Olympic Coins—The Historic World Record". The impression created is that these coins are a good investment and will increase in value. In very small print at the bottom of the page in something like we call shyster print out in my part of the country, it says, "No assurance can be given that any particular coins will appreciate in value". It is even hard for me to read these words under the bright lights of the House here.

With that kind of advertising and the kind of content we see here, I hope that we on this side of the House can be forgiven for wondering what it is that the government has up its sleeve. I have a comment here about these particular coins:

Critics point out that the coins do not contain sufficient precious metal ($35.50 and $71 worth of pure gold respectively), to justify their face value, nor are they scarce enough to bring about large price increases.

I recognize that collectors make their own markets, and if the claims in the advertisement are correct that fewer coins are being issued than there are collectors in the world, perhaps the values will go up, although there is no assurance that the government will not be producing any more coins to take away the value contained there.

I remember a couple of years ago that the government laid a charge against an industry in this country, the particular company involved was fined, I think it was $7,000, by the courts of the land for advertising pewter beer mugs. This was a give-away kind of thing offered by one of the cereal companies, I believe it was General Foods, and these beer mugs were to be sold for $2.39 or some other very low figure. The government laid a charge against General Foods and the company was subsequently convicted, even though it would have been obvious to any person with the slightest knowledge of valuable metals that pewter beer mugs could not be sold for the price advertised. Of course, there was no pewter in those mugs at all. They were made out of some kind of metal which looked like pewter or, possibly, out of plastic. Anyway, the courts made the decision, and it is not my intention to reflect on that decision.

● (1242)

A similar instance occurred right here on Parliament Hill when the Secretary of State circulated a letter to all members of parliament offering supplies of desk flags, Canadian flags suitable for placing on a desk. The letter said they had a "nice gold mounting". Perhaps the expression used was "gold-plated mounting". Well, Mr. Speaker, it is not gold at all. It was merely a plastic base and a plastic stick, but they were gold coloured. I raised that point in the House because this happened about the same time the government was charging somebody else for selling pewter mugs which were not made of pewter. But neither the Secretary of State nor the Minister of Consumer and Corporate Affairs felt that the law applied to the government. And to this day those flags are still being advertised as having gold bases and gold standards. I use this example simply to illustrate the trouble into which legislation like this can get us.

I wish to turn attention for a few moments to the history of the Royal Canadian Mint and to the circumstances in which it became what it is. It is interesting to note that for approximately the last ten years it has come under the jurisdiction of the Ministry of Supply and Services. I should like to refer to the remarks of no less a personage than the Prime Minister who spoke as follows when introducing the measure to establish the Department of Supply and Services following the creation of the Royal Canadian Mint as a Crown corporation:

The most significant suggestion concerns the establishment of the Department of Supply and Services. The Glassco Commission had recommended the grouping within a single department of common services—

These are the important words—"common services"—

—such as purchasing and supply, in a way that . . . would be advantageous . . . The proposed department will be responsible for procurements as well as for other administrative services.

That will enable us to . . . to provide most of the common services needed by the various government departments.

Common services might very well be understood to include the issue of coinage for daily use in our commercial transactions, but I do not understand at all how common services could be considered to include the issue of gold coins or souvenir coins produced for sale or profit by the Mint.

About the same time as the Department of Supply and Services was formed, the Mint was established as a Crown corporation. It was understood that this was being done to permit more flexibility in its operations. At the present time the Mint can make a profit. This is known as seignorage. When the Mint produces certain coins and circulates them at face value, charges are made and the Mint is in a position to make a profit from their distribution. Here is a statement from the Mint itself with regard to the position:

Like any manufacturer, the Mint has problems of supply and demand and has never been able to accurately predict the requirements of the public. Under the new financing arrangements, the Mint now has greater operational flexibility and is able to adjust rapidly to fluctuating demands.

A great debate is going on at the present time as to the latitude which ought to be allowed Crown corporations. We have had experience of Crown corporations improperly using their retained earnings in revolving accounts. Moneys provided by parliament for certain purposes are subsequently used for different purposes. The Royal Canadian Mint was previously obliged to seek appropriations in parliament for each year's capital expenditure. This procedure, of course, gave the House

an opportunity to examine the estimates, since each appropriation is considered by a committee. Under the new arrangements the Mint will be able to borrow funds from the treasury and build up a surplus out of its expected profits. However, the limit on the accumulation of such profits will be one million dollars—any sum in excess of that has to be turned over to the treasury. Some foresight appears to have been used there. The freedom which has been provided is, of course, exercised by the Mint's operations.

We come back to the question: what did the government have in mind when it produced this bill? I ask myself: why are we expected to relieve parliament of the task of approving the issuance of coinage? I seriously question whether this power should be taken from parliament and placed in the hands of cabinet. In my view consideration should at least be given to placing a limit on such authority by granting it only for a certain period so that we might have an opportunity to see how the new system works out. I would think a trial period of two years or so would not be unreasonable.

I trust we shall have an opportunity before parliament is dissolved to get this bill into committee and examine it in more detail, and that the government will then give us information on the basis of which we shall be able to make a reasonable decision on the matter.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I am very interested in this bill. I do not know why it has been presented in this way. It leaves a lot of decisions up to the cabinet, and ministers may find themselves facing the same questions as the Post Office does in relation to the issue of stamps.

The government has now found out something which I knew a long time ago; it is that we have never really gone off the gold standard. We have played around with it. We have fooled around with substitutes. But when the crunch comes, gold is important because of the respect paid to it by people all over the world, not only for its value in terms of coinage but for its worth as a precious metal to be hoarded or saved.

● (1252)

The value of our dollar has risen slightly in the last day or two, not because the minister is spending hundreds of millions of dollars to bolster it but simply because the United States says it will take gold out of Fort Knox and put it on the market to bolster the American currency. Our currency is the tail on the American dog. The value of our money went up a little because the issuance of gold from Fort Knox to the international market to buy American dollars resulted in a stronger American dollar.

In the sixties I asked the then minister of finance to consider establishing a gold coin for the centennial year, 1967. There were three ministers of finance after that before one would agree that a gold coin should be issued for our centennial. That had not been done for many years. The minister of finance I first spoke to was a Conservative, Donald Fleming, and he would have nothing to do with that because he had decided that the American dollar was all-powerful and that he did not want to put a price on gold in Canada. The only assistance Canada was giving to its gold industry was in providing emergency gold mines assistance.

After much discussion with three ministers of finance it was decided that Canada would put out a $50.00 gold piece for our centennial year. I do not know how much one of those would be worth now, but I wish I had a hundred of them. They would be worth more than bonds, speculative oil stock or anything else, because their value went up tremendously. They were so good that when the 1976 Olympics were in such great difficulty it was agreed to put out another gold coin. However, there was so much confusion that some people were unable to get a series. Some people were able to get only one out of the series. This caused great difficulty for collectors. The indication was that we could not over-produce because there was a large market for gold coins.

The government must have learned, although that is not indicated in this bill, that once it decides to mint a coin which is to be used mainly by collectors, it has to go on the futures market. I am very unhappy that the government will not say how much gold is in the coin and that it will not be redeemable for that amount of gold. Our history of gold coins indicates that gold coins have never been common tender.

Gold coins are not seen on the market. They are not seen crossing bank counters. They are not used for tender because their intrinsic value as collector's items is considerably higher than their face value, even if that face value fluctuates according to the market, and there has been considerable fluctuation at a reasonably high level.

If we decide now to put out gold coins, we should indicate the reason, what use will be made of them, and how many will be issued. If we can stabilize gold in Canada by developing the Kruger rand system or some other system, we will solve much of the problem of our falling dollar and certainly much of the unemployment problem in my area because there are literally dozens of gold mines which could be reopened. They have very high employment factors because of the type of mining involved. Many of these mines could reopen if a stabilization of the price, to eliminate some of the fluctuations, were guaranteed. I doubt if we will mine very much more gold in Canada unless there is a big incentive. We will not produce much more than we can use for our own currency.

I am pleased that we are going ahead with this operation, but I am surprised that we are leaving it up to the cabinet. This is a beautiful way of bootlegging. How many hon. members have received complaints because people could not buy nickel dollars last year?

Mr. Horner: Silver dollars.

Mr. Peters: They used to be called silver dollars, but they are now made solely of nickel. They are not very attractive, but they are collectors' items, and people with grandchildren or great grandchildren might want to give these dollar coins to them. The children can look at them and fondle them. They cannot swallow them, and there are no problems with paper. They are collectors' items, but the banks bootleg them. The

Mint turns them over to the heads of the banks. I had about 20 different conversations with banks, the Mint, with local banks, and with everybody in an attempt to get 100 of these coins for a collector in my area. They are not distributed. They do not become tender. They are bootlegged from the banks or from the Mint directly to coin collectors.

While collectors can buy these coins for a dollar from a bank or the Mint, they are not available to the public. However, they can be bought from coin collectors for $1.25 or $1.75 during the current year. Not only has the Mint been making some money but so have coin collectors. I think it is almost like bootlegging. When a certain kind of liquor is not available at the liquor store, it can be bought down the street from a bootlegger. That is what we have been doing with coins, and I think there should be an investigation of this bootlegging from the Mint and from head offices of banks. I have had great difficulty obtaining from the Canadian Imperial Bank of Commerce even new coppers for my constituents who are collectors. Even coppers are sold to coin dealers. They are delivered to coin dealers rather than to banks. I think there has to be some control. Mr. Speaker, may I call it one o'clock?

The Acting Speaker (Mr. Turner): It being one p.m., I do now leave the chair until two o'clock later this day.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Peters: Mr. Speaker, before lunch I mentioned that I welcomed this bill and the decision on the part of the government to make gold coinage a regular part of the operations of the Mint. Also I mentioned the difficulties we were facing in relation to acquiring gold coinage at the present time. Obviously something has gone wrong with the Mint, because it is very difficult for my constituents and for other coin collectors to get coins from either the Mint or their local banks. Yet they see coin dealers selling fairly large amounts of coins. For example, the current issue of the silver dollar is sold by coin dealers at anywhere from 25 cents to 75 cents higher than the cost of purchase from the banks or the Mint. Obviously the coin dealers have some edge on that market, and a great deal of bootlegging apparently is taking place.

● (1412)

We are interested in the production of gold coins other than as legal tender. I agree that they have to be put out as legal tender in order that they will qualify in the field of numismatics. What is happening in respect of this currency is that the coins are all being retained by those individuals who purchase them as a security investment or for some some other reason. In any event, they are being kept off the currency market.

There are other gold currencies being traded in Canada. It is possible to go to the bank and buy gold coins manufactured in England, and Kruger rands are quoted on the Canadian exchange, as well as several other gold currencies.

These coins contain a certain amount of gold, but they are not traded for the face value but for the value of the gold content on world markets. As a result this value fluctuates from day to day. I presume this will not be the case in respect of the currency we will be producing and it will not qualify under the Currency and Exchange Act. We were not talking about currency with a face value of less than $2, including one and five cent pieces, or perhaps other coins of a value less than $10. What we have in mind are coins that will be considerably more valuable than this, such as gold coins of $100, $200, and $500 denominations.

For these reasons I think these coins must have an established mineral content and a specified value in order to serve the purpose I want served, that is, these coins should provide the Canadian producer of gold with an outlet, with a value that is fair and reasonable to those purchasing the coins, rather than making the coins specifically for the numismatic industry. That market is a world-wide market and, as the parliamentary secretary has suggested, it amounts to something in the neighbourhood of $1 billion a year. A great proportion of the gold coins manufactured for that purpose would find their way to that market. I want to see more involved than just that. These coins should be produced in a form that will be purchased by the people because they have a known value. Coins produced for numismatic purposes do not necessarily fall into that category.

Our present act states that a gold coin has to contain a certain amount of gold equal in value to at least the coin's face value. That is to be changed. That is not a big change, as we have done it with everything else. Up until 1968 our silver coins contained silver. Following that we switched to purely nickel coinage. I am surprised that people are still buying silver dollars and fifty cent pieces which contain no silver at all. As far as the fifty cent pieces are concerned, it is difficult to find any, even though they contain no silver at all. Our commonly circulated coin contains no silver, but it has a value as legal tender. I am wondering why there are so few of these coins available. The minister or his parliamentary secretary should give an explanation to parliament about what happens to this coinage. We mint a very large number of silver dollars each year, although they now are nickel dollars, and we mint a large number of fifty cent pieces, but to my knowledge no bank in Ottawa had any fifty cent pieces this year. They were all absorbed by the numismatic industry.

What we are talking about is the feeding of that industry and the bootleg market in coins. I do not know whether the Master of the Mint is getting rich, but he damned well should be. You will remember that there were investigations on a couple of occasions about things that go on, some of which would lift your scalp, I suppose. Somebody is doing very well in respect of our coinage. The silver and gold industries are not doing very well at the moment in Canada. If we are going to get into this business we should be willing to share some of the

profits with those industries, thereby putting people back to work in those areas of high unemployment.

I have no objection to the governor in council making the decisions regarding the denomination of the coins and when they should be minted, but I do not think we want to add just another $100 coin to our production. These coins should have some significance.

This whole thing may be likened to our postage stamps. We must be supporting almost every artist in the country as we are putting out more stamps than it would be possible for you to buy, and certainly more than a young stamp collector could afford. I buy stamps, although I am not sure why as I am not a collector. I have bought corners for years and just left them in my office. The last time I looked they had disappeared. I am not really much of a collector, but I do buy them. Considering the number of notices one receives of new stamps coming out, one would have to pay $5 or $6 on occasion just to buy a new issue. These stamps are becoming very high priced and we are turning them out like they were going out of style and we were going out of business. I have no real objection to that, but I would like to see some less expensive stamps. With the prices we are paying for them now we must be getting them done by Goya, and I have in mind that series put out a little while ago with ships and things.

An hon. Member: It wasn't this Goyer.

Mr. Peters: No, I am sure it is not this Goyer, but some famous artist. In any event, these stamps are very good, and we can be proud to have them travelling around the world. I have in mind particularly a fourteen cent stamp put out recently.

In any event, I think the same should be true of our coins. Part of the intrinsic value of our coins is in how they look. We should give credit where credit is due. The Mint has done a beautiful job with these coins. Perhaps it has not done any better than Franklin or probably one or two other private mints around the country, but for some reason the coins minted in Canada are beautiful.

It is interesting to note that a number of countries throughout the world have their coins minted in Canada because we do such a nice job. I suppose our Mint will do the same with these gold coins. The responsibility will not be that of some committee. The minister must assume some responsibility in this regard, and I would not like to see the same old game played. I have seen this happen at least two or three times in respect of postage stamps.

A decision must be made as to what denominations are to be put out and how many of each coin will be minted. Then much of the business can be given to our mining industry in Canada. I suppose it does not matter a damn which way we go, but let us at least buy what we need for these coins from the industry in Canada. The last time we bought silver and gold for coinage we did not buy nearly enough. The first half was at a very low price, and when we went into the market the second time to buy enough to finish the run we were paying almost twice as much. So, if there is any money to be made from the advantage that our coinage will have on the market, surely some of it should go to the mines themselves, and we should buy it in a pre-set block. There is nothing unusual about that.

● (1422)

Ontario Hydro has done that very thing with the mining industry. They have set a block aside and said that they will buy that over a period of time at a set price. Therefore, they know how much it is going to be. It is less than wise for the Mint not to have their full run either ahead of them or the price set in the futures market so that they are not involved in that speculation that takes place once a decision is made to make a new coin. I commend the government for finally having made the decision that to mint gold type coins in Canada does not mean that we are back on the gold standard. I am not prepared to argue whether or not it would be good to go back on the gold standard.

As I mentioned earlier today, when the Americans decide to take money out of Fort Knox in the form of gold and put it on the market, it is going to help our dollar, and we are quite a piece away from Fort Knox. It will certainly help their dollar as well, so maybe it is a relationship that we should honour. Certainly, in relation to the hoarding of coins through collections and in other manners, we are going to have a ready market for these gold coins provided we do not overdo it by manufacturing too many at a time.

If a gold coin is used for tender, it should be such that it is evaluated on its gold value as well as on its face value. There should be some relationship. This is not possible in a free market; therefore it was probably necessary to take that out. There was really no point in changing the section that said that you could use gold to make your full transaction or full tender. Now, under the proposed bill, only one coin can be used towards that tender each day in transactions. If it is going to be called a tender, then it should be available to make the total payment, and I do not think that it should be restricted to this one coin.

I welcome the decision, Mr. Speaker, and I hope that this means that in co-operation with the mining industry we can provide a stable base price by our future orders, and that that stable price will allow many of the gold mines throughout very distressed parts of Canada—northern Ontario, northern Quebec, northern Manitoba—to reopen so that work can take place in those mines for the advantage of communities that were built on them. These communities have always been subject to the fluctuations that are influenced very greatly by decisions of government, and I hope that this is one decision that will be favourable to them.

Hon. Marcel Lambert (Edmonton West): This little two-clause bill, Mr. Speaker, would appear to many to be a very innocuous bill, but I would suggest that it is in fact the contrary. This bill seeks to eliminate for the government the problems it had over the debate when Olympic coins were set off. That debate did not have the proper arguments, and it was a bad case.

I am sure there are some people who would confess right now—and the Minister of Industry, Trade and Commerce (Mr. Horner) is one of them—that they shared a lot of doubts about the Olympic gold coin issue. Oh yes, one remembers! Now, however, the ministry of which he is a part seeks to give power to the governor in council to act on its own without getting parliamentary sanction. There are those purists who will say, "Oh, but the House committee for statutory instruments would have a go and could comment upon it." This is not the case. This is not like the Post Office. In the Post Office case, which is now of current debate, it is a question of whether there is legal power to so act to pass the order in council. Under this bill there will not be a question of legal power to issue gold coins of a partial value, debased value, or a glittering value, because the power will be there. The governor in council is to be given power to issue coins of various rates, that is, to use the language of the bill:

—of the denominations and standards of fineness specified in Part I of the schedule . . .

Automatically there will not be any more such controversy. I do not know why they are asking for that. This is a point the parliamentary secretary failed to explain to the satisfaction of the House, and is also a point the Minister of Supply and Services (Mr. Goyer) will have to explain when he comes to committee.

It is interesting to note that C-39 in the Revised Statues is the number, in those statutes, of the Currency and Exchange Act, a pure coincidence. There was a debate last year with regard to part of this act because certain amendments were brought in whereby with respect to the foreign exchange fund, which is audited by the Auditor General, there is no longer a requirement that the audit report be made to parliament but that it be made to the Minister of Finance. The minister then has five months after the end of the year, as I recall, to submit the report on the status of the foreign exchange fund during the previous year. I believe the House was divided on that point, but this particular matter deals with two areas. The first area is determining when the governor in council can issue gold coins.

As the act now stands, and I am wondering why the act was not amended to make it conform to present circumstances, the conditions that apply in C-39 Revised Statutes, have not been eliminated entirely. Apparently under the old act, as was established another act of parliament and as is being maintained, Canada is on a floating dollar. Therefore, there is no value to the dollar on the basis of gold value, so this is eliminated.

● (1432)

The wording of section 4(1) of the Currency and Exchange Act will be as follows:

The governor in council may by proclamation authorize the issue of gold coins—

The old section 4 is being subdivided into three subsections. The first subsection continues as follows:

—having the description, standards, remedy allowance and least current weight specified in Part 1 of the schedule.

Then the governor in council is given authority to issue other new gold coins, not those specified in the act but coins of an undisclosed nature.

Subsection (2) reads as follows:

The governor in council may by proclamation amend Part 1 of the schedule by adding denominations of gold coins other than those specified therein and prescribing . . .

In other words, as the governor in council sees fit, so shall it act. This House will have no recourse whatsoever not even through a review of the order in council because the order in council shall only be reviewed as to its legality, not as to its intrinsic value.

Subsection (3) reads as follows:

The governor in council may by order specify the maximum number of gold coins of any denomination specified in Part 1 of the schedule to be struck in any year.

We need an explanation of why these changes are being made, and I can advise the parliamentary secretary that these explanations will have to be forthcoming. There can be no pressure put on opposition members on the committee because of a pending election. At this late date it is pointless. There has been plenty of time to get bills through, and there will be competition for time in the House for measures arising out of the budget which are important.

The second point is that the bill changes the status of coins in so far as their being legal tender is concerned. Hitherto legal tender consisted of gold coins for their face value, because that was the value of gold. We know now that value is around $160 or $165 per ounce, and no gold coin can contain gold to that value because the size would be too big. We are going into a debased gold coinage and it is going to ruin the market, unless you get one with the figure of a nude dancing girl on the back that is struck upside down, or with some other peculiarity that will make it of extraordinary market value.

We also want to know why it will not be possible to pay any account with more than $10 in 25-cent pieces for $1 coins. Ten dollars is the maximum legal tender on any one occasion. There is nothing to say that I cannot walk into a store where I owe an account and put down the $10 payment in pennies, however, and then go out and return with another $10 worth of pennies.

An hon. Member: Not in this act.

Mr. Lambert (Edmonton West): If the hon. member would check, the explanatory note referring to paragraphs 7(2)(*b*) reads as follows:

. . . would limit the legal tender of all coins of denominations of ten cents or greater but not exceeding ten dollars to payments for amounts of ten dollars or less.

Therefore, every time I pay on an account is a payment, up to $10, except in the case of a gold coin which usually has a greater value than $10. Let us assume there is a $50 gold coin or a $100 gold coin. In that instance the payment could be in legal tender up to the face value of the coin.

We are playing around with coins here, Mr. Speaker. I wonder why a limit was placed on the legal tender of coins. I can see no particular reason for it. A reason will have to be offered by the Minister of Supply and Services or whoever is acting on his behalf.

Those are the two purposes of this bill, Mr. Speaker. I am rather surprised that we have not heard any comments from backbenchers on the government side, although an explanation was offered in part. I am not too sure the parliamentary secretary understood what she was telling us, and I am sure some of her cabinet colleagues did not understand it either, unless they had the translator on.

Why is there a rush to bring this bill forward at this time, to be followed by Bill C-36 which requires a great deal more examination than this one? This bill is to go to the Standing Committee on Miscellaneous Estimates, which is a strange venue for it. It should really go to the Standing Committee on Finance, Trade and Economic Affairs. Is the reason to leave that latter committee free to deal with Bill C-36? The finance committee has before it the finance estimates and the industry, trade and commerce estimates, so Bill C-36 will have to take its place.

Ministers will be sounding the alarm on several bills because of a pending election and claiming that they must have the legislation. Mr. Speaker, this House does not take cognizance, officially, of a pending election. It has the responsibility to examine estimates until May 31. They have first priority. I think it is an abuse of his position for any minister to come along with legislation now. It points up the nonsense of the committee structure. These are the people who instituted that form of committee where the same committee is charged with the study of estimates and legislation. The Standing Committee on Finance, Trade and Economic Affairs is usually the butt of most this pressure. Ministers do not appear, or find that they have other things to do.

● (1442)

I want to interject my views on a matter that was raised earlier on a point of privilege, after question period today. This matter was in regard to the duties of a minister to appear before a committee examining his estimates. It was suggested in the past that action should be taken by the procedural committee to provide some sort of sanction, some sort of rule, compelling the minister to appear on his estimates. All I can say is that a minister who does not appear before a House committee with regard to his estimates is failing to discharge his duties. He is misplacing his priorities, and he is actually giving affront to the House. He is responsible to the House. However, all too often cabinet ministers suddenly become statesmen. It is their scale of priorities that suddenly becomes the most important.

I will refer to the scheme of committee structure which I proposed through the procedure committee along with my colleague, the hon. member for Esquimalt-Saanich (Mr. Munro), and other members on the other side of the House who agreed with my proposal. Some who felt that they had greater knowledge of the rules and the practices of this House objected to my form of committee structure, but no one has been able to come up with anything that begins to match the flexibility of the system which was proposed. We would not be faced at this time with the difficulty, I suggest, which may face certain government ministers, if the committees of the House had the backbone to stand by their duty to examine estimates with which they are charged, and for which they have so little time to carry out.

Now, a minister merely has to appear only as frequently as is decent, leaving the rest to his officials. For any sessions for which he is being closely questioned, with a ten-minute question period, the minister can consume the questioner's ten minutes with eight minutes of inconsequential answers. He only has to go through about 90 minutes a session. It is the old business of "just keep a low profile, duck your head, or pull in your head like a turtle and ride it out". That is how much control the House has on a minister with regard to estimates. It is nonsense. I would like to hear one minister from the government side defend the present structure—one of them.

In so far as these bills are concerned we do not know when this House will end. These bills will go to particular committees. We will see some other legislation possibly on Monday. Tuesday is an allotted day. The Minister of Finance (Mr. Chrétien) has given notice to us of the coming forward of a bill to implement his customs tariff proposals in the budget. They stay in the House in committee of the whole. All of this will take more than next week. Therefore, to say sittings of the House must necessarily come to an end next week is nonsense. It is nonsense, because there are certain ministers here who will ask for legislation to come forward and who will be most insincere. I do not agree that there should be this pressure.

On miscellaneous estimates I certainly intend to ask my full share of questions of the Minister of Supply and Services when, and if, he gets around to us on this particular bill. We certainly intend to go into any other bill that comes before the committees, as they should. I do not intend, because there is a pending election, to neglect the discharge of my duties, nor do my colleagues. I expect the same from the conscientious committee members on the other side of the House, and there are some who will do a good job. They will have to be satisfied as to the validity of these legislative proposals.

It may be that we will reach Bill C-36 this afternoon. Because that bill is not so simple a bill, there are a lot of questions which the Minister of Industry, Trade and Commerce is going to be asked. With these few points I am quite prepared to see this bill go to the Committee on Miscellaneous Estimates to see what explanations we can get. I reserve my position depending upon those explanations.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, it had not been my intention to speak to this bill. However, as I sat here and listened to some of the comments being made, my curiosity was aroused and I read the bill carefully. I wonder what we are getting into. I did not hear all of the statements being made. I followed the introductory comments made by the parliamentary secretary. As I said, my focus of attention

was not on the bill at that time and I do not know whether an explanation, in the absence of the minister, was given. It does seem strange that the minister should be absent when a bill in which he is interested is before the House. I should have thought that this is one of the prime roles of a minister, to introduce and to shepherd through the House, at least in the introductory days, a bill in which he has some concern.

There remains this question in our minds as to why a minister is absent when a bill standing in his name is brought before the House. It is not just an ordinary bill but a bill with royal recommendation. There are funds involved, and the minister has assigned his parliamentary secretary to introduce this bill.

Then we come to the timing of the bill. This has already been referred to by the hon. member for Edmonton West (Mr. Lambert). These days were considered at one time to be the days when we were winding down and it might be thought that these bills of secondary importance, perhaps, are being introduced to fill in the time? Are they being used to fill in the time? Are we under pressure? Are we being pressured? This raises a question in my mind too. I have a feeling we are being put under false pressure in order to get some of these bills through. There seems to be some disinclination now, for one reason or another, for better or for worse, to wind down this tension that has built up over the last couple of weeks and put off that evil day, an evil day for the government. But it will be a great day for the country when that election comes, I can assure you.

We have been subjected in this parliament by this government to a reign of error. Unbelievable, a reign of error! This government has committed one error after another. That is what we are confronted with. We are being asked to put through a bill of doubtful priority, so much priority that the minister is not here. I have my curiosity aroused on the second point.

● (1452)

The third point that grasped my attention was not curiosity. It was fear, because of the provisions of the first clause. I think it is worth reading into the record. Those who read *Hansard* do not always know the terms of the bills we are considering. The first of the amendments we are being asked to approve reads like this:

> The governor in council may by proclamation authorize the issue of gold coins having the description, standards, remedy allowance and least current weight specified in Part I of the schedule.

I notice that even in the development of this bill and its presentation to the House of commons, possibly by oversight on the part of the public service which put it together for the minister, they did not even bother to include schedule I as it stands. It is not being amended. The idea is that this parliament shall have no further opportunity to amend this schedule.

I went to the library while my friend was speaking to get a copy of schedule I. I looked at it. Then I looked at the second part we are being asked to amend, 4(2), having in mind "may by proclamation authorize the issue of gold coins" under part I. The second part reads this way:

> The governor in council may by proclamation amend Part I of the schedule by adding denominations of gold coins other than those specified therein and prescribing the description, standards, remedy allowance and least current weight for each coin so added or specified therein.

What's cooking? Why should we be asked to allow the governor in council to proclaim the issuance of coins under this schedule in the existing act and then be prepared to grant to a government like this the authority to add and change, not just the number of coins, but the standards, the amount of the standard weight, the number of grains in each coin, the standard millesimal fineness of each coin and the remedy allowance.

I am not sure, but I suspect the remedy allowance is the degree of variance from the standards, plus or minus .5 grains or, in the case of fineness, plus or minus 1.5 millimeters. I suppose that is what it is. Also, the least current weight can be changed.

There is a footnote in part I of the schedule which indicates that the least current weight of 280.59 grains means that when a coin has through usage, through the passage of hands—and I am not sure gold coins will pass through that many hands—been worn down to the point where it no longer weighs more than 280.59 grains, it must be withdrawn from service. Thereupon it could be melted and reduced or added to another coin.

The whole operation of granting a government power by proclamation to issue gold coins is fair enough. It is probably within the purview of a government. However, to authorize any government, this government in particular, to change the denominations, standards, remedy allowance and least current weight is something at which I balk. If this government had a better record of performance in any area, I might have been prepared to consider agreeing. I cannot grant this government the right to debase the coinage. It could reduce the amount of weight contained in the coinage. That is what they want this authority for. However, why do they want that? My curiosity is again titillated. I cannot make out why they are aiming in this direction. I think the right expression is to strike coinage.

[*Translation*]

—in French, la monnaie est frappée, is it not? I believe the translation in English—

[*English*]

—is to strike coinage.

There is an interesting sidelight on the operations of the Mint which I am not sure has been examined carefully in this House or by the minister, who is not here. That is the production of decorations and medals.

Recently a new medal was struck and sent to Canadians. Each member of this House was sent a copy of the Silver Jubilee medal honouring the occasion of this twenty-fifth year of Her Majesty's reign. Good. Fine. Excellent. The medals are good. They are well designed.

That goes for the large medal, but do you think you can find a miniature? Do you think it is possible to find one in this town? They just do not make them here. The Minister of Industry, Trade and Commerce (Mr. Horner) has been talking about how he has been forcing Canadian industry to do this and that. However, they do not even make miniatures in this country. Why does the Mint not make them?

For three weeks I have been trying to get a miniature so that I might wear it proudly when I am invited to a formal occasion, whether it be at Rideau Hall or the Lieutenant Governor's in British Columbia. In fact there are people in high places in this country who have asked me whether I can get a miniature for them.

Do you know what is happening? The suppliers of these medals are sending to Britain asking that the miniatures be sent to them so that they can be sold here. However, it is the British Silver Jubilee medal not the Canadian one.

The Queen's head on both medals is identical, but the reverse side of the Canadian medal is a distinctively Canadian design, and so it should be. I have no objection to that. In fact I am proud of that. It is a good design. However, you cannot get the Canadian design in this country. Why has the Minister of Industry, Trade and Commerce in collaboration with his friend, the Minister of Supply and Services (Mr. Goyer), who is primarily responsible for the conduct of the Mint, not worked out a scheme whereby the miniatures would be struck by the Mint and made available to the Canadian people? I asked about this in a committee earlier this week.

I understand this medal was issued to some 7,000 members of the Canadian armed forces. I am delighted. I am sure they have earned them and will wear them proudly. I am glad it has been extended to them and to a number of other Canadians.

There are 7,000 miniatures that might have been part of the commerce of this country from our Mint. Never a thought was given to the idea that they might be struck by the Mint. Why not? I am at a loss to understand how that opportunity might have been lost by our Mint which has done such outstanding work both in the minting of Canadian coins and coins abroad.

When I was serving abroad, I had some of these suppliers of metals come to me in Costa Rica to ask if I could introduce them to people at the central bank. They wanted to take orders for supplying the metal for striking in Canada of the coinage of these foreign countries. This is good business, yet the Minister of Industry, Trade and Commerce is not applying for this business. He is not paying attention to it at all. The Minister of Supply and Services is not paying attention to it either. Yet they say they are interested in developing Canadian industry.

● (1502)

On the four grounds I have mentioned I shall find it extremely difficult to support this bill. As we all know, it is impossible to amend a bill at this stage; we just have to outline some of our ideas and misgivings. I suppose it could be defeated on second reading, but I doubt it. We have all asked numbers of questions to which answers will be required in committee. I am sure the Minister of Supply and Services could have been here. He is not presiding over a group of international bankers.

Incidentally, I might remind hon. members that the Minister of Finance (Mr. Chrétien) was not singled out at the meeting in Vancouver for election to the Chairmanship of the assembly there. It is simply a matter of international courtesy that the minister of finance of the host country is chosen chairman. The Prime Minister (Mr. Trudeau) told us the hon. gentleman was out in Vancouver and made a point of adding that he had been elected chairman. Well, he was elected chairman because he was minister of finance of the host country. One feature which disturbs me is the absence of the Minister of Finance.

Then again, the timing of the bill gives rise to some uncertainty in my mind. Further, it would be parliamentary suicide to accept the second clause; we have been asked on far too many occasions to agree to parliament withdrawing from whatever it is doing and allow the government to take over. Not this government, thank you.

Also, I wanted to draw the attention of the Minister of Industry, Trade and Commerce to his failure to get the Mint involved in a profitable business, that of striking miniatures and selling them. It looks as though the hon. gentleman will not be proud to wear his Silver Jubilee medal. That is for him to decide. I think we should have commissioned the Mint to strike those medals and make them available to Canadians. I will have a lot of questions to ask when this measure gets to committee.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I came into the House in the middle of the speech of the hon. member for Esquimalt-Saanich and I intend to emphasize the cogent arguments he advanced. I see the cabinet is strongly represented here today; of that multitude of 33 ministers there are four present in the chamber. That is par for the government course when there is a bill before the House.

An hon. Member: We don't see you here often on Friday.

Mr. Diefenbaker: We are not the government but we shall be soon, and we would not be trailing all over the country when we should be here. To my mind this is complete contempt of parliament, another example of the government making a eunuch out of this institution. I have every regard for the hon. lady who is the parliamentary secretary, but we are being asked to deal with a gold bill, a bill changing the law with respect to the content of certain coins, and no responsible minister is here. I do not think we would have got much further if the Minister of Supply and Services (Mr. Goyer) had been here. I understand that the uselessness of the Minister of Supply and Services has been well established by now. I understand he is about to be translated to the repose of a high government executive position based upon trade and the expansion of trade in this country.

When I think of him I often think of him as the $20 million kid. You will recall, Mr. Speaker, the situation in which those

dollars disappeared and we never got an explanation of what happened. The Minister of Supply and Services is concerned with the subject under consideration today. He should be here to explain, though I do not think he would be able to explain in any case. When I see parliament treated in this way I am reminded of the words of Cromwell to the Long Parliament: "In the name of God, go; go at once." I would only add, to bring those words up to date: "Go, Goyer, go without any possible delay". It is making an abomination of this institution.

This must be an important bill. It is one which has to be passed before the Prime Minister (Mr. Trudeau) ultimately reaches the conclusion that he must go to the country. He has fooled around for the last ten days or so trying to find some explanation for the apparent change across the country. One of the hon. members over there shakes his head in the negative.

This bill has to do with gold, but there was another recent incident dealing with Goldfarb. Goldfarb operates some kind of poll. He is close to the government. My information is that in the last few days he has produced a prophecy which indicates that all is not well for the Liberals in Toronto and in Ontario. So the Prime Minister is not here today. He is away.

Oh, since I started to speak I have added 20 per cent to the number of ministers in the chamber which indicates the attractiveness of my contribution. What is the purpose of this bill? Why the rush? I followed my hon. friend from Victoria who asked why the right should be given to the governor in council to add denominations of gold coins other than those specified therein and prescribe the description, standards, remedy allowance and least current weight for each coin so added. What is the purpose of this? Is it the intention to issue an emaciated, depreciated currency? Is the government not satisfied with the present standard of gold coins? Does this proposal for turning over the power to the governor in council to determine the gold content of each and every coin indicate that there is a desire on the part of the government to get this bill through for a purpose as yet unknown and in respect of which no information has been given? This is just part and parcel of the course that is being followed.

● (1512)

We sit, we ask, we endeavour to get information and we hear from the government that it believes in freedom of information. Fifteen hundred questions which would have been embarrassing to the government, many of which have been on the order paper for the last six, seven or eight months, are still not answered; and when this parliament ends those questions will not be answered. That is the contempt which is being shown to parliament. Never have I seen anything like this. I remember the days of war under the Right Hon. Mackenzie King when secrecy was necessary in many cases in the interests of the protection and preservation of the security of the nation. But we were able to get information. We cannot get it today. The government says it will not answer.

I do not condemn the Minister of Finance (Mr. Chrétien) in any way. He has been condemned for the budget he introduced the other day. He had no more to do with that than I had. The determinant was the Prime Minister, following the course that he has in finance of determining what shall and shall not be brought in.

That is the reason the Hon. John Turner and the hon. Donald Macdonald are no longer here. They would not dance to the Prime Minister's tune. However, parliament is now asked to do that. If there is anybody in the group of ministers which is here, including my hon. friend the Minister of Industry, Trade and Commerce (Mr. Horner), "than whom there is no whomer," to use a western expression, I would like him now to rise and tell the House exactly—and I know he has the information—what is the reason for this. Is this going to improve the trade of Canada? Is this going to advance the cause of those who believe in the necessity of an expansion of trade for this nation?

What is the reason that parliament is being asked by order in council to allow the government to depreciate Canadian gold currency? That is all I want to know, and there may be a perfect answer, at least one—and we will not look at the political consequences—which, if it comes from the Minister of Industry, Trade and Commerce, I feel sure would be most revealing. I do not want to hold him up. I want to give him the opportunity of letting the House know what nobody else among the ministers present knows.

The Minister of Supply and Services is hightailing across Canada at our expense. The Prime Minister is in Toronto for the purpose of finding out whether Goldfarb knows what he is talking about in his prophecy that all is not well for the government. We want to know, not about Goldfarb, but why the gold standard of this country should be depreciated with the opportunity given to the government to do it by order in council. This is a step which has never been taken before. This is a step which ought not to be taken now.

I am going to sit down, knowing how this government has trodden on the rights of parliament and turned this institution into a place where we simply talk and debate. The government does not listen and relies on its majority, regardless of what arguments are advanced. What is the reason for this? Why has the government suddenly decided here on a Friday afternoon, with ministers all over creation, to bring in this piece of legislation which cannot but have the effect of adding still more knowledge in the Canadian people and people all over the world internationally that Canada's dollar is falling and falling, and that, today we are in a position where Canada is not in economic difficulty but actually in a depression and even worse than that?

I recall very well that when I was prime minister we valued the dollar after the president of the United States decided to try to destroy the Canadian government. We valued it and set it up, finally, at 92.5 cents. What did the Liberals say? I am speaking about the Liberals then because they are not that today. They are the Trudeau party today and since he has taken over. They said, "Oh, this is terrible". That 92.5 cent dollar brought the greatest trade Canada has ever had internationally, and I was glad to hear the Minister of Industry, Trade and Commerce the other day—and he is now applaud-

ing exactly what I am saying because he has not forgotten those days—say that the only thing wrong with the present value of the Canadian dollar was that apparently it should even be lower.

Mr. Clarke: He wants a zero dollar.

Mr. Diefenbaker: I am very happy to see a reformation in the thinking of the hon. gentleman so far advanced among those members of the cabinet with whom he now sits, and I am waiting with bated breath to see him rise and hear him say, "Yes, I know the Diefenbaker government was right when it fixed the rate at 92.5 cents".

The minister just applauded that statement on my part, but those who today sit around him said, "We will do away with it as soon as we come into office". They waited six and a half long years before doing it. The greatest trade this country ever had was during that period following the fixing of the value of the Canadian dollar. However, we did it by act of parliament, and whatever the change by order in council in the gold standard in so far as the content of gold coins is concerned, I am against it. It is dangerous. It is apparently some trick which has been worked out which can only have the effect internationally of Canada's credit going down more and more week by week.

Today, as a result of the actions of this government and the deficit of $10 billion, Canadian taxpayers are paying $5.6 million a day in interest on the amount of the deficit which had to be borrowed. Let us hear from one of these responsible ministers of the government. One minister has left. He knows nothing more about this than he does about his own department, so I do not mind his absence. I greatly admired the courage of the Minister of Industry, Trade and Commerce a few moments ago when he approved what my government did, because those with whom he sits now kept it for six and a half years.

I now ask him to get up and with the clarity which is naturally that of any westerner clear the situation. The Prime Minister is not here. He is finding out how bad conditions are in Toronto and elsewhere. I ask the Minister of Industry, Trade and Commerce to rise now and let us know what benefit will come from an order in council procedure being set up to enable this government to depreciate Canadian gold coins.

An hon. Member: Come on, Jack.

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, the reference in the order paper shows this bill as being directed to the Standing Committee on Miscellaneous Estimates, but in the course of discussions last week with the House leader of the official opposition and with the financial critic of the official opposition the understanding was that the bill would be referred to the Standing Committee on Finance, Trade and Economic Affairs. I wonder if hon. members who are now in the House are of the same opinion and whether Your Honour might find unanimous consent to make that change.

Mr. Deputy Speaker: Hon. members have heard the suggestion of the hon. parliamentary secretary. Is there unanimous consent to allow the Chair to modify the motion so that after second reading the bill will be referred to the Standing Committee on Finance, Trade and Economic Affairs instead of the Standing Committee on Miscellaneous Estimates?

Some hon. Members: Agreed.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I agree with the correction made by the hon. parliamentary secretary. I should also add that there is unanimous consent for this bill to be referred to the standing committee.

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

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

* * *

● (1522)

[*English*]

EXPORT DEVELOPMENT ACT

MEASURE TO AMEND

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce) moved that Bill C-36, to amend the Export Development Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Mr. Speaker, in rising to take part in this debate, I am sorry to see that the right hon. member for Prince Albert (Mr. Diefenbaker) has had to leave the House. Earlier this afternoon he urged me to speak.

Mr. Paproski: He knew you were getting up on this bill. That is why he left.

Mr. Horner: I thought he would have remained in the House. With his great concern for parliament, I expected him to take an interest in the Export Development Act.

Basically Bill C-36 amends the Export Development Act by increasing the authorized capital to $1 billion. The corporate accounts are multiplied by ten times the authorized capital.

Mr. Paproski: The right hon. member for Prince Albert (Mr. Diefenbaker) heard your statement. He is entering the chamber now.

Mr. Diefenbaker: Yes, I am here.

Some hon. Members: Hear, hear!

Mr. Horner: It would increase the direct liabilities in the corporate accounts to $10 billion, the contingency liabilities of

the Export Development Corporation would be increased to $10 billion, the direct liabilities in the government accounts to $2.5 billion and the contingency liabilities to $3.5 billion.

The Export Development Corporation has done a tremendous job in assisting Canadian exports by finding and creating markets for Canadian produce. It is essential for parliament to understand the great work that corporation is doing. Also it is essential for parliament to understand that EDC will have lent its complete account of approximately $4.25 billion by the middle of June.

Mr. Munro (Esquimalt-Saanich): Do we ever get any back?

Mr. Horner: This is an essential piece of legislation. The hon. member is asking if we ever get any back. Actually a profit is made, and it does quite well creating jobs in Canada.

The right hon. member for Prince Albert referred to trade. Canadian exporters are winning business abroad on the basis of quality, price and delivery. The purpose of the Export Development Corporation financing is to match the officially supported financial competition from abroad. EDC is experiencing an increased level of business. It must remain in a strong competitive position in order to support Canadian exports. By the end of this year, the corporation will have lent out something in the neighbourhood of $2 billion. Obviously with expanded trade there is a need for expanded financial assistance and contingency liabilities.

Also the right hon. member spoke about the exchange value of the Canadian dollar with respect to currencies as well and major national competition. Certainly the present situation is a great boon to export trade and manufactured goods. Last year there was a $3 billion surplus in exported goods and I believe it will be higher than that this year.

Mr. Lambert (Edmonton West): In constant dollars?

Mr. Horner: We had an increase in constant dollars. The right hon. member for Prince Albert referred to the trading days of the 1960's. In 1967 a little over $10 billion was exported. In 1977, ten years later, over $44 billion was exported. The hon. member can work that out any way he likes. If one takes inflation into consideration, he will readily see that our exports have risen substantially.

Mr. Diefenbaker: Will the minister allow a question?

Mr. Horner: Our exports have risen substantially.

The Acting Speaker (Mr. Béchard): Will the hon. Minister of Industry, Trade and Commerce allow the right hon. member for Prince Albert to ask a question?

Mr. Horner: Yes, Mr. Speaker.

Mr. Diefenbaker: Mr. Speaker, I thank the hon. minister for his courtesy in permitting me to ask a question. My question is a very simple one, because I have the same objective in mind as he has, to achieve the largest possible export trade. If parliament passes the power to the governor in council to add denominations of gold coins and to prescribe the standards and the current weight for each coin, will that improve trade?

An hon. Member: We are dealing with the Export Development Act.

Mr. Diefenbaker: I should like to hear the explanation, not a generalization on other matters. I know the minister can answer my question with the precision he is capable of.

The Acting Speaker (Mr. Béchard): Order, please. With all due respect to the right hon. member, his question has nothing to do with the bill before the House.

Mr. Paproski: He is talking about trade.

Mr. Diefenbaker: I am talking about trade.

Mr. Horner: The previous bill which was sent to committee will create jobs, as well as a market for Canadian gold. When the right hon. member for Prince Albert was prime minister, there was an act before parliament entitled the "Gold Subvention Act" under which gold mines were subsidized. If a market for gold is created, our mines will no longer require that type of assistance. In fact, it is no longer needed at the present time.

Mr. Diefenbaker: I came back into the chamber to get an answer to my question. Apparently the minister cannot answer it, because there is no answer forthcoming.

Mr. Horner: I am attempting to speak on the legislation which is before the House now. It has to do with enlarging the liabilities and the contingency fund of the Export Development Corporation. It is a very important piece of legislation and I am pleased that it is before parliament today. I hope it can be sent to committee quickly in order for the Export Development Corporation to come before the committee and answer all questions that the right hon. member or anyone else would like to put.

The ceiling on corporate loans is $4.25 billion at the present time. That ceiling will be reached by the middle of June. Thus, it is important to deal with this piece of legislation now. If the bill is not passed, it will mean a loss of new jobs and could occasion many lay-offs. It would result in a tremendous loss in Canadian exports, and it would not assist the economic recovery which would take place if parliament did not pass this piece of legislation before the summer recess.

Mr. Clarke: What about an election, Jack?

Mr. Horner: An election would be fine with me, but it is not my prerogative.

The Export Development Corporation is probably the most misunderstood corporation in Canada. Many members of the opposition, as well as many people across the country, do not really understand what the government and the EDC are doing. Some months ago lay-offs occurred at Inco. A great deal of concern was expressed because Inco had constructed

nickel mines in Guatemala and Indonesia, and it was said that somehow or other jobs were being taken away from Canadians. In that particular case, the Export Development Corporation provided approximately $20.75 million for the mine in Guatemala and $57.25 million for the financing of the mine in Indonesia.

● (1532)

Let me explain what really happened. The project was going ahead and Inco came to the Export Development Corporation and wanted some insurance on the financing. They said they would procure about $1 million worth of goods in Canada. The Export Development Corporation said that $1 million worth was not nearly enough, and, by negotiations, increased the expenditure for manufactured goods in Canada up to as high as $60 million.

In the total project involving the building of those nickel mines in those two countries something like $900 million was spent, financed by Japan, Germany and Great Britain, and the Export Development Corporation helped to sell the mining equipment to those mines in both of those countries. The mining equipment we sold really involved something like 4,800 man-years of employment in Canada, so the Export Development Corporation is creating jobs.

Another very good example of the work done by the Export Development Corporation in creating jobs in Canada can be found in the announcement on April 5, 1978 of the biggest insurance agreement yet supporting $1 billion worth of sales by Bell Canada to Saudi Arabia with $250 million in security insurance and $180 million in export credit insurance. This contract will provide at least 2,500 man-years of employment for Canadians.

I am just picking out a few specific projects to give parliament and the Canadian people some idea of what the Export Development Corporation really does.

On March 9, 1978 loans totalling $57 million supporting engineering and mining equipment sales valued at $67 million by the Canadian firms of Sandwell and Company Limited of Vancouver and SNC-Rust Limited of Montreal to Argentina were made. Here again a tremendous number of jobs were created in Canada. This money does not leave Canada but goes to pay for the procurement of the Canadian manufactured machinery used in these projects.

During a visit to Mexico the chairman of the Export Development Corporation, Mr. MacDonald, offered lines of credit totalling $1.45 billion to help foster Canadian trade to that country. Mexico is deeply interested in developing its oil and gas industry. We have the expertise and believe we can sell the machinery needed for oil production and mining, and for that matter for pulp and paper, power generating plants and urban transportation projects, all of which are being eyed by Canadian firms for sales to Mexico.

In January of 1978 Alcan International Limited was awarded a $30.6 million contract for the construction of an alumina plant on Aughinish Island, Ireland, with the support of an Export Development Corporation loan.

[Mr. Horner.]

In December of 1977 four loan agreements were announced involving $50 million for the sale of five electrical generators to Venezuela by Canadian General Electric in Scarborough; a $3.75 million loan to support a sale of $4.4 million by Canadair Limited of Montreal for two CL-215 water bombers to Greece; and a loan of $5.5 million to Romania supporting sales of $6.9 million in pulp and paper plant equipment by Combustion Engineering-Superheater Limited of Ottawa. The fourth loan amounting to $1.45 million was in support of a sale of $1.7 million by Douglas Aircraft of Malton to Finnair Oy for wing, floor and tail assemblies for DC-9 aircraft.

The Export Development Corporation on December 20, 1977 extended a $285 million financing protocol to Poland and announced a $46.1 million loan supporting a $52.1 million sale of capital goods and equipment to that country by thirteen Canadian exporters for the Kwidzyn pulp and paper mill in that country. These are loans made for the procurement of Canadian equipment to assist those countries in their own development. If we had not got into the business of guaranteeing or insuring the loans, some other country would and we would not be selling pulp and paper mill equipment, aircraft, mining equipment and the other things I have listed.

On a per capita basis, exports represent $2,000 per person in Canada; and as a percentage of our gross national product, exports represent about 22 per cent. Canada is one of the most reliant on exports of any country in the world. In 1976 it ranked seventh among the largest world trading nations in terms of value of exports and second in terms of exports per capita.

This gives the House some idea of how important exports are, and of the continuing role that the Export Development Corporation must play in order to assist this country in meeting and creating job needs, and attaining the world trade potential that is at our feet.

We must look increasingly to the export of goods and related services for economic growth and to strengthen the industrial sector. Many times I have heard members in the House say our manufacturing industries cannot compete, or that we have too large a deficit in manufactured end products. Certainly the Export Development Corporation has assisted tremendously in increasing our exports of manufactured goods.

It is imperative that this piece of legislation be passed because it means so much to the creation maintenance of jobs. Last year alone it is estimated that the work being done for export under financing or insurance by the Export Development Corporation created or maintained something in the neighbourhood of 200,000 jobs in Canada. Many times we hear opposition members talking about unemployment and the need for job creation. I can say to you, Mr. Speaker, without worrying about recrimination, that I have been negotiating with the opposition to get speedy passage on second reading in order that the bill can be sent to the committee where hon. members can examine the operations of the Export Development Corporation. Questions can be asked and answers can be given quickly so that the bill can come back to the House and pass, as it is needed before the end of June. If there is an

election, as hon. members have been suggesting, we may not have the chance of passing this legislation until the fall. This would seriously hurt Canada's export trade.

There are 50 principal Canadian exporters and 220 sub-suppliers involved in 42 agreements in 22 countries. Three loans totalling $95 million were made on behalf of the Government of Canada. This gives some idea of the scope of this corporation. It is not just a small thing but involves a great many companies. In fact, it is used extensively for almost all our trading off the North American continent and used as well quite extensively in trading with the United States.

This will give some idea of the importance of this tool which Canadian exporters have learned to use in trading particularly with that group I might refer to as third world countries who want to buy manufactured goods. Canadian firms today are bidding on $5.5 billion in goods to be sold in the Middle East. We have acquired in the Middle East to date approximately $1.2 billion of trade and bidding on another $5.5 billion. All of these sales are managed through the Export Development Corporation through either insurance or guaranteed loans.

● (1542)

I do not intend to speak any longer, Mr. Speaker, but I do urge that members give speedy passage to this bill. It will be referred to the finance committee, and the Export Development Corporation is very anxious indeed to come before the committee and explain how important it is to our export trade and over-all picture, particularly to manufactured goods which everyone will agree create a great deal of employment in our country.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I would like to put a question to the minister to clarify something in his policy. While I was listening to his address on this bill, I was looking at a news release put out by the government which is dated October 14, 1976. It reads:

> The Export Development Corporation (EDC) will lend up to $102 million to finance the $113 million sale of Canadian equipment for a world scale integrated pulp and paper complex near Kwidzyn, Poland.
>
> The Kwidzyn project consists of a bleached Kraft pulp mill with a capacity of 150,000 metric tons per year—a semi-chemical pulp mill of 50,000 tons per year capacity and a paper mill with an annual output of 270,000 metric tons. Also included in the project are recovery units, steam generators, water supply and effluent treatment systems.

Such a project will undoubtedly provide a lot of jobs in Canada.

I also know from my studies of the east coast fisheries problem that if we in Atlantic Canada under the present circumstances are to catch and market squid, capelin, silver hake and argentines—to name four species of soft fish which must be frozen immediately when taken from the sea—we require freezer trawlers of a minimum length of 230 to 240 feet. Our studies and pricing techniques have told us that these trawlers have been built and provided by Poland at a cost some 25 per cent lower than we can build them in Canada.

My question to the minister is: How is it that we can loan money to Poland for the construction of paper mills, or that they are willing to buy this equipment in Canada at a price which must obviously be 25 per cent higher than it would cost to build it in their own country, when we in turn must, if we can get the government to move on the construction of freezer trawlers, build them in Canada at a 25 per cent higher cost? What *quid pro quo* do we offer Poland in order to get them to buy from us at what is obviously a 25 per cent higher cost than they could buy the same product in their own country?

Mr. Horner: The hon. member is making the assumption, Mr. Speaker, that Poland could build this pulp mill themselves without having to buy the machinery for it in Canada. There are many, many things Canada does better than some other countries. Poland may be able to build a better fishing trawler than we can, I do not know.

Mr. Crouse: Ha!

Mr. Horner: The hon. member laughs. I know he is of German descent and comes from a German community, but he may be surprised to know that Canada has the best engineered packing houses and the best sausage makers. It took the Germans two years to realize that they had to buy a sausage-making machine from Canada. They could not believe that a Canadian sausage-making machine would be better than one that they could make. However, they eventually bought a Canadian sausage-making machine because our machine could make sausages faster than theirs. What I am saying is that we in Canada do some things better than some other countries can, and I acknowledge the fact that some other countries can perhaps do some things better than Canada.

This type of situation is what promotes trade. I would like to think that the 20 per cent subsidy that I announced some months ago to the Canadian shipbuilding industry would help to promote the building in Canada of the refrigerated trawlers for the fish the hon. member spoke about.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, in speaking to Bill C-39 a few moments ago, perhaps I was rather prophetic in my remarks that the minister's chief plea with regard to this bill was rapid passage. I would like to ask him and the other members of the ministry why the bill is coming forward only now. Because I have attended at conferences with the president of the Export Development Corporation, and he told me of it four or five months ago.

Mr. Horner: Would you like me to answer that question?

Mr. Lambert (Edmonton West): Yes, please. Why is it now?

Mr. Horner: The simple fact is that I tried to get agreement from the opposition for speedy passage some months ago and I was told "no deal", that it would not get through quickly. If it was to be held up there was no time available in the House. The House business is important, and a number of bills have been passed recently, and we would like to see this one passed.

Mr. Lambert (Edmonton West): This is shocking, Mr. Speaker.

Some hon. Members: Shame, shame!

Mr. Lambert (Edmonton West): As a matter of fact, the argument is so empty that it is not even worth putting forward. This minister says he wants speedy passage.

Mr. Horner: I want it to go to committee.

Mr. Lambert (Edmonton West): When this minister was on this side of the House, to debate a bill for only 10 days was too short, in his opinion.

Mr. Gillespie: Do you intend to filibuster it?

Mr. Lambert (Edmonton West): I do not intend to filibuster. There is nothing to filibuster that the Minister of Energy, Mines and Resources (Mr. Gillespie) could ever put forward.

If this bill does not pass and the corporation does run out of money, they have recourse to receiving Governor General's warrants. I am suggesting that that is a possible solution; it has certainly been used in the past. For example, in 1972 the hon. minister knows that the administration of which he is now a member ripped through the Unemployment Insurance Act by lending under Governor General's warrants $400 million in excess of the borrowing powers of the commission. There is nothing that this administration would hesitate to do if it felt the need.

In this particular case I can readily understand the problem that is facing Mr. MacDonald and the board of directors of the Export Development Corporation, but to blame us for not bringing the bill forward smacks of sheer incompetence on the part of the government House leader and the minister in question. It is not a question of the opposition kowtowing or bending to any particular whim of any particular minister, and the last man who should speak of that kind of thing is the present minister. He spent 18 years on this side of the House exhorting everybody who was in opposition not to bend before any cabinet minister. Talk about Paul being converted on the road to Damascus; Saul was a piker compared to the hon. minister! He has now become a statesman. Perhaps he will emulate a former member of this administration who, when he was in opposition, was always urging the government to do something immediately. I am referring to the Hon. Paul Martin. When he was in opposition he said that Canada ought to recognize and participate in the Organization of American States right away, but as soon as he became secretary of state for external affairs in 1963 and was asked about this he said, "Of course, when you come to this side of the House you must become responsible". I suppose that is what this minister is now saying. When he was on this side of the House he had to be irresponsible, and now he has become responsible because the corporation of which he speaks requires the money.

● (1552)

The minister has spent a good deal of time, like his seatmate the Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo) last night, trying to recite figures. Comparisons should be made on the basis of constant dollars, Mr. Speaker. Let us not compare trade figures of ten years ago with trade figures today. If the hon. minister is prepared to admit that the 1971 dollar is worth 62 cents today, we will translate that. There has been a 78 per cent move downwards in the value of the 1968 dollar. They should apply that to the figures they quote.

Mr. Horner: You still get double.

Mr. Lambert (Edmonton West): Much less than double.

Mr. Horner: No, you get double.

Mr. Lambert (Edmonton West): Over the years there have been some very great deficits on the commodity market—not that I am trying to say I would love to see Canada on the deficit side. I would rejoice as much as any member of the House if on the commodity side we had a surplus. That means some Canadians are waking up to reality and coming out of the dream world of the past few years when they thought the world was their oyster and they just had to open it to find the pearl.

We know now that we have priced ourselves out of the market and have done the same thing on quality. Our unit cost of production is high and we are slow on delivery. In other words, our industry is sloppy. I think this has now levelled out, however, because people have come up against the hard facts. In business you either sell quality goods at competitive prices and deliver on time or somebody else does it.

There is one element of competition which is much more difficult, and that is in the matter of credit terms and financing. One can produce the same or better goods, but if the credit terms are less favourable than those of the competition, the purchaser will go for the long pull at the lower rate.

This was apparent when certain proposals were discussed at the recent sessions of the InterAmerican Development Bank. One could readily see the influence of the non-regional members of the bank, the Europeans and Japanese; they realized this is a tremendous market for them, not one reserved to Canada and the United States by any means. The danger is that in trying to meet the competition of the Japanese, the Germans, British and other European members of the InterAmerican Development Bank or, in another context, the Asian Bank, we are going to extend ourselves too far in credit terms and financing.

It will be said that because we want to compete in the big league we are a soft touch; in other words, we will always try to outbid the others on credit terms.

Mr. Gillespie: You're kidding!

Mr. Lambert (Edmonton West): The Minister of Energy, Mines and Resources (Mr. Gillespie) says I am kidding. Not at all, Mr. Speaker. He just does not hear these things.

I am also concerned that the Canadian banking system, because of restrictions on the operations of the chartered banks, is not flexible enough to undertake the type of financing that commercial banking does and that we need in Canada to

face this type of competition. I am concerned too that the Export Development Corporation has reserved too large a sector of the market to itself. It is not able to get down into the really small transactions.

These are points we want to go over with Mr. MacDonald and with the minister to determine whether we are on the right course. It is too simple to say on the insurance side that we are going to increase limits by 400 per cent. What is so magical about 400 per cent? Why take us to $10 billion? There are financing increases that I do not think are justified at the present time. I want to see greater diversification in our facilities for the financing of exports, and not all through a Crown corporation. There has been a fantastic increase in the scope and influence of the business, almost as though it is becoming a state monopoly. I have this inner feeling that I should like to see us develop—

PRIVATE MEMBERS' MOTIONS

[*Translation*]

Mr. Deputy Speaker: It being four o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely notices of motion, public bills and private bills.

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask for the unanimous consent of the House so we may now proceed with the consideration of notice of motion No. 10, and that previous notices of motions be allowed to stand.

[*English*]

Mr. Deputy Speaker: Hon. members have heard the suggestion of the parliamentary secretary that the House proceed to notice of motion No. 10 on the order paper in the name of the hon. member for Edmonton West (Mr. Lambert). We can only proceed in this way by giving consent because the items preceding this motion have already been stood at the request of the government. Pursuant to my ruling of December 5, 1977, and in accordance with Standing Orders 19(1) and 49(1), the only way these items can be stood is by unanimous consent; otherwise they will have to disappear from the order paper. Is there consent?

Some hon. Members: Agreed.

Mr. Lambert (Edmonton West): Mr. Speaker, you will note that I agree with your proposal. There are two, three or possibly four notices of motions standing in the names of hon. members who have withdrawn from the House. Presumably one should strike their names from the order paper since they are no longer members of this House. Unless there is agreement that somebody else should sponsor their motions, I do not think we should carry them on the order paper any longer and we can clean up the order paper to that extent.

• (1602)

[*Translation*]

Mr. Pinard: Mr. Speaker, there is no urgency to deal with that problem. There is consent today to proceed with the motion in the name of the hon. member for Edmonton West (Mr. Lambert) and we will see whether or not notices of motions standing in the names of members who have resigned or are no longer members of this House should be struck from the order paper. We will see whether these motions can be introduced on their behalf or in the name of another member.

[*English*]

Mr. Deputy Speaker: Order, please. I think this is the better way to proceed. Then the hon. member will look at the motion and be sure. I know there is a motion in the name of the hon. member for Ottawa West (Mr. Francis) respecting the establishment of a committee that I believe has already been established. Maybe the hon. parliamentary secretary or the House leaders could look at the question. By unanimous consent, all motions appearing ahead of motion No. 10 which is in the name of the hon. member for Edmonton West (Mr. Lambert), are stood. We will proceed and resume debate on the said motion.

* * *

HEALTH AND WELFARE

SUGGESTED EXTENSION OF AGE OF COMPULSORY RETIREMENT

The House resumed, from Monday, November 7, 1977, consideration of the motion of Mr. Lambert (Edmonton West):

That, in the opinion of this House, the government should consider the advisability of enacting legislative proposals to raise the compulsory retirement age from 65 to 70 for any person aged 65 or more who does not so wish to retire and is prepared to give up his/her entitlements to any private pension plan or annuity.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, it is my understanding that this is the second time we have had the privilege of debating the motion of the hon. member for Edmonton West (Mr. Lambert), although it is the first opportunity that I have had to become involved directly. I am delighted to be able to take part in the debate on this topic, which I see has had a lot of consideration from many different quarters all across this continent and perhaps even around the world.

First of all, I notice that the other place had occasion to debate a very similar motion on six different days. The latest date of debate in the other place was December 7. On conclusion of the debate on date, the motion was agreed to. That motion referred to a special committee the subject matter, being mandatory retirement at the age of 65. The special committee of the other place was to examine and report upon the existing retirement age policies affecting workers in both

the public and private sectors; the social and economic implications of mandatory retirement based on age alone. I do not think I need to run over the details completely of the motion of the other place but suffice to say that consideration was given on six occasions and the subject matter of the motion was referred to this special committee.

That is not the only place where consideration has been given to this subject. I would refer the House to the congressional record of the United States Senate where less than a month ago, on March 23, a motion to put an end to mandatory retirement was considered and the vote was taken on that date. The result was yeas, 62 and nays, 10.

They have an interesting practice in that chamber, Mr. Speaker; they indicate the number of members not voting on that day. The number was 28. A further interesting wrinkle in their procedure is to announce how absent members would have voted if they had been present. Accordingly, Senator Stevens is reported as saying: "I announce Senator so and so". He then lists about eight of the absent senators, stating that they were necessarily absent and that if they had been present and voting, they would have voted yea.

Those are a couple of high-powered considerations of this motion. It would be my hope, at the end of the debate on this motion today, that this House might also approve the motion of my colleague the hon. member for Edmonton West. It asks the government to consider the advisability of enacting legislative proposals to raise the compulsory retirement age from 65 to 70 for any person aged 65 or over who does not wish to retire and is prepared to give up any entitlements to any private pension plan or annuity.

I want to refer to some other considerations of this problem. It is a serious problem and it has many implications. It is not just a simple matter of whether or not a person wants to work after the age of 65. There are such considerations as whether a person over the age of 65 continuing to work deprives some younger person of a job. There is also the effect of forced retirement on an individual who is forced to retire in the midst of a productive life.

There is a further complication which could be helped by the passage of this motion. I refer to the so-called age bulge that we have in Canada today. If we continue on the working cycle that we are presently embarked upon, there will be a small number of workers by the end of this century to support the very large number of retired people. The statistics go something like this: Presently we have seven workers for every retired person. It is expected that that number will be reduced to three workers for every retired person by the end of the century. The effects of that are obvious. The tax burden on those three workers will be more than double what it is today in order to provide for the support of the individuals who are then retired. By passing this motion and the following legislation, we could alleviate the very serious problem which will be with us by the late 1980's and certainly by the end of the century.

I want to refer again to action in the United States Congress. Consideration has been given in that legislature to that matter. Writing in the *Congressional Digest* there is this foreword to an article headed: "Revision of Mandatory Retirement Age Policy". It starts out:

Pending in the 95th Congress is legislation which, if adopted, could have major impact on the work habits and job opportunities of millions of older Americans. Already passed by the House of Representatives and near floor action in the Senate in somewhat different form are proposed amendments to the Age Discrimination in Employment Act of 1967 (ADEA) which would bar mandatory retirement for any worker under age 70 who wished to continue in his job and who was able to do so.

● (1612)

The measure, which would not prevent retirement at an earlier age, is directed at those persons in the American work force—in private industry as well as State and local government—who now are forced to retire at a specified age, most commonly 65. Civilian employees of the Federal Government are already subject to a mandatory retirement age of 70, the level which pending legislation would establish for all covered workers.

The date of this issue is November, 1977. The motion reached the floor of the United States Senate last month. I imagine we can all point to examples of cases where people continued to carry out useful occupations past the age of 65. We have some notable examples of that in this House. The retirement age for members of the other place and members of the judiciary in Canada today is 75 years. I know of many workers doing far more active work than what is entailed in being a Senator or a judge, such as those cleaning and doing other manual work. Many thousands of Canadians involved in voluntary work are well beyond the age of 65 or even 75.

The history of this kind of legislation goes back a long way. I have an article here which mentions legislation pushed through in Germany by von Bismarck, First Chancellor of the German Empire in 1889. That legislation allowed their older citizens to continue to work and raised the need to define old age. In Great Britain similar legislation was passed in 1908 using the age of 70, later reducing it to 65.

I have many pages of references to the desirability of this kind of legislation to permit older people to continue to lead useful lives. I have explained the advantages I see to the economy and the employment situation as a whole. I do not think any great purpose would be served by making further reference to the body of information that I have here. All the evidence that I have been able to lay my hands on supports the view. It is my feeling that, given the opportunity, this House would also support the view. If there are any contrary views, I suggest they be given to us now so that those who wish to contribute to the debate will have an opportunity for rebuttal.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I congratulate the hon. member for Edmonton West (Mr. Lambert) for bringing this matter before the House. He first brought it before the House on November 7, 1977, suggesting that there be an extension of the age of compulsory retirement. I would like to read his motion again:

That, in the opinion of this House, the government should consider the advisability of enacting legislative proposals to raise the compulsory retirement age from 65 to 70 for any person aged 65 or more who does not so wish to retire and is prepared to give up his/her entitlements to any private pension plan or annuity.

This motion is most timely indeed. We are all pleased to have the opportunity to speak on this motion today.

The hon. member for Vancouver Quadra (Mr. Clarke) pointed out that the whole question of aging has become a consideration in Canada. He stated that in the next decade, and without doubt before the end of the century, there will be greater numbers of senior citizens than ever before as a percentage of our population. He pointed out that members of the other place and of the judiciary retire at the age of 75. I note there is no age of retirement in the House of Commons. I think that is rather significant.

In making this motion, the hon. member for Edmonton West is dealing with a subject, namely retirement, which has tremendous potential implications, touching as it does on financial, economic, social and health issues, not to mention political considerations. Certainly this is a current topic which has been receiving growing coverage in the press and has been a focus of attention for governments both here and abroad.

But the subject of retirement is also one of baffling complexity which does not really lend itself to simple solutions. I am sure that in making his proposal, the hon. member for Edmonton West was less intent on revising retirement ages than he was on making all members aware of the problems facing society, both now and in the future, in this important area. Indeed, in earlier debate on this motion the hon. member indicated his awareness that there is no compulsory retirement age in Canada at present. This fact has a distinct bearing on this debate, since it reflects a certain freedom of choice and adaptability to conditions which would be difficult to achieve with an over-all mandatory retirement age.

Perhaps we should examine for a moment some of the issues which are involved in any discussion on the subject of retirement. In the light of these issues, we can then, if time permits, look at a few of the proposals which have recently been made, including the hon. member's suggestion, and place them in perspective.

One of the most obvious and important factors determining an individual's decision to retire is the state of his or her health. I am sure every member of this House has experienced days when, no matter how exciting the prospect of the day's work was, it was difficult to work up enthusiasm for the tasks at hand because physically, for one reason or another, we just did not feel up to it. Most of us are fortunate enough to spend most of our lives in good health, but not all are so lucky. It is an unavoidable fact that, as our bodies age, they become more susceptible to problems. Bones become brittle, break more easily and take longer to mend. Resistance to many diseases and complications such as pneumonia is lower. Perhaps some day, with dramatic medical advances, the situation will change. However, for most Canadians declining physical strength is an inevitable function of the aging process.

True, for some—and we need only look about the House for examples—this process moves more slowly. Unfortunately, for others, whether as a result of accident, disease or genetic factors, aging is accelerated—I believe the expression used is "premature aging".

It used to be that for many Canadians retirement from the labour force was a physical necessity. They simply could not work any longer. They could not cope with the physical and mental demands being made upon them day after day. Much of the rationale for the development of pension or retirement systems was to enable people to retire by ensuring that they had the financial resources to leave the work force. Pensions were an innovative move to help such people.

Today, of course, many people who retire are not physically or mentally hampered significantly from pursuing a career. Studies tend to support the observation that most early retirees—that is, men and women who leave the work force before the retirement age normally associated with their particular work of profession—still do so primarily for health reasons. This is a vital consideration to bear in mind before making any move to raise retirement ages.

Those who must leave the work force earlier because of their health should not find their financial situation inadvertently adversely affected. To counterbalance this possibility, many who advocate the pushing ahead of retirement years simultaneously propound the necessity for more comprehensive disability plans and suggest this avenue of assistance for those who find themselves unable to continue working.

● (1622)

Concern has been expressed for those faced with not only the measurable effects of physical deterioration but also the special difficulties imposed by the pressures of change, technological and social. It is unquestionably an over-generalization to say that you cannot teach an old dog new tricks. The fact of the matter remains, however, that many people as they grow older are not as flexible in their ways, ideas or approaches. In many areas of endeavour this rigidity is a definite liability both to the employee and the employer. Those who defend compulsory retirement at age 65 or earlier often point to this problem, and underline the humiliation to an employee who must be told he is incompetent, rather than that he has simply reached the normal retirement age.

Of course, the financial aspect of retirement is equally important. The costs are something that too few Canadians really consider in advance. A person who retires can rarely count on an income after retirement which compares at all favourably with his income from work. Income from government sources such as the Canada Pension Plan and old age security provides a secure base of income which is adequate to meet basic needs.

But what about the additional income the individual undoubtedly desires? This must come from private savings or a company pension. The latter, even where it does exist, will usually only replace a significant portion of pre-retirement income for an employee with a record of long service for the same employer. Also, private retirement savings are something to be encouraged. All members, I am sure, have welcomed the additional flexibility for registered retirement savings plans recently announced by the Minister of Finance (Mr. Chréti-

en). But personal savings of this type requires a good deal of advance planning.

Timing is clearly critical. A person who plans to retire at age 60 is going to have to start building up adequate income sources over a relatively short working career to provide for a longer retirement period than a 65-year-old would have. Conversely, someone who works to 70 years of age, as under this proposal, would have a relatively shorter period of retirement to plan for, on average, and a longer time to build up secure income sources for retirement.

The financial cost to the employer must also be remembered. An employer willing to provide for employees retiring at 60 or 65 will have to put more money into a pension plan than he would if employees generally were staying on until age 70. On the other hand, the employer will have to pay the wages of these senior employees, and many times will feel that a younger worker would be more productive at less cost.

This leads us into the economic aspects of retirement. All too little is known of the potential economic effects that a change in retirement ages could have. The age of workers in the labour force could affect levels of employment, the size of the work force and the general productivity. Purchasing patterns and savings rates would obviously be different if people were generally planning for retirement at 70 as opposed to 65 or 60. The economic burden on the working population which the retired population represents would also change dramatically. This ratio of retired to working Canadians will change over time in any case, and this is something that has caused concern for many experts.

The effect on employment opportunities bears some study, since it is one of the most controversial aspects of the whole retirement issue. Proposals for raising the retirement age are opposed by some on the grounds that they are taking opportunities for employment from the unemployed and denying advancement to younger workers. Countries like Denmark have instituted strong inducements to early retirement for such reasons. I hope to touch on their policies at greater length a bit later.

On the other hand, there are those who say that we should not just raise the retirement age, but abolish retirement altogether. There is no doubt that retirement is one of the most traumatic of life's experiences for the retired individual and his or her family. Many prove unable to cope with this situation, especially in a society based on the work ethic and oriented around the work experience.

Much of the problem is clearly a matter of planning on the part of the individual and society as a whole. Most people, it appears, still do not give retirement any serious thought until immediately before they get their gold watch, if then. Preparation for retirement in educational, psychological, financial and social terms should be undertaken by the individual. But this is changing, and increasing numbers of employers offer pre-retirement sessions in the same way as they offer training or orientation sessions for new employees. Community colleges and non-profit organizations are coming into the field as well. The scope and quality of the programs offered is improving and will continue to improve as more experience is gained and more feed-back received.

[Mr. Robinson.]

It is interesting to note that, when surveyed, the preferences and perceptions of persons five or ten years from retirement differed noticeably from those of persons already retired. This has been especially true of the particular topic with which we are dealing today—the age of retirement. It reflects an actual difference in attitude, but perhaps it is also a result of the experience of the retired person as opposed to the less realistic viewpoint of the person who has not yet experienced departure from the labour force.

Certainly, knowledge of and preparation for retirement are important. Another approach is to change the nature of retirement. The idea of gradual retirement—taking on less strenuous or demanding work; working shorter hours; having longer vacations; working into a second career where interest rather than income is the principal impetus—has been proposed, examined and tried at various times by various people. What we seem to be finding is that there is no single solution for everyone.

In this light we can examine some of the proposals which have been made concerning the retirement age both here and elsewhere. It is of interest to note that different countries have proposed different solutions to the various issues I have outlined. While the United States appears to be moving to extend the mandatory retirement age to 70, many European countries seem to be moving or already have moved towards earlier retirement. In Italy, where retirement is currently at age 60 for men and 55 for women, labour unions are striving to reduce the retirement age for men to 55. In France, employees in private firms who opt for retirement at age 60 rather than 65 are paid 70 per cent of their last salary until age 65, when their normal pension comes into effect. Companies employing these workers are expected to replace them with workers under 25. However, few appear to be taking advantage of this offer.

A somewhat similar program exists in Belgium which, I understand, requires employers to replace those opting for early retirement with unemployed people under 30 years of age. Belgium also prohibits pensioners from gainful employment, as do Finland and Ireland.

In Denmark, the government is proposing to pay an "after wage". Workers over 60 but under the national pensionable age of 67 will qualify for this voluntary retirement payment if they have contributed to an officially recognized unemployment insurance scheme for five years or more. The so-called "after wage" offered is only 90 per cent of the current maximum unemployment benefit offered in Denmark, but such unemployment benefits may rise as high as $15,000 per year. It is apparently the hope of the Danish government that such a program will generate new job openings for they young. However, it is my understanding that many in that country feel jobs vacated by older people will not be made available to the young but merely create an opportunity for employers to reduce their work force.

In the United States an entirely different approach to the retirement problem appears to be developing. Recent legislation passed by Congress and signed into law by President Carter on April 6 of this year raises the mandatory retirement age in the United States to 70 from age 65. The law will become effective in September 30 of this year for all federal government employees and effective January 1, 1979 for all other workers in the United States. The bill allows those between 65 and 70 to continue working as long as they meet a competency test. Senator Pepper, the 77-year-old Florida Democrat who sponsored the bill, now apparently wants to go even further and abolish age entirely as a criterion for mandatory retirement.

I hope I have made clear, Mr. Speaker, that at present there are conflicting points of view regarding the issues concerning retirement, and different governments have taken different approaches to solving these issues. This confusion of ideas and solutions may lead us to question whether the time is ripe for fundamental changes in the Canadian retirement system such as would be implied by the hon. member's proposal.

At present, as all members here are aware, the Canada Pension Plan and the Old Age Security Act are neutral regarding retirement age. Benefits are available at age 65, but beneficiaries are not required to be retired. It is true that many private employers in Canada have made age 65 the mandatory retirement age. Many others, however, have developed pension plans containing provisions which explicitly permit the deferment of an employee's retirement date. Thus, there is considerable flexibility already available in Canada and many Canadians are taking advantage of this flexible system.

To quote figures previously given, in September of 1977 there were some 188,000 persons over age 65 still in the labour force, of whom 64,000 were over 70. At the same time, there were many others who have entered retirement before age 65, for a variety of reasons. Nevertheless, this issue of retirement is one which must always be borne in mind, and I thank the hon. member for his efforts in bringing it to the attention of this House.

● (1632)

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, it is an honour to participate in this debate. Despite what the hon. member suggests in his motion, there are still many Canadians who work beyond age 65 and, in so doing, make a valuable contribution to our economy and our society.

Nevertheless, while we may not agree that the initiatives proposed by the hon. member for Edmonton West (Mr. Lambert) are necessarily the most appropriate for achieving the goal which he seeks to achieve, it is refreshing to hear some concerns being expressed for those Canadians who believe that their productive years are not necessarily over when they reach some arbitrary age such as age 65.

This is a considerably different approach from that taken by a number of persons who in the past have pressed not for the postponement of retirement for those who wish to continue in the labour force but, rather, for lowering the eligible age for a whole range of benefits such as old age security and under the Canada Pension Plan. Some have even proposed the imposition of a mandatory national retirement age of 65 or 60 years of age in order to thrust bodily out of the labour force our country's most experienced and skilled labour.

It is rather interesting to consider what reasons we might have for taking such steps. Why do people want to retire at age 65? The use of that figure as a pensionable age is commonly attributed to Bismarck, who actually set the minimum age for retirement at age 70. That occurred more than 100 years ago. Because of the low life expectancy at that time Bismarck apparently felt that a retirement age of 70 would ensure that very few people would live to collect any pension from the state. This is assuredly not the case at present. The majority of Canadians today live to collect their old age pensions for a considerable length of time.

The idea of retirement at age 65 has taken hold rather more slowly in this country than in others. Old age security benefits, for instance, became payable at age 65 only in 1970, and the Canada Pension Plan retirement benefit has been available at age 65 without retirement and earnings test only since 1975. I might note that Sweden, which is often held up as an example for social security, lowered its retirement age from 67 to 65 only in 1976.

Regardless of its origins, however, we do at the present time have 65 as a fairly constant retirement age throughout the world. It may have become normal because it is the age at which people become entitled to retirement benefits under the Old Age Security Act and the Canada Pension Plan. But I emphasize that there is no federal legislation making retirement mandatory at that age or at any other age.

Even where employees are offered earlier retirement there are usually not very many takers. I understand that since the public service has had retirement available at age 55 with 30 years' service, the average retirement age has dropped by only a year and is still well over 60. Yet we continue to hear the suggestion that the Government of Canada should consider dropping the retirement age for old age security and Canada Pension Plan purposes from 65 to 60 or even make retirement mandatory at that age. It seems we are in love with round numbers. Very few people have suggested a retirement age of 62, 63 or 61. They seem to want to take things five years at a time.

There is nothing magic about 60 as a number. I suspect that if we adopted that figure and the whole country followed suit, we would then find somebody suggesting that the age be reduced to 55 or some other number or perhaps have some other radical individuals suggesting that 50 would be even more appropriate. Clearly, the retirement age of 65 is not engraved in stone, but is there reason to believe that it is too high a retirement age? I do not know. Perhaps it is too low.

Since life expectancies and average health in our population seem to be on the rise, should we perhaps not be thinking in terms of going even beyond the suggestion of the hon. member for Edmonton West in encouraging people to remain in the

labour force? If some sudden break-through in medical science raised the average life expectancy by 20 years overnight, I am sure most people in this country would wish to reconsider their plans regarding retirement age. Yet the interesting point is that average life expectancy has risen by more than 20 years in this century. Perhaps it is legitimate to ask whether Canadians wish to have this reflected only in the lengthening of the portion of their lives which is devoted to the pleasures of retirement, pleasures which are not unalloyed, as many older Canadians would quickly advise.

The idea of raising the retirement age, which is what is suggested by the hon. member, is not idle speculation. In 1933 retirement at age 65 was made compulsory in the public service of Canada in an effort to reduce staff during a time of severe austerity. Ten years later this country was at war and that order had to be suspended. In fact, all over this country thousands of retired people went back to work and proved quite capable of doing a job and doing it well. We are told that the world wars did much to change our views on the role which women should play in our social and economic life. Perhaps we should have learned the same lesson about the elderly and retirement.

A somewhat similar phenomenon might be occurring now. Much of the pressure to lower the retirement age in Canada stems from the belief that by retiring people early we will be making room for the hiring of unemployed and young people who are currently entering the labour market in great numbers. Unfortunately, there is really no reason to assume that retiring the old will make way for the hiring of the young. Employers will not find in an 18-year-old the skill and experience which is lost when a 60-year-old employee retires. Sometimes, also, employers may take the opportunity to automate jobs out of existence.

However, we can look a bit farther down the road and see that a change is taking place in our population which will cause this pressure for early retirement to slacken. I think this is very important. The present flood of young people on job markets is a result of the so-called baby boom which occurred after the second world war. It is no secret that this boom is long since over and that the birth rate has plummeted. Zero population growth is no longer a goal to be achieved; it is a fact which exists in Canada today. It is a goal which has been surpassed, at least in the sense that we can foresee our population beginning to decline because of the lower birth rate.

This means very simply that the surge of workers entering the job market will also begin to decline in years to come. We are told that in less than a generation from now it is more than possible that this country will have a negative unemployment rate and not a positive one. Yet in terms of what we are discussing this afternoon, if we accept the principle espoused by many Canadians, we will have the people with the most skill and experience leaving their jobs at earlier and earlier ages.

It seems quite possible that the pressures which now exist will be reversed in the future and more and more people will be

suggesting 70 as the normal retirement age, as the hon. member has. In fact, as the population ages and the percentage of the population in the over 65 group continues to rise, it may be less of a suggestion and more of a necessity to keep people at work later in life. Such a prospect might cause far less dismay among the elderly than we suspect. I am sure other hon. members would find it interesting to know how many retired people would really have preferred to work for several more years before retiring. We might find that many would have preferred never to retire. I wonder if it would be possible to find out through Statistics Canada or some other agency how many Canadians were forced to retire from the private sector and how many actually retired by their own choice and not by that of their employers.

● (1642)

I wonder if we should address ourselves to questions such as: are there sufficient leisure time activities to ensure that Canadians will find a long period of retirement to be a satisfying and fulfilling experience? I am reminded of a story which was told to me by a chap. It dealt with what we were doing in the age of technology, the fact that we can fly from Paris to New York in four hours. It used to take eight hours four or five years ago, and much longer in the years before that. Then the question arises: what is the point of saving four hours if there is no reason for being there at an earlier time? What in fact has been saved?

Perhaps a similar situation arises when dealing with retirement and whether it is satisfying and fulfilling. I am sure for many people their greatest satisfaction and fulfilment lies in their work. Traditionally we do not expect artists, statesmen or politicians to stop working at the age of 65. No one asked A. Y. Jackson to hang up his paint brush at age 65. What type of world would we be living in today, if Winston Churchill had been forced to retire at age 65 in 1939? What would this House be like if members such as the hon. member for Winnipeg North Centre (Mr. Knowles) and the right hon. member for Prince Albert (Mr. Diefenbaker) had taken advantage of retirement at age 60?

I feel the entire approach toward retirement in this country could benefit from a more flexible attitude. As we practise it in Canada at present, retirement is one of the most sudden and wrenching physical, financial and emotional dislocations which people undergo in their entire lifetimes. The stress of a sudden switch from regular work activity to inactivity has been known to cause premature aging and even death in people who might have had many years of a healthy and productive life if they had continued working in their occupations. This phenomenon is so common that doctors have referred to it as the "retirement disease".

There are numerous alternatives to an abrupt and final withdrawal at any age from the labour market. For example, some older individuals might prefer to keep working at productive activities but with shorter working hours, longer weekends or longer vacations. Others might wish to keep working but move to a job which would be less demanding physically but

still productive. Some countries have introduced systems whereby a person over a given age can obtain a portion of the regular old age pension while continuing to work on a part-time basis. Therefore, to a large extent we applaud the motives of the hon. member for Edmonton West for moving this motion.

Even after retirement there should be activities—and not necessarily leisure activities—in which older Canadians can participate. The success of the New Horizons program is ample evidence of the useful part senior citizens can play if given the opportunity. Unfortunately we tend to think of senior citizens as a population of helpless individuals who require monetary support in ever-increasing amounts at even earlier ages, rather than as an untapped source of creativity, energy and productivity which would help improve the quality of life for all Canadians.

I would be remiss if I did not conclude my remarks by referring to a phenomenon which occurred in the last several years. Basically people can set their own retirement age by investing in registered retirement savings plans, which reduce their income tax loads during their highest years of income. In fact, there is a mechanism which guarantees a secure future regardless of their employer and many other factors. Perhaps this is something which should be looked at very closely. As most of them are set up at the present time, either a lump sum is paid at age 65 or it is in the form of an annuity at that same age. However, perhaps it would be in the interests of both the companies which provide this service and Canadians to have a more flexible retirement savings plan. The plan could be open-ended, so that an individual at age 55 or 58 could start his program because of illness or for some other reason. The age could be at his own choosing, realizing that if he does not wait until age 65, the amount of money he will receive will be proportionately less. It would be less because it is calculated on an actuarial table as to how long an individual will live beyond the age of 65.

In conclusion, there are many alternatives to retirement at age 65. Because of health, some people may wish to retire before that age. Government and private programs should have the flexibility to meet that need. The individual who works beyond the age of 65 for his own very good reasons also should have the benefit of this flexibility so that he can continue a productive and full life, if that is his desire. God help us if government and other agencies are somehow given the power to make all the decisions affecting our lives.

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): Mr. Speaker, certainly one can appreciate the reasons for which this motion was made. Currently a number of people are suggesting that retirement activities require a good, hard look.

I thank the hon. member for Edmonton West (Mr. Lambert) for making this important topic the subject of the debate before the House at this time. While I agree with his motion in many ways, personally I take exception to his placing a definite cap or figure on the retirement age. Compulsory retirement should not be introduced at any age. A person is best suited to make up his own mind physically, mentally and in every other way as to when and if he should retire from the work force.

Perhaps I am borrowing from the hon. member himself, but if I can play the role of the devil's advocate this afternoon I should like to refer to some of the contrary points of view which have been expressed. I mean some of the proposals to make retirement compulsory at even earlier ages and the various reasons for them. I should like to bring to the attention of hon. members the arguments which have been advanced by those in favour of compulsory retirement ages. Certainly I would not suggest that all the arguments are valid, but they must be put on the record and discussed. It would be useful to delineate those views in order to clarify the implications of the motion of the hon. member.

It has been suggested that the retirement of older workers is essential in order to open up opportunities for younger employees to gain advancement and make a contribution to progress by bringing new ideas and attitudes into the work force. Undoubtedly there are different outlooks, on the part of individuals in their late sixties and those in their late forties, regarding corporate and social life. I notice there are some younger people present in the gallery this afternoon. Many of them indicate that they want an opportunity which is now being held by a senior member of a corporate firm or by a senior planner in a plant. Perhaps that senior employee is reaching age 60 or age 65, and if that man retires, vacancies will be opened up all the way down the line. Thus, younger employees will be able to move up more quickly and achieve the goals which they have set for themselves in their working careers.

• (1652)

However, I might add that all of us who are here probably thought the same way when we started in the work force, whether it was in teaching, in a profession as a doctor or a lawyer, or whatever our profession might have been. We have looked around and seen those who had served that profession or that field of endeavour well and had attained some degree of recognition, and with that degree of recognition had attained some degree of age as well. We tended to make a comparison between the fact that they perhaps might have been grey of beard or head, in some instances without hair whatsoever, and the conclusion that it was simply because they had reached a certain age and a certain stage in their development. We soon learned, once we had gone through the work force or the profession we had chosen for ourselves, that it is not advancing years that give you progress through that business or profession; it is through the attainment of knowledge and skills and a good amount of very hard work that these people reach the positions they hold and for which they are respected.

Our attitudes change as we go along in our lives from the time we are thirty, to forty, to fifty and so on. I think that really cannot be looked upon as a serious suggestion for

bringing our retirement age down to a lower level, or even putting a cap on it, by any stretch of the imagination.

As the hon. Parliamentary Secretary to the Minister of National Health and Welfare (Mr. Robinson) said, somebody has said that you cannot teach an old dog new tricks. That may be true, but I can assure him that the old dog can certainly add a lot of smart wrinkles to the tricks he has already learned, and in so doing make the job he has easier for himself and for those who may follow. I do not think you have to teach an old dog new tricks; he can teach you something on the way through.

It must also be admitted that some workers will not be as capable of withstanding the rigours of employment at an advanced age as some others. This may be more obvious in physically demanding pursuits such as mining, forestry and farm labour, to some extent, though I can assure you, Mr. Speaker, there are farmers in my area who are exceptionally capable at the age of seventy, and some even beyond that.

If I might impart one small incident that happened recently in my area, let me state there was a lady in one small community who was slated to celebrate her 102nd birthday. It was a real event for the community. On the morning of the event there was quite a stir raised in the community because a number of people had tried to reach her on the telephone and could not get an answer. Of course, what immediately came to mind was that something had happened to this dear, sweet lady, and she was unable to answer the telephone. A convoy of cars took off and went to her house to see what had happened. They found out what had happened. This lady, knowing it was her 102nd birthday, was concerned that people would visit her house and find it not up to scratch. She was up on top of a twenty-foot ladder cleaning windows! That gives the House some indication of the physical capabilities of some of our senior citizens.

However, this applies as well to the white collar worker, to some extent, who perhaps cannot respond as flexibly to the pressures that can occur at critical times in almost any type of work environment. In some cases it is felt that employees lose the ambition and drive necessary to carry out their tasks, especially at more senior levels of industry. In such cases a mandatory retirement age avoids confrontation and possibly humiliation to the older worker by being demoted or worked around or even fired for incompetence after what may have been a distinguished career with faithful and competent service and work. If we take a very close look at the statistics, we will see that this has not proven to be the case.

It is the experience, knowledge and ability gained by that worker over the twenty, twenty-five or in some cases even thirty years he or she has spent in a particular field of endeavour that gives the competence that cannot be matched without that length of service and without that devotion, and in some cases, as has been said, without the blood, sweat, toil and tears that have gone into it.

Thus a mandatory retirement age has been said to maintain an upward mobility, avoid embarrassing decisions for the employer and allow the employee gracefully to withdraw from the labour force. We must always be reminded of what is lost when these years and years of experience and training come out of that labour force or particular profession.

Many have argued that compulsory retirement at an early age would also help to ease the unemployment situation among the younger workers of the labour force. It is pointed out, for example, that unemployment is highest among the very youngest workers. It is argued that by retiring the older workers, positions would be freed for younger persons to fill. I think I should say here that this is a rather unsatisfactory argument since such a move would only serve to redistribute unemployment rather than create any new employment.

I must also, if I may, make one personal observation here. This type of attitude tends to put into focus the growing attitude of some young people in our work force today, or of some people who are entering the work force today, that the only way they can be successful is by starting where their fathers left off. To me this is a rather sad commentary to be made, to some extent, because I believe the young men and women we have coming into our work force today do have the ability to start where their fathers started, from scratch, with the ability to show the devotion, aptitude and determination their fathers and our fathers showed before us in a career or a job. If there is any move to take away that urge from young people coming into industry or labour, it certainly should be looked upon as a serious thing for the people and the country.

It is also claimed that many employers would face critical financial problems if they were forced to keep on older employees who are in receipt of higher salaries as compared to less senior workers. It is true that pension costs might decrease in some cases since the employee could not draw a pension while still actively at work. However, it would be anticipated that health, disability and group life insurance premiums would certainly spiral upwards; thus a compulsory retirement age might have a disastrous effect on the cost of these pensions and medical benefits that are taken into the planning of the work force and industry today.

It has also been pointed out that whatever stigma is currently attached to the retired state would be reinforced if retirement was not a part of the normal course of working. The sense of discrimination and the loss of status and prestige felt by some older persons—

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but the hour provided for the consideration of private members' business has now expired.

It being five o'clock, this House stands adjourned until 2 p.m. on Monday, pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, April 24, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

ELECTIONS

DATE OF NEXT ELECTION—MOTION UNDER S.O. 43

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I rise under Standing Order 43 on a matter of urgent and pressing necessity. Since the Prime Minister has let election speculation get out of control over the last week, and his continued indecision and vacillation on the date of an election does not help our dollar or the unemployed, I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That this House direct the Prime Minister to follow an old maritime custom and fish or cut bait, rather than continue his ego cat-and-mouse games with the body politic at the expense of the Canadian public.

Mr. Speaker: Presentation of such a motion would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

CHAIRMAN OF VIA RAIL—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise on a matter of urgent and pressing necessity. In view of the fact that VIA Rail officially takes over most of the passenger train operations in Canada this month, in view of the fact that VIA Rail during the last few months has given the impression of vacillating and faltering in its decision-making process, and because the chairman of the board of this corporation—which was supposed to be set up to save the passenger train—is none other than Mr. Robert Bandeen, who was a quoted advocate just a few years ago of doing away with passenger trains and, moreover, since the Minister of Transport (Mr. Lang), who is a gung-ho supporter of airports, air travel and highways, will be stipulating passenger service levels on various rail—

Mr. Speaker: Order, please. If the hon. member has a motion, would he put it forthwith.

Mr. Hogan: I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That Mr. Bandeen be removed as chairman of the board of VIA Rail corporation.

Mr. Speaker: The hon. Minister of Transport (Mr. Lang) on a point of order.

Mr. Lang: Mr. Speaker, on a point of order, I thought perhaps it may help the hon. member if he knew that Dr. Bandeen is no longer the chairman of VIA Rail.

Some hon. Members: Oh, oh!

* * *

• (1412)

PUBLIC SERVICE

LIABILITY FOR COSTS OF COURT ACTION—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the outrageous suggestions being made to the effect that the award to Mr. Stopforth should be paid out of public funds, I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That this House rejects out of hand and unequivocally the notion that the Canadian public should foot the bill for the judgment against the Minister of Supply and Services for the libellous statements made by him outside this House.

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

Some hon. Members: No.

Some hon. Members: Agreed.

ORAL QUESTION PERIOD

[*English*]

TRANSPORT

VIA RAIL SERVICE

Mr. Jack Murta (Lisgar): Mr. Speaker, I should like to direct a question to the Minister of Transport. Can he inform the House if VIA Rail, the government agency taking over rail

passenger services, has under a proposed summer schedule change eliminated direct passenger service from eastern to western Canada which would mean a variety of inconvenient routes? For example, a passenger going from Ottawa to Banff will travel to North Bay, then to Sudbury by bus, where there will be a 12-hour wait for the train going farther west.

Will the schedule be implemented? If so, how does the minister justify the inconvenience and confusion which will be caused not only to Via Rail in terms of promotional work but also to the travelling public?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the proposed routes for VIA Rail are a matter of record. It is possible to go from eastern Canada to western Canada all the way through to Vancouver on a direct CN route or a direct CP route. Obviously, if one wants to make a change from the originating CN trackage to a Canadian Pacific destination, certain changes and waits are required. But that is true at the present time and is almost inevitable under any system.

What is intended in the VIA schedule is that a train going from the east through Montreal and Ottawa and then through the northern route across Canada to Winnipeg meets another eastern train from Toronto through Sudbury to Winnipeg and then, of course, from Winnipeg to Vancouver, each following respective CN-CP rail. Clearly, you cannot go from anywhere to everywhere in a direct way, and I should have thought that would be beyond what the hon. member would really demand.

Mr. Murta: A supplementary question, Mr. Speaker. Mr. D. Lewis, of VIA Rail, has confirmed that if the temporary summer schedule—which is what we are talking about—is okayed by the Canadian Transport Commission, there will be no direct routes to southern Alberta and some vacation areas in western Canada.

Would the government consider maintaining existing CN and CP services for the summer months, so there will be direct train service from one part of the country to another and not this confusion, and so VIA Rail will not get off to what appears to be a very bad start in the mind of the public?

Mr. Lang: Mr. Speaker, I regret very much the expressions of concern, even by those who are supporters of VIA Rail, about the schedule. It is impossible to do everything which everyone might like in an ideal way, but this may save the taxpayers $30 million to $40 million and that is important. There is, of course, a very good eastern Canadian connection through to Banff. That is essentially a Canadian Pacific route.

Those who originate on a northern or CN route clearly have to change somewhere. It is possible to change at the Sudbury-Capreol area. It is true that would involve a bus connection. It is possible to change at Winnipeg, where there would be no bus connection because both trains arrive at Winnipeg. So it is possible to go from the northern route through to the southern routes. However, if one is moving from what has been a CN route to a CP route, one must change trains: a change is necessary. It is not possible to have a connection between every point in Canada to every other point without a change. As a result of these changes we have better service at far less cost to the public. Both considerations, in my view, are very important.

• (1417)

Mr. Murta: Mr. Speaker, I agree with the minister in the long term. But certainly in the short term, for the peak period this summer when people do most travelling, the proposed change of schedule will cause a great deal of confusion. It will cause chaos and VIA Rail will get off to a bad start, which I do not think anyone in this House of Commons wants to see. I would ask the minister one final supplementary question. In VIA's future plans is there talk of any change which would eventually eliminate the Vancouver-Jasper-Edmonton-Winnipeg run which, of course, would be totally unacceptable to people in western Canada and to most Canadians?

Mr. Lang: Mr. Speaker, at this point there is no consideration of elimination of any runs. The Canadian Transport Commission produced its final plan, and that is the basic document with which VIA Rail is working. Of course, we all hope that VIA's management will come up with better ways of offering service to people who want to travel and will make proposals for schedule changes before the Canadian Transport Commission.

The immediate future, as fast as VIA can arrange it, will be to bring the trains from Toronto and Montreal together at one point in the Sudbury-North Bay area. Any problem which may arise in the first year of scheduling will therefore disappear. The very enthusiastic and energetic management of VIA and this whole new spirit of trying to make rail passenger service operate well again in Canada should be given a chance. We should avoid narrow, carping criticisms from day to day about some of the difficulties which are bound to occur.

VIA RAIL FARE STRUCTURE

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, I would like a little clarification from the minister about VIA Rail. I think we all want to see it get off to a good start. My question concerns the fare structure, which I understand differs on CP and CN routes: one could wind up paying a substantially different price going from Montreal to Vancouver, for basically the same distance and the same service. Is this correct? If so, how long will it stay in place?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the rail structures we have been familiar with have been very different from CP to CN and even different in CN on different routes and on different days of the week. What VIA is now proposing, if it can get the necessary agreement and consent from the railways and the Canadian Transport Commission, is one uniform fare schedule in relation to movement across the country, regardless of the line of track on which the movement is made.

VIA is also attempting to bring about a fare schedule which is sensible from the point of view of the distance covered.

There is relativity with respect to rates between cities of equal distance apart and fares elsewhere in Canada. This is VIA's objective, and they are hoping to be able to move forward with that kind of rate schedule for June 1.

Mr. Stanfield: Mr. Speaker, can the minister give some assurance that a uniform rail fare structure will be in place by approximately June 1? Without this, VIA will be held responsible by passengers who are travelling the same distance and paying substantially different rates. Is this not likely to give VIA a black eye? One might ask why VIA took the service over before it was able to put a uniform rate schedule in place. Can the minister give assurance that this great possibility for misunderstanding and bad public relations will, in fact, be removed by roughly June 1?

Mr. Lang: Mr. Speaker, that is the objective. If VIA indeed takes over the service and is able to accomplish the changes required by June 1, that will be the case. If there are difficulties and we have rates which reflect different prices for the same distance in different parts of Canada, that will be a continuation of the existing situation and should in no way be laid at VIA's door by anyone.

● (1422)

Mr. Stanfield: May I, therefore, lay something at the door of the government? Advertising by the Canadian government office of tourism advertises VIA Rail vacations at a reasonable price, comfortable and different. They seem to be quite different today. Can the minister explain why the government is advertising in this way, putting VIA on the spot when he is in no position to give any assurance that this will in fact take place at any time on which he can put a firm date?

Mr. Lang: Mr. Speaker, VIA is already marketing the service and, therefore, in that sense will be associated with what is offered. I would like the hon. member to join in explaining that if there are any difficulties in moving toward a uniform, similar rate across the country it will not be VIA's responsibility but the inability to get, by that time, the necessary agreement from the railways. All that will remain is what has been in place for the past 10 or 15 years. I hope the hon. member will join me in hoping that the railways will co-operate in the ways required so that VIA Rail will be in a position to put a uniform, improved schedule in place, by June 1.

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FINANCE

CDC INVESTMENT IN FOREIGN COUNTRIES

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is to the Minister of Finance. Last year the Canadian Development Corporation acquired some $45 million worth of gas-producing property in Louisiana. Given the fact that we have over one million unemployed in our country, and the stated objective of CDC, according to the act, is to "assist in the creation or development of businesses, resources, properties and industries of Canada", does the government approve of CDC investment in the United States such as the purchase made in Louisiana?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I will look into the question and report to the hon. member.

Mr. Nystrom: In light of the fact the Canadian government controls some two-thirds of CDC voting stock and has two deputy ministers, including the minister's deputy, sitting on the board of directors, will the minister advise whether it is the intention of the government to direct the CDC to expand and invest in Canada rather than in other countries such as the United States?

Mr. Chrétien: Mr. Speaker, it is possible that in some circumstances they have decided, in the best interests of the corporation and its long-term goals, to invest in foreign ventures; but basically CDC is investing in Canada.

Mr. Nystrom: Quite apart from what the CDC is doing, there has been a dramatic increase of investment by Canadian companies and private citizens in other countries, primarily the United States. Is the minister concerned about this move in Canada regarding the flow of capital outside our country? If the Canadian government is concerned, is it contemplating any action to stop this trend?

Mr. Chrétien: Mr. Speaker, there is a free flow of capital between Canada and the United States. We are not planning to impose any foreign exchange control. It is basically a matter of the investment policies of the individual. There are some distorted factors in those figures. In some cases money went to the United States, but it has been a case of Canadians buying Americans' interests in Canada. It seemed as though it was investment in the United States, but it was just buying back Canadian interests.

PROPOSED EXTENSION OF TARIFF CUTS—EFFECT ON EMPLOYMENT

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, my question is to the Minister of Finance. It concerns the minister's decision to extend permanently the 1973 tariff cuts which were due to expire on June 30 this year. Will the minister tell the House, in light of the promise made by his predecessor, John Turner, to monitor the impact of the cuts, what the precise effects of the tariff reductions were in terms of jobs; and, further, will he now table whatever reports have been made of the impact of the tariff reductions?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not know if there is any monitoring of the precise tariff cuts but I will inquire. If we have that information, I will gladly report it to the hon. member.

Mr. Ritchie: It appears that the minister made the decision to renew the cuts on such items as drugs and pharmaceuticals, kitchen and dinnerware, furniture, house trailers, photographic equipment, all of which could be produced by Canadian

industry, without having any real information on the effect of the cuts in the first place. Will the minister tell the House why he did not initiate a full-scale study of the impact of the cuts, especially in light of Mr. Turner's promise to this House?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I said that I would inquire and report my findings to the hon. member. Of course, these tax cuts were made at that time to help reduce the cost of living in Canada.

[*English*]

Mr. Ritchie: By unilaterally renewing the tariff reductions, the minister seems to have thrown away a good negotiating card. Will he tell us why, since the United States has made public a firm list of non-negotiable items, he has chosen to concede permanent reductions in these important tariffs at this time?

Mr. Chrétien: I have extended the temporary cuts. We have not made them definitive.

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ROYAL CANADIAN MOUNTED POLICE

INVESTIGATION INTO SALE OF MILITARY EQUIPMENT TO IRAN

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I have a question for the Minister of Finance, who I understand is the Acting Minister of National Revenue or responsible for reporting to the House on that department. Last week I asked the Solicitor General whether the RCMP investigation into the Department of Supply and Services-managed operation called Project Iran had been completed. I have since learned that it has not been completed and is still the subject of ongoing investigation.

Prior to the RCMP involvement there was also an investigation by auditors and investigators of the Department of National Revenue respecting some of the Canadian paticipants in that particular project. My question for the Minister of Finance is this: Can he tell us whether that investigation into certain tax practices by the Department of National Revenue has been completed?

[*Translation*]

Mr. Yves Demers (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, I shall inquire as to the question put by the hon. member and gladly answer him in writing in the next few days.

[*English*]

Mr. Lawrence: On matters of importance such as this, it would certainly be desirable to have a minister of the Crown give an answer. There must be a minister who is responsible in this chamber for the Department of National Revenue. It would be a fairly simple matter for such a minister to find out whether or not the investigation has been completed. Could I possibly have that information tomorrow, or within 24 hours?

[Mr. Ritchie.]

Hon. J.-J. Blais (Solicitor General): The hon. gentleman is very familiar with the policy. When I spoke to him privately, I felt he recongnized the sensitivity of this issue. He will, indeed, be given the information he is seeking when the investigation is complete and when charges have been proceeded with, should any charges have been laid.

Mr. Lawrence: My question related to a separate investigation in connection with an entirely different matter. If the Solicitor General had been listening, he would have realized I was referring to a Department of National Revenue investigation, not to an RCMP one. If there is a minister in the House responsible for the Department of National Revenue, could I please have an undertaking about this information?

Mr. Blais: In replying to the earlier question, I thought the hon. gentleman would understand that any investigation in relation to this matter is subject to the utmost confidentiality until such time as charges are laid.

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ELECTIONS

DATE OF NEXT ELECTION

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. As it has been widely reported by the press and members of the Prime Minister's party that a decision to call a general election is being held up because of unsatisfactory poll results coming out of Toronto and southern Ontario, might I ask the Prime Minister whether he has now decided when he is going to call an election or whether he has chosen to continue to govern by Gallup poll?

Right Hon. P. E. Trudeau (Prime Minister): I do not know why the hon. member is so eager to retire his seat early. I thought he would be happy that I had decided to continue the session a little longer.

Mr. Hees: Would the Prime Minister be willing to cover his last statement with a cash bet of any size respecting the ability of his candidate to defeat me in a general election? Is he willing to put his money where his mouth is?

Some hon. Members: Oh, oh!

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● (1432)

ENVIRONMENTAL AFFAIRS

FUNDS FOR REFORESTATION

Mr. Leonard Hopkins (Renfrew North-Nipissing East): Mr. Speaker, my question is directed to the Minister of State (Environment). Because of the continuing need for effective reforestation programming, and because of the need to upgrade certain species of trees in Canada in order to provide

for the future requirements of Canada's forest-based industries, is the government prepared to make a commitment that an adequate percentage of the dollars earned through our international sales of forest products will go toward reforestation and upgrading of our forests in various woodland areas of Canada? The upgrading of our forests would help make us more competitive.

Second, is the minister's department continuing to do research work to develop and produce particular disease-resistant types of trees in order to protect future forest resources from natural enemies such as Dutch elm disease, spruce budworm, and so forth?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, the Canadian Forestry Service has a program under which it is developing better species and better productivity, more disease-resistant, more insect-resistant, and so on. Discussions are now going on with a number of provinces relative to reforestation. It is hoped that my colleague, the Minister of Employment and Immigration, will be able to reach agreement with a number of provinces to implement reforestation programs using Canada Works funds.

With regard to basing possible support for regeneration programs on the value and amount of forest products exported from Canada, I must advise the hon. member that the federal government has no such plans.

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EMPLOYMENT

ASSISTANCE TO RCA TO PREVENT LAY-OFFS

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I would like to address a question to the Minister of Employment and Immigration. We in eastern Ontario were very discouraged to learn that RCA has announced the closing of another plant in Ontario. Two years ago, 440 jobs were lost in Renfrew. RCA is going to put another 300 people out of work, allegedly because its plant is not competitive and needs to be automated.

Since the Minister of Industry, Trade and Commerce is not here, I wonder if the Minister of Employment and Immigration can comment on the steps his department will take to try to find jobs for the 300 people who will be unemployed in an area which already has 12 per cent unemployment. Would the minister take up this matter with the Minister of Industry, Trade and Commerce and encourage him, through his department, to allow a grant to RCA in Smiths Falls, Ontario, so that the plant there can be automated, become competitive and keep people working?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I have asked my departmental officials to see if we can set up in that particular region a Manpower consultative agreement so that we can do everything possible to find positions for the 290 workers who are affected. We have put this into place in other areas and we have been particularly successful. That is the downside end of the operation. I will discuss the hon. member's representation with my colleague, the Minister of Industry, Trade and Commerce.

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ENVIRONMENTAL AFFAIRS

HIGH WATER LEVEL OF LAKE ONTARIO

Mr. J. R. Ellis (Hastings): Mr. Speaker, my question is for the Minister of State (Environment). The levels of Lake Ontario are already dangerously high. The input into Lake Ontario is close to 400,000 cubic feet per second and the outflow is in the neighbourhood of only 280,000 cubic feet per second. There is a possibility of flooding in the very near future. Would the Minister of State (Environment) indicate whether he will take steps to increase the outflow through the St. Lawrence waterway?

An hon. Member: Pull the plug.

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, my department is monitoring the situation carefully all the time. I am advised that the outflows from Lake Ontario are at their maximum. We will try to make sure that the outflows are adequate, and we will do everything we can.

Mr. Ellis: Mr. Speaker, since the outflows just a week ago were 40,000 cubic feet per second higher than they are now, I suggest to the minister that his department is not doing everything it can and I ask that it do a little more.

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ELECTIONS

DATE OF NEXT ELECTION

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Prime Minister. In view of the uncertainty about our dollar, our economy and our country, would the Prime Minister agree with me that uncertainty about the election date adversely affects those matters and that he has some duty to tell the Canadian people when he will announce the date of the election, or does he expect this parliament to continue in the normal fashion because he is not going to do anything until the fall?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I hope it is not too much to expect that this House will continue in a normal fashion.

Mr. Nowlan: Mr. Speaker, I will not argue with the Prime Minister about what is normal in this House at any given time, especially with this government. Do I understand from the Prime Minister that if the legislative program proceeds in an orderly way—whenever the government introduces it—this House will continue and that after a normal summer recess other things will happen in the fall?

Mr. Trudeau: Mr. Speaker, I understand the hon. member is trying to change the constitution to have a set date determined for general elections, but this is not the practice in this country and the House usually learns about dissolution when it happens.

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PUBLIC SERVICE

LIABILITY FOR COSTS OF COURT ACTION

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is directed to the retiring Minister of Justice and it relates to the judgment obtained by Mr. Larry Stopforth against another retiring minister, the Minister of Supply and Services. Can the Minister of Justice tell the House whether the policy of this government will be to pay the judgment, or will he confirm the proper decision on government policy not to pay the judgment of $10,000 and legal costs for a minister who defames and libels a public servant?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, at the moment all I am considering is awaiting advice from counsel as to whether the case should be appealed. In line with a number of precedents, the Crown acted for the defendant in that case on the basis of past experience and practice within the government. If past practice and past experience is any guide and if no appeal is taken, the Crown will pay the damages.

Mr. Hnatyshyn: Mr. Speaker, I am chagrined to hear that answer from the minister.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: In view of the judgment of Mr. Justice Lieff which exonerates Mr. Stopforth with respect to the allegations make by the Minister of Supply and Services inside and outside this House, will the minister do the decent thing and reinstate Mr. Stopforth in the position he held before this situation? Second, will the minister stand in his place like a man and apologize to Mr. Stopforth?

Mr. Munro (Esquimalt-Saanich): And pay the bill.

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

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CONSUMER AFFAIRS

CLARIFICATION OF LEGISLATION RESPECTING MORTGAGES

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. Considering that mortgage prepayment penalties are a growing source of complaint for consumers, and the claim that federal law seems to be unclear whether after five years mortgage holders may give three months' notice of prepayment and thereby avoid the assessment of prepayment charges, and in view of the fact that mortgage companies are inconsistent in their assessment of prepayment penalties to mortgage holders, assessing no charge to home owners with mortgages under 8 per cent but charging extra interest to others, could the minister inform this House what steps he is taking to clarify the principle of law contained in the Interest Act of Canada in order to protect consumers better?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, the borrowers and depositors protection legislation which was tabled by my predecessor in the last session of parliament would have repealed the Interest Act. It contained provisions to control conditions for mortgage prepayment in favour of the mortgagor. That bill died on the order paper at the end of the last session in September. Since that time, we have been consulting business and consumer interests in order to improve the bill. It is our hope to introduce an improved bill with mortgage prepayment provisions as soon as possible.

I think I should point out, however, that the hon. member for York-Simcoe said, on behalf of the Conservative party, that if we were to reintroduce that bill he would do everything possible to oppose it.

Some hon. Members: Shame.

* * *

INDUSTRY

EDC ASSISTANCE TO DEVELOP STEEL MILL IN U.S.A.—EFFECT ON CANADIAN JOBS

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, in the absence of the Minister of Industry, Trade and Commerce I would like to address my question to the Minister of Finance. My question concerns the $47 million in financing assistance by the Export Development Corporation to a company called Co' steel to develop a steel mill in New Jersey.

In view of the fact that Lasco, a subsidiary of Co'steel which is located in Oshawa, currently exports about 60 per cent of its production to the United States, and that the new plant to be developed in New Jersey with EDC financing will be selling the same products, can the minister guarantee that this deal will not jeopardize in the long run the 650 jobs at Lasco in Canada?

● (1442)

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I shall refer the question to my colleague, the Minister of Industry, Trade and Commerce, who is responsible for the Export Development Corporation.

[*English*]

FISHERIES

DECLINING LOBSTER FISHERY—REQUEST FOR GOVERNMENT ASSISTANCE

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Minister of Fisheries and the Environment. According to all reports, inshore lobster fishermen along the south shore of Nova Scotia are experiencing a very serious decline in their catches, which in some cases is causing severe economic hardship. I therefore ask the minister, in light of the controversy over the effect of offshore lobstering on the inshore stocks, if he has had an opportunity to evaluate the study which I believe was undertaken concerning this matter and, if so, what steps he is planning to take, if any, to help restore the inshore lobster fishery?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I am advised by the scientists in my department that the conclusions based on this study can only be drawn at the end of the coming season after more research is undertaken. We hope that by the end of the summer season we will have the type of information on which to base changes in management policy if required. The problem to which the hon. member refers is a very serious one and I recognize it.

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BANK ACT

PROPOSED AMENDMENTS THERETO

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is for the Minister of Finance. Two or three weeks ago the minister and I had exchanges with regard to the introduction of amendments to the Bank Act. At that time the matter was in the hands of the inspector general of banks. Surely the minister has now had the bill back and has put it before the legislative committee of the cabinet. Can he give us a firm date, in view of the fact that an election is not coming right now? Can he give us the answer so we may have some intelligent thinking about the act?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the act will be ready soon. We are awaiting finalization of the translation into French.

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ENERGY

DRILLING FOR OIL AND GAS WELLS ON CROWN LANDS

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, my question is addressed to the Minister of Energy, Mines and Resources. Last week the Canadian Petroleum Association released data indicating that oil and gas drilling activity in Canada's frontier lands under federal jurisdiction continued to decline in 1977, and that out of a total of 6,200 wells drilled in

Canada only 28 were drilled on federal lands. This means, in percentage terms, that activity on federal lands is one-eighth of what it was in 1972, five years ago. Can the minister tell the House if this decreasing oil and gas drilling on federal lands is in keeping with federal government policy?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, it is true that proportionately there has been less activity in the frontier regions than there has been in other parts of the country, particularly in Alberta and British Columbia. We regret that there has not been more absolute activity in the north, although I must point out to the hon. member that in terms of absolute activity it has held even for the last couple of years. However, I regret that there has not been more.

I believe that if the opposite parties were to have their way, there would be considerably less drilling, because they have gone on record as saying they would abolish Petro-Canada and, as hon. members must know, one-half of the oil wells drilled in the frontier areas of Canada were drilled by Petro-Canada.

Some hon. Members: Hear, hear!

Mr. Andre: I think the minister had better get better advice from his officials in order not to put forward erroneous information like that.

Mr. Gillespie: It is your leader who gave it out.

Mr. Andre: Since at least part of the decreased activity in Canada's frontier lands is due to the fact that there is almost universal dissatisfaction with the royalties and land use regulations spelled out in Bill C-20, can the minister indicate the government's plans with regard to northern royalties and land use regulations? Is it the intention of the government to proceed with that legislation in what remains of this session of parliament, or are his officials currently trying to draft a new and better set of regulations which will entice other oil companies, not just those which have nowhere else to go?

Mr. Gillespie: Mr. Speaker, the hon. member must know, with respect to the increased activity out west, that the reason there is increased activity in the west is that the finding rate there has been significantly better than it has in the north, in the frontier regions of the country. I think the federal government's incentives with respect to oil exploration and development out west have been a significant factor, the reason being that there is not a spare drilling rig anywhere in the country now. So it is not true to suggest that there is not a lot of drilling activity in this country. There is more than ever before.

Some hon. Members: Hear, hear!

Mr. Gillespie: With regard to the second question respecting the legislation now before the House which has received first reading, I would be very glad to take that up with the House leader.

Oral Questions

FINANCE

POLICY RESPECTING GOLD RESERVES

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I have a question for the Minister of Finance. In view of the fact that the government has tried all sorts of measures in vain attempts to bolster the Canadian dollar, and in view of the fact that the U.S. decision to sell some of their gold reserves has moved that country's dollar up sharply on world markets, is it the intention of the government to sell any of Canada's gold reserves?

Hon. Jean Chrétien (Minister of Finance): No, Mr. Speaker, it is not the intention of the government to do so.

Mr. Clarke: Does the government have any other plans in mind to shore-up the Canadian dollar?

Mr. Chrétien: We are following the same policy, and I am glad to report that today our dollar strengthened in relation to the U.S. dollar.

Some hon. Members: Hear, hear!

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PENITENTIARIES

EFFECT OF LONGER SENTENCES ON PRISON ENVIRONMENT

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is for the Solicitor General. It concerns the Canadian Penitentiary Service and specifically the situation wherein more and more convicted persons are sentenced to longer sentences as a result of amendments to the Criminal Code. It is projected that in ten years some 900 inmates may be serving sentences with little hope of parole for a prolonged period of time. The Solicitor General was quoted last week as saying that this situation would demand changes in the prison environment. I wonder if he would tell the House specifically what changes he proposes within that environment to deal with what is obviously a serious situation which will become more serious with time.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the hon. gentleman knows that, in effect, his figures may be completely out of line. In my view, the figures he has quoted are unrealistic. However, that does not lessen the difficulties which he has identified and which I identified previously. We are dealing with that problem. If the hon. gentleman has read the report of the subcommittee of the Standing Committee on Justice and Legal Affairs, he knows that they also addressed themselves to that problem. We are looking at a number of options and alternatives.

Mr. Jarvis: If the Solicitor General is looking at a number of options, I would ask him to reconsider his earlier refusal to accommodate one very important tool in dealing with the serious situation of prison environment; that is his refusal to permit a permanent reference to that subcommittee whose work I presume he values because it was a unanimous report which has been partly implemented, although not as fast as we would hope. He has refused to permit that permanent reference. Would the Solicitor General not take advantage now of the ability of that subcommittee to assist in dealing with the problem which, as he points out quite accurately, is a serious one in the prison environment?

[Mr. Gillespie.]

Mr. Blais: I have indicated to the hon. member, and indeed to the committee, that I am ready to discuss the report of the subcommittee on a regular basis. As I understand it, I have been asked to do so again. I feel that the committee has done a yeoman job in overviewing the recommendations of the subcommittee. It continues to do so, and I do not see at this time any need to provide a permanent reference.

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RAILWAYS

REPRESENTATION SECTION OF BRITISH COLUMBIA RAILWAYS' LINE NOT BE ABANDONED

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is for the Minister of Transport and concerns a report by a provincially-appointed royal commission into the operation of British Columbia Railways and their recommendation to abandon the very important 200-mile section of that railway in the north, a section which is very critical to the resource harvest in northeastern British Columbia and crucial to retaining 750 jobs in the city of Fort Nelson.

Can the minister tell the House whether there have been any discussions with the province of British Columbia on the possible involvement of federal resources in the maintenance of this railway and its possible extension, what is the outcome of these discussions and what possible help can the federal government provide the province to keep this railway in operation?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, no such discussions have come to my attention up to this point at least. I would be glad to learn the provincial reaction to the commission's report.

Mr. Oberle: Can the minister inform the House whether there has been an official submission to his department from the province of British Columbia, from both the rail authority there and the government? Is the minister saying that there has been no approach?

● (1452)

Mr. Lang: Mr. Speaker, obviously, as my previous answer indicated, I have not any personal knowledge of that. But clearly, it may well have been a matter of discussion between my officials and those of the province, and I would want to determine that before I answer the question.

INDIAN AFFAIRS

FUNDING FOR POST-SECONDARY EDUCATION

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. In his absence, perhaps I might direct it to his parliamentary secretary. In view of the importance of the post-secondary training of young persons from Indian reserves in obtaining jobs, and the indication by departmental officials that there is to be a shortfall in funding of some $500,000 in educational grants from the Sudbury district office of Indian Affairs, which would prevent many young persons from taking this post-secondary training, will the minister review this urgent problem and obtain the additional funding for education?

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, I would be glad, on behalf of the minister, to give an undertaking to review this matter. I would point out that the minister first has the responsibility to satisfy the statutory requirements, but because of the tight budgeting situation there are a number of areas of concern. These are being reviewed. I understand that a submission has been made to Treasury Board, so perhaps before too long a definite answer could be given to that request.

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ENVIRONMENTAL AFFAIRS

REMOVAL OF POLLUTANTS FROM GREAT LAKES

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question is for the Minister of State (Environment). Last week the Ontario environment ministry was moved to warn Canadians, specifically in the Oakville-Burlington area, of the dangers of eating certain fish found to be contaminated with unacceptable levels of Mirex and PCBs which, as the minister knows, are directly linked to cancer and other diseases.

On behalf of the safety of some 30 million North Americans living around the Great Lakes and its waterways, I would ask the minister what steps this government has taken or is taking to eliminate PCBs and other harmful chemicals from the Great Lakes and what pressures, if any, are being made on the United States to do likewise.

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, the Canadian government has made very great strides in the elimination of Mirex and PCBs and we expect to take further steps in the near future. As a matter of fact, the elimination of PCBs from the environment was announced by my predecessor. As a result, I think there has been a much greater awareness on the part of all Canadians of the effects of PCBs. We are working very closely with provincial governments and also with the United States.

Mr. Jelinek: Mr. Speaker, I have been receiving similar assurances from this government since 1974, only to find the situation worsening year by year. In view of the fact that these harmful toxics, in spite of what the minister says, are still being used by private industries and some major institutions not only in the United States but here in Canada, will the government take immediate steps either to ban all further use of PCBs and other similarly dangerous chemicals, or assure the destruction of such toxics by burning them at very high temperatures, as presently is the case in two U.S. states, namely, Alabama and Texas?

Mr. Marchand: Mr. Speaker, it is our intention to eventually eliminate all uses of PCBs in Canada.

Mr. Jelinek: When.

Mr. Marchand: It is a matter of time, Mr. Speaker. There are some very important industrial uses of PCBs right now—for example, in transformers and capacitors—and you just cannot eliminate them overnight. However, there are no PCBs being manufactured in North America right now and no new uses of PCBs are being allowed in Canada. I think these are great steps, but there is just no way we can, overnight, eliminate the uses of PCBs, for instance, in transformers.

An hon. Member: In five years?

Mr. Marchand: I cannot give the hon. member any definite time, but very definitely we will move toward getting rid of all uses of PCBs in the Canadian environment.

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NATIONAL RESEARCH COUNCIL

PROPOSED REMOVAL OF EMPLOYEES FROM CHURCHILL, MAN.

Mr. Cecil Smith (Churchill): Mr. Speaker, my question is for the Minister of Public Works and Minister of State for Science and Technology. The National Research Council in Churchill now has 22 families stationed there. Plans are under way at the present time to remove eighteen of these families from Churchill. The reason given is that the government can no longer afford to maintain its personnel in remote parts of Canada. I should like to ask the minister what action he is taking to stop this move.

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I do not think the assertion that the government cannot maintain its personnel in remote parts of Canada is correct. There are many areas, particularly throughout the north, where the government maintains a great many personnel. A decision has been taken by the National Research Council that it can discharge its responsibilities at the rocket range in Churchill even though moving the personnel out to Gimli. It is the present intention to locate these personnel within the province of Manitoba, but further south in the area of Gimli.

Mr. Smith (Churchill): Mr. Speaker, only two years ago the federal and provincial governments spent $50 million rebuild-

ing the town of Churchill. The population is now down to 1,500. The recreational complex cost $11 million to construct. The town can no longer support this complex as it sees the federal government removing its personnel from the community. I would ask the minister to do everything possible to retain these eighteen families in Churchill.

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EMPLOYMENT

CAREER RESOURCE PROGRAM FOR YOUTH

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of Employment and Immigration. Fort Garry school division No. 5 in Winnipeg has developed a career resource centre course which basically assists a student to choose a career before he leaves high school. They are working with Manitoba businesses in advance to find jobs for 100 students upon graduation. As there is record youth unemployment in Canada today, will the minister have his Winnipeg officials contact the school division in order to make the career resource program fully successful and expand it to other schools which need the assistance and resources of manpower?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, we are already working in concert with many businesses across the country under the aegis of chambers of commerce and boards of trade. The pilot project mounted by the Bank of Montreal in Montreal, Halifax and Winnipeg is working very, very effectively. If this particular program, or any of our others, dovetails we will have a look at it.

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EXTERNAL AFFAIRS

POLICY ON INTERNATIONAL ECONOMIC BOYCOTTS

Hon. Herb Gray (Windsor West): Mr. Speaker, my question is directed to the Prime Minister. In the government's first semi-annual report on its policy on international economic boycotts, tabled February 9, it was stated that the second such report would be tabled in the House in "early March". We are now approaching the end of April and the report has not been tabled. Would the Prime Minister tell the House when it will be tabled?

In this connection, will the government now give some fresh review to this policy, in light of Bell's recent contract with Saudi Arabia which is apparently acceptable for Canadian government support including Export Development insurance, even though Bell has given a declaration to Saudi Arabia which purports to be simply a statement that neither Bell nor any of its affiliates presently has any kind of commercial dealings with Israel but is, in fact, an integral part of this contract whose term extends at least five years into the future; and, finally, as well the possible existence of restrictions under Saudi law for entry into that country based on the applicant's religion?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, on the latter part of the question, this matter was drawn to my attention late last week and I asked that it be looked into and that I be informed as well as the minister. I hope that shortly we will be able to answer the hon. member's question on that point. On the first point, I understand the second review is ready and will be tabled very soon. The government presently is working on a statement which will be made at the time of tabling.

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REGIONAL ECONOMIC EXPANSION

DREE PROGRAMS FOR DEPRESSED AREAS

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion. Does he have any present intention of modifying DREE grants or loans programs within his department to expedite job-creation in depressed regions such as Nova Scotia?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, we have indeed studied our legislation and the possibilities that it offers and we could probably consider some changes but not in the near future. We have legislation in force which enables us to give refundable grants, that is interest-free loans. We can also guarantee loans and we regularly do so, but we cannot do much more than support the applications we receive and organize projects in differents areas such as the Atlantic area, as we are endeavouring to do. However, we must wait for industrialists and promoters to decide to develop some industrial potentialities or resources.

* * *

● (1502)

[*English*]

TRANSPORT

OPERATION OF VIA RAIL

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I have a question for the Minister of Transport in connection with his answers to questions put by the hon. member for Halifax and others. I agree that time has to be given to VIA Rail, but my question goes to the substance of VIA Rail. Will the decisions which are to be made to reroute certain phases of rail transportation across the country be made exclusively by VIA Rail as a special corporation, or will they be made through the Minister of Transport?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, a good deal of initiative and positive proposals can come forward

from VIA Rail. If it is for the addition of service, it is fairly easy for them to make arrangements for such to happen. However, if it is for the discontinuance of the service, this, of course, is a role for the Canadian Transport Commission and VIA Rail cannot unilaterally act to remove the service.

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PRIVILEGE

MR. LANG; MR. STEVENS—UNPARLIAMENTARY LANGUAGE

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I rise on question of privilege. On last Thursday there were several references to me made by the hon. member for Grenville-Carleton (Mr. Baker) arising on a point of order at that time, and I believe that they are, on examination, unparliamentary language. The hon. member for Grenville-Carleton indicated that he would look at them and, if he found them to be so, he would withdraw them. I would suggest that it would be appropriate if he now do so, because to me they are clearly within the range of words referred to in Erskine May's 19th edition at page 445 as words of an abusive and insulting character, and are a personal attack or reflection upon my character. I would, therefore, ask that the offensive words relating to the ethics of an alley cat or the morals of an alley cat be withdrawn.

It is clear that they are the kinds of words which would, in the words of Beauchesne, be of a nature that they are likely to create disorder, and certainly they are abusive and insulting language.

Mr. Dick: He doesn't like alleys or alley cats.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I listened very carefully to the Minister of Transport (Mr. Lang), and I also listened to him the other evening when he frothed in his prissy way about our exchange in the House of Commons. I want to—

Mrs. Holt: Shame on you.

Mr. Baker (Grenville-Carleton): —say to you, sir, that the statements of the minister which gave rise to the exchange were the grossest misrepresentation of the Leader of the Opposition (Mr. Clark), and I for one do not intend to sit idly by and allow that thing to happen in this House of Commons about my leader—

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): —especially when such a personal and vindictive attack comes from such an empty vessel in such an empty government.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): Quite frankly, sir, that is intolerable to me. The minister likes to jump into the ring and pretend to fight but, when somebody hits him, he starts to

blubber, and he is starting to blubber today. I do not have to remind anybody that it was not the Leader of the Opposition who has presided over the decay in our economy and the decay in our national—

Mr. Speaker: Order, please. We are dealing with a procedural matter, and before we go too far along this road we ought to bear in mind that we have two outstanding procedural matters in front of us of a very similar nature. On Thursday night at the conclusion of the budget this exchange, which is now the subject of argument, took place. Points of order were raised at that time and it was indicated then that the matter would be given consideration by the Chair.

That matter has now been reraised by the Minister of Transport (Mr. Lang). It gives the Chair the always difficult decision of determining whether or not the remark made by the hon. member for Grenville-Carleton (Mr. Baker), having to do with the ethics or morals of the minister, has to be withdrawn in terms of parliamentary precedents. I must say that the matter is made a little simpler by a balancing event which took place at noon the following day when, during the course of an exchange between the hon. member for York-Simcoe (Mr. Stevens) and the Minister of Finance (Mr. Chrétien), the Minister of Finance made a statement about which the hon. member for York-Simcoe complained in a similar way. That statement was, and I quote from page 4744 of *Hansard*:

> Mr. Speaker, again we see how this member of parliament can be dishonest with the House of Commons.

I had indicated at the time that this was my recollection of the way the minister had said it.

Before we go too far in this matter, I do not believe that I, or the members of parliament who have had any experience in this House, or for that matter the members of the public, I am sure, are about to fall over in a faint at the sound of the words that were used in either of those occasions. But that is not the point.

The point is simply that in the conduct of our debate we are entitled and encouraged to say vigorous and strident things about the performance of people on opposite sides of the House and other parties. This is the way parliament should operate. However, in the course of doing so, whenever we cross the line and enter into personal reflections, instead of reflections on matters of policy or performance of the duty of hon. members or of a party, and things of that nature, we always get into an unfortunate incident, such as these instances that are before us at this time.

Frankly, I do not take as much umbrage at such instances as my predecessors have done. However, I wish to remind the House that what my predecessors were doing, and what I have to do, is not guard my own sensitivity to these kinds of remarks, but guard the sensitivity of the House of Commons now and for all time in the future.

We must adhere to a certain standard of language and a certain standard of conduct in the House, in order to maintain a proper standard of dignity in respect to the debates here.

Inevitably, every time we get away from the substance of debate and cross over into the area of personal reflection, on the one side or the other, we always run a very high risk of putting that whole sense of dignity and decorum in jeopardy.

I could quite easily come to the conclusion that neither of these exchanges was unparliamentary in nature and neither ought to be withdrawn. However, my inclination, rather than letting the matter extend any further, is to indicate if the one is, then so is the other, but the much safer course is to preserve for the future that level of decorum in this House and that we not cross over from the general area of discussion before the House into matters of personal reflections. In other words, in the circumstances in which the hon. member for Grenville-Carleton found himself, it was quite open to him to get up in his place, if he had the opportunity during the course of the debate, and say that he was very critical of the performance of the Minister of Transport and that he found that it, in fact, may have some other reflections, about which he could have asked the House to conclude. Similarly, the Minister of Finance on Friday could have stood up and said that "the hon. member for York-Simcoe has said this and, Mr. Speaker, here is the record, and I want members to judge."

Not that I want the House to judge whether it is ethical or moral, but on Thursday night the hon. member for Grenville-Carleton went one step further when he stood up and said the minister has the morals of an alley cat—and, similarly, on Friday when the Minister of Finance said that the hon. member can be dishonest in this way—instead of putting the facts before the House and asking the House to judge. Both these instances have crossed the line into personal reflections, which, in the first place, are irrelevant to the debate, and in the second place call into great jeopardy the standard of conduct to which members of parliament should adhere. My preliminary instincts would be to say to both members, in the circumstances, that the safest course would be not to argue the matter further but to withdraw the remarks that have been made, to preserve parliamentary decorum, and let us get on with other business.

Mr. Baker (Grenville-Carleton): Mr. Speaker, having regard to your ruling, I withdraw my remarks. I am one who has tried most of the time to respect the rules of the House of Commons, and I intend to respect them now. I do not, therefore, intend to raise the remarks made by the Minister of Transport as reported at the bottom of page 4727 of *Hansard* when he referred to me. I think it is best that the matter now be closed.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not know if my comments were unparliamentary when I spoke but, if they were, then I withdraw them. In reply to the remarks made by the Leader of the Opposition (Mr. Clark) as stated to him by the hon. member for York-Simcoe (Mr. Stevens) when he got up in the House and said that it was the first time he was aware that I would appear next Tuesday, I have something to put on the record so that the people can judge the truth of the matter. It is the second report from the Standing Committee on Finance, Trade and Economic Affairs, and I will table it. It was agreed on April 4, 1978, at 3.20—and the hon member for York-Simcoe was there—that I was to be in the committee next Tuesday. The hon. member may have said something that was not dishonest, but it was not the truth.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The Minister of Finance has touched on the difficulty that we face, and I take it he has withdrawn the allegation that the hon. member for York-Simcoe had done anything dishonest as was described. There is no objection to any member putting facts on the record and asking the House to judge. In case there is any doubt, I would ask the minister to repeat to the House that what he is doing is asking the House to pass judgment and that he is not making an allegation of dishonesty against the hon. member for York-Simcoe.

● (1512)

Mr. Chrétien: I am tabling the truth; that is all.

MR. LAWRENCE—ROLE OF MINISTER OF NATIONAL REVENUE VIS-À-VIS HOUSE OF COMMONS

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I rise on a question of privilege on a completely different matter which affects all members of this House. It is a basic tenet of the British parliamentary system that the ministry, collectively and individually, is responsible to the House of Commons. We are, hopefully, in an embarrassingly short period when the Minister of National Revenue (Mr. Guay) does not sit in this chamber.

Last Thursday or Friday when I spoke to the Minister of Finance (Mr. Chrétien) about this matter I understood from him, or perhaps I should say I misunderstood from him, that he was taking upon his shoulders the position of acting Minister of National Revenue, or at least would be responsible to this House for that department. Obviously I misunderstood what the minister said because today, when a question was directed to him relating to that department, he sat in his seat waiting for someone who is not a member of the ministry to answer the question.

I think this is a serious matter, Mr. Speaker. We should have someone responsible for each of the departments in this House. This is not to say there has to be a minister in this House for each of the departments, but there has to be a minister responsible in the House for each of the departments. There is a difference. That has certainly been the parliamentary tradition. If it is abridged, I suggest to you it destroys one of the basics of the British parliamentary procedure under which we operate and sometimes suffer. Nevertheless, it is there.

I think we should know—and I hope you do, sir—if there is a member of the ministry who is responsible in this House for the Department of National Revenue. I suggest to you, sir, if

you do not know the answer either, we should get that answer from you, sir, and you should use your office to get it from either the government House leader or Prime Minister (Mr. Trudeau), or whoever is in control of the government.

Right Hon. P. E. Trudeau (Prime Minister): With respect, Mr. Speaker, I suggest the hon. member may be confusing two issues. First, is there an acting minister? The answer is yes. By order in council we always establish not only one acting minister but two acting ministers in the event that a minister should be away and action has to be taken in his department or in the House on his behalf. There are two acting ministers. The list has been distributed, as is customary, not only to the opposition but has been made public in the *Canada Gazette*.

The second question is, who in the House of Commons answers questions? I think it has been clearly stated by you and your predecessor, sir, that parliamentary secretaries have, as one of their functions, to answer questions. We attempt to answer questions as best we can. It is easier when notice is given in advance. The questions are put for the purpose of seeking information and we attempt to co-operate and give that information when we are advised of questions. Who can best give this information? The practice, as long as I have been in the House, has been that when the parliamentary secretary is present, when he has been briefed, when he has the information or is able to vouch for its obtainment, he gives the answer. This does not mean there is not a minister or acting minister, but we seek to have the answer given by the person more likely to achieve the result wanted by the opposition. These matters are quite distinct. I submit to you that the government has been following well-established parliamentary practice.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, having been in this House somewhat longer than the Prime Minister (Mr. Trudeau) and having been here when the Parliamentary Secretaries Act was set up, may I suggest to him that it is quite well established a parliamentary secretary does not state policy on behalf of the ministry or the government. That is quite clearly understood. When an acting minister responds for the government, however, that can be a statement of policy and there is responsibility.

Most of the practice has been for a parliamentary secretary merely to say he will take a question as notice because he cannot speak on behalf of the government under these circumstances.

With the greatest deference I would suggest that the confusion is in the mind of the Prime Minister on this particular point. What my colleague, the hon. member for Northumberland-Durham (Mr. Lawrence), is saying is that he wants to be able to question an acting minister who can speak for the government. That is the only clarification that is wanted.

Mr. Speaker: This matter has been contributed to many times in the past. The final conclusion has always been—and I will venture to say it would be no different under these circumstances—that the role of the parliamentary secretary in respect of endeavouring to take questions and deal with them on behalf of his or her minister in the House, relates to the general obligation of the government to give answers to questions and to give them in some sort of satisfactory way. That is not a procedural obligation, and it is not an obligation which can be enforced by the Chair in the first instance. Therefore, if any effort is made to give any kind of answer, the judgment of the quality of that contribution to the question period is one that must be made in other than procedural senses and is outside the authority of the Chair.

I have no authority to compel an answer and, therefore, no authority to decide whether a parliamentary secretary does or does not properly answer for a minister in this House. On the points that have been raised, I understand the theory very well, but it seems to me there is no action the Chair can take in this regard.

* * *

POINT OF ORDER

MR. PAPROSKI—CHAMBER TEMPERATURE

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I rise on a point of order. In view of the fact that you are the custodian of the chamber and it looks as if the Prime Minister (Mr. Trudeau) has no intention of calling an election for a couple of weeks, and we have some government business to take care of, I would point out that the temperature in this chamber must be at least 92 degrees Fahrenheit. We would hope that you could advise the responsible people to cut down the candlelight power and give us a comfortable House in which to work.

Mr. Speaker: I should inform hon. members that the temperature in the chamber is not being contributed to by the level of the light as much as by the removal of the ventilating fans for a short period of time, for repair. We hope to have them reinstalled soon.

ROUTINE PROCEEDINGS

[*Translation*]

FISHERIES AND FORESTRY

Third report of Standing Committee on Fisheries and Forestry in both official languages—Mr. Béchard.

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

Petition

[*English*]

PUBLIC SERVICE

AMENDMENT OF EMPLOYMENT GUIDELINES FOR EX-OFFICE HOLDERS

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, under the provisions of Standing Order 41(2) I should like to table, in both official languages, copies of the government's amended post employment policy.

* * *

HARBOURS OF QUEBEC AND MONTREAL

MEASURE RESPECTING PORT WARDENS

Hon. Otto E. Lang (Minister of Transport) moved for leave to introduce Bill C-47, to amend an act to provide for the appointment of a port warden for the harbour of Quebec, and to amend an act to amend and consolidate the acts relating to the office of port warden for the harbour of Montreal.

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

* * *

[*Translation*]

WAYS AND MEANS

CUSTOMS TARIFF

Hon. Jean Chrétien (Minister of Finance) moved:

That a ways and means motion to amend the Customs Tariff laid upon the Table, Monday, April 10, 1978, be concurred in.

Motion agreed to.

* * *

[*English*]

PETITIONS

REQUEST FOR IMPROVED POSTAL SERVICE IN CONSTITUENCY OF EDMONTON WEST

Mr. Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table the eleventh report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Edmonton West (Mr. Lambert) and finds that it meets the requirements of the Standing Orders as to form.

[Mr. Speaker.]

● (1522)

[*Translation*]

WAYS AND MEANS

CUSTOMS TARIFF

Hon. Jean Chrétien (Minister of Finance) moved that Bill C-48, to amend the Customs Tariff, be read the first time and ordered to be printed.

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

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 997, 1,085, 1,367 (revised), 1,404, 1,410, 1,443 and 1,444.

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

[*Text*]

HAZARDOUS PRODUCTS ACT

Question No. 997—**Mr. Howie:**

Since January 1, 1977, has the Department of Consumer and Corporate Affairs banned or recommended against the use of (a) children's toys (b) consumer appliances?

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): (a) The department currently administers the Hazardous Products (Toys) Regulations under the Hazardous Products Act. Under this legislation the department has taken steps to remove from sale some eight different toy products since January 1, 1977. (b) With respect to Consumer Electrical Products, including appliances, the minister has agreed in principal to recommendations of a federal-provincial committee. Action is pending approval of Privy Council of draft regulations.

COMPETITION FOR POSTMASTER IN NEWBORO, ONT.

Question No. 1,085—**Mr. Cossitt:**

1. Was a competition held to fill a vacancy for Postmaster in the Village of Newboro, Leeds County, Ontario and, if so (a) on what date (b) what was the competition number (c) how many persons applied and what are their names (d) how many took part in the competition (e) was an eligible list established and (i) if so, what are the names of the persons on the list (ii) if not, for what reason (f) what is the name of the successful applicant?

2. Did the person who has been appointed at the time of his/her application, reside at a permanent residence in the City of Ottawa and, if so, in what manner was the appointment made under existing regulations?

3. Is the government aware as to whether or not the person appointed owned property in the Village of Newboro but did not occupy same and, if so, what are the reasons justifying the appointment?

4. Did the government look into the location of where the Post Office will now be and (a) if not, for what reason (b) if so, how can the location be justified from the standpoint of convenience, the necessity of proper parking, etc?

Hon. J.-Gilles Lamontagne (Postmaster General): 1. A competition was held to fill a vacancy for postmaster in the village of Newboro, Ontario. (a) Closing date for applications—November 24, 1977 Rating Board held—December 8, 1977. (b) Competition Number—77-PO-3OD-217. (c) There were nine applicants. The names of candidates, other than the successful candidate, are not provided as this is a matter of confidence between the applicants and the department. (d) All took part in the competition. (e) An eligible list was not established. (i) Not applicable. (ii) This appointment was made under the Post Office Act which does not require that an eligible list be established as is the case for appointments made under the Public Service Employment Act. (f) Mr. J. T. Murphy.

2. The person appointed lived in Ottawa to the extent required to permit him to carry out his duties as a member of the Canadian Armed Forces.

3. The person appointed has owned a home in Newboro since December, 1975 and has lived in it on an intermittent basis.

4. The Post Office site is approximately 160 yards from where it had been located previously, and is considered to be adequate for the conduct of postal operations in Newboro.

OLD AGE SECURITY AND GUARANTEED INCOME SUPPLEMENT

Question No. 1,367—**Mr. Lambert (Bellechasse):** (Revised)

1. During the 1976-77 fiscal year, how many persons, 65 years and over, received the (a) old age security pension (b) guaranteed income supplement?

2. In each case, what (a) was the amount paid (i) in total (ii) per province (b) was the number of beneficiaries per province?

Hon. Monique Bégin (Minister of National Health and Welfare): 1.

	The number of recipients in 1976-77 of Old Age Security	in 1976-77 of Guaranteed Income Supplement
	(a)	(b)
Newfoundland	37,595	30,820
Prince Edward Island	13,421	9,966
Nova Scotia	81,376	54,461
New Brunswick	61,914	41,379
Quebec	492,172	310,704
Ontario	737,867	343,891
Manitoba	107,891	62,231
Saskatchewan	103,638	57,002
Alberta	137,406	78,510
British Columbia	239,333	124,505
Northwest Territories	1,096	863
Yukon	592	346
Total	2,014,301	1,114,678

2.

The Amount Paid Per Province in 1976-77 for:

	Old Age Security	Guaranteed Income Supplement
	(000's)	(000's)
Newfoundland	61,896	30,711
Prince Edward Island	22,148	9,487
Nova Scotia	134,248	51,461
New Brunswick	103,542	39,434
Quebec	808,042	294,238
Ontario	1,215,438	299,586
Manitoba	177,809	55,999
Saskatchewan	172,011	51,598
Alberta	226,901	71,789
British Columbia	393,961	111,487
Northwest Territories	1,908	977
Yukon	1,015	361
Total	3,318,919	1,017,128

OLD AGE SECURITY—SPOUSE'S ALLOWANCE

Question No. 1,404—**Mr. Knowles (Winnipeg North Centre):**

1. In each month during 1977, how many persons were in receipt of the spouse's allowance provided under the Old Age Security Act and how many were (a) male (b) female?

2. In each month during 1977, how many persons who had been receiving the spouse's allowance had it discontinued because of the death of the older spouse, and how many were (a) male (b) female?

Hon. Monique Bégin (Minister of National Health and Welfare): 1.

1977	No. of persons in receipt of Spouse's Allowance
January	71,315
February	71,568
March	71,781
April	65,422
May	69,673
June	71,525
July	72,720
August	73,088
September	73,342
October	73,788
November	74,022
December	74,084

(a) and (b) Information to indicate the sex of Spouse's Allowance recipients is not available on a regular basis. However, data compiled for the month of June, 1977, only indicate there were 5,801 male and 65,724 female recipients of the Spouse's Allowance.

2. Exact information on the number of persons whose Spouse's Allowance was discountinued due to the death of the pensioner spouse is not available on a regular basis, although it has been estimated that such cases run at about 200 per month. Precise data which was compiled for the month of December, 1977, only, indicated that there were 237 Spouse's Allowance accounts discontinued for that reason in that month.

Order Paper Questions

RCMP SUPERANNUATION ACCOUNT

Question No. 1,410—**Mr. Knowles (Winnipeg North Centre):**

1. What was the total amount at credit in the Royal Canadian Mounted Police Superannuation Account as at March 31 (a) 1975 (b) 1976 (c) 1977?

2. What rate of interest has the government paid for the use of this money during the fiscal years ending on the dates noted above?

3. What amount of interest was credited to the Royal Canadian Mounted Police Superannuation Account during the fiscal years ending March 31 (a) 1975 (b) 1976 (c) 1977?

4. What was the total amount paid of the Royal Canadian Mounted Police Superannuation Account during the fiscal years ending March 31 (a) 1975 (b) 1976 (c) 1977?

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): 1. (a) $393,645,391.52; (b) $487,626,438.22; (c) $576,640,530.63.

2. 1974-75, 6.4164 per cent; 1975-76, 6.7654 per cent; 1976-77, 7.0557 per cent.

3. (a) $14,281,057.27; (b) $17,316,629.77; (c) $20,516,-370.28.

4. (a) $4,096,312.44; (b) $4,833,373.10; (c) $6,418,147.58.

HOVEY AND ASSOCIATES LIMITED CONTRACT

Question No. 1,443—**Mr. McKinnon:**

What technical and engineering services are Hovey and Associates Limited providing to the Department of National Defence for $33,165?

Hon. Barney Danson (Minister of National Defence): A contract was negotiated with the firm to produce a repair and procedures manual for the multi-purpose van body of the 1¼ ton truck.

MARITIME FORCES—DESTROYER LIFE EXTENSION PROJECT

Question No. 1,444—**Mr. McKinnon:**

What is the purpose of the Destroyer Life Extension Project that Eyretechnics Limited are carrying out for the Department of National Defence at the cost of $48,000?

Hon. Barney Danson (Minister of National Defence): The department is conducting a definition study of the effort necessary to extend existing destroyers beyond their original 20-25 year design life until the ship replacement program can commission new ships. An extension of up to 10 years may be required for the older ships. Contracted assistance is being used in the conduct of the study. The particular contract referred to is for engineering assistance in the combat systems area as required, to a ceiling of $48,000.

[*English*]

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

[Miss Bégin.]

POINT OF ORDER

MR. PAPROSKI—ANSWERS TO QUESTIONS

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I rise on a point of order. In view of the fact that we are going to be here for a couple of weeks—

An hon. Member: A month.

Mr. Paproski: I would hope that the Parliamentary Secretary to the President of Privy Council (Mr. Pinard) would answer a few more questions, because he will have plenty of time to do so. Members on this side would like to have these questions answered before the next election.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, election rumours have never slowed down our efforts, and we continue to deal with the questions in depth trying to give the best possible answers; we shall continue to do so in the coming weeks.

[*English*]

Mr. Speaker: Order, please. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

EXPORT DEVELOPMENT ACT

MEASURE TO AMEND

The House resumed from Friday, April 21, consideration of the motion of Mr. Horner that Bill C-36, to amend the Export Development Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, on rising this afternoon I would like to know who on earth is responsible for this bill on the government side. As far as I can see, neither the Minister of Industry, Trade and Commerce (Mr. Horner) nor his parliamentary secretary are here. His parliamentary secretary was here some time ago but he is not here at the present time. I think that this is just a further indication by the minister in question of the almost contempt in which he holds this House.

The Acting Speaker (Mr. Turner): Order, please. The Minister of State (Small Business) (Mr. Abbott) on a point of order.

Mr. Abbott: Mr. Speaker, I am the Acting Minister of Industry, Trade and Commerce. I am here to listen to the hon. member with rapt interest.

An hon. Member: Wrap it up.

Mr. Lambert (Edmonton West): Mr. Speaker, this is a grave revelation considering the exchange that my colleague, the hon. member for Northumberland-Durham (Mr. Lawrence), had with the Prime Minister (Mr. Trudeau) concerning the Acting Minister of National Revenue. The Prime Minister would not disclose who the acting minister was, and the questions were to be put to parliamentary secretaries. I am glad to see my hon. friend here in the capacity of Acting Minister of Industry, Trade and Commerce so that there is somebody here; I now see the parliamentary secretary is back here too.

If there is to be an answer made, I trust it will be made by the minister in question. This hon. member here has not got, shall we say, the awkward position into which the present Minister of Industry, Trade and Commerce has put himself by some of his statements with regard to trying to get passage of this bill through the House rather expeditiously, on an earlier occasion. I am going after the reputation of that minister and his behaviour in this House, one side or the other. The two are not reconcilable. I want to place that straight on the record.

I know all about this bill. I saw the president of the Export Development Corporation at a meeting months ago. At that time he indicated that this would be the situation. We are fully aware of it. This is stupidity, and that is all I can call it, Mr. Speaker, sheer stupidity in handling government affairs with regard to this bill. This bill was preceded by Bill C-39 regarding debasement of gold coins in this country—terribly important, I am sure. All it wants to do is get the government off the hook for the snafu with regard to the Olympic gold coins and the difficulties they had with the House; another way to trying to bypass parliament.

This particular bill, Bill C-36, I agree is an important bill, far more important than a lot of the tripe put before us prior to this. Then the minister on Friday had the gall to say that he wanted the House to pass this bill quickly on second reading so that it could go to committee, be considered ahead of the estimates, and get passed ultimately under some sort of deadline. Overriding this whole situation is the cat and mouse game of the Prime Minister with regard to the election date. The minister says, "Well, you better pass my bill before I get it caught by the guillotine of the election." Now, is that the way to run a shop? I say no. It is just crass incompetence on the part of that minister. I do not care whether he says that he tried to consult somebody on this side to see whether he could get expeditious passage.

There is no way any minister, least of all the member from Crowfoot, is going to say that a bill requires expeditious passage. I have heard him, year in and year out, and I am not talking about caucus secrets or anything like that, standing in his place on this side, berating ministers for the speed with which they wanted legislation. As I have said, he thinks that he is now responsible, that he has become a statesman. It only indicates the two standards in thinking which that minister has. I am sure the people in his constituency will be fully aware of that. Certainly the people of Alberta will be more than fully aware of it because they will be hearing a great deal more about it too.

Something else happened which came to my attention over the weekend. We did a little bit of digging in another file. I have a letter before me from the Canadian Export Association. It is dated March 28, 1978, addressed to Robert Kaplan, M.P., chairman of the Committee on Finance, Trade and Economic Affairs of this House. The letter is signed by our old friend, Tommy Burns. Mr. Burns was a former senior assistant deputy minister for the Department of Industry, Trade and Commerce. In his capacity now he is president of a lobby group, the Canadian Export Association. With all due respect to Mr. Burns, and I always got along well with Mr. Burns—I had a great deal of appreciation of his abilities as a senior public servant—I do find it objectionable that he should write to the chairman asking, and I quote:

> . . . for your support for the expeditious passage of the bill regarding the Export Development Corporation recently introduced in the House of Commons.

He goes on to say:

> Any inability of EDC to support the efforts of Canadian exports through long-term lending, insurance, or support for bid bonds and performance guarantees relating to export contracts, will have a very serious impact on Canadian [exports, with a consequent] effect on employment in Canada.

The concluding paragraph states:

> If your Committee would want to have more detailed views from the Association, we would be very glad to provide [either in a written] brief or in an appearance at one of your hearings.

● (1532)

We certainly would on that point. What I object to is this orchestrated lobbying by a former insider of the department, as a matter of fact a senior officer of the department, to get this bill through, it coming through so late in the year.

I have a further letter dated March 20, signed by H. W. Godwin, the president of Seismic Service Supply (1958) Limited, Calgary. He is a director of EDC and planning to be a private Canadian businessman relying on the facilities of EDC in our export business from time to time. He states:

> —I respectfully urge you to support this bill through the legislative process with every possible haste.

This is a personal letter addressed to me from a director of EDC. Is there some sort of a con game going on here? Why this pressure?

As I said before, I have fully discussed the performance, the problems, and the future of the Export Development Corporation with senior officials of that corporation, at the invitation of the president. I understand their situation. I may have some different views on what they offer.

Why do we get this sort of pressure on the side? Certainly Mr. MacDonald will have to explain why he gets the non-government directors of the Export Development Corporation to lobby individuals members about quick passage of this bill. If these men are experienced in the ways of government, the blessed bill should have been in the hopper a long time ago. It is not necessarily the fault of the EDC. They certainly made their requirements known to the government a long time ago.

If they did not, they should have. The matter of when they made their requirements known to the government will have to be cleared up.

We are in this bind today as a result of incompetence in the legislative process of this administration who have got their tails caught up in a snarl on every side. Frankly, this type of administrative snafu is one of the reasons why it is high time this government was sent packing. Why is it so late in the day? No matter how expeditiously this House deals with it, the Finance committee has a currency bill before it. If anybody reads what I had to say on Friday afternoon, they will see that the responsibility of the Finance committee is to deal with the estimates of this House. It must be remembered that the responsibility of parliament with regard to supply is the principal reason it is there. It is not there to pass amendments to bits and pieces of bills. That is a secondary purpose. It is the operations of government through the examination of the granting of supply that rate number one. This has been a standing principle ever since I have come to parliament.

There are some who might think that efficiency in government depends on the number of bills passed. All you have to do to pass bills is to sit here silent, get wide in the flank, and wider between the ears. Bills will pass, but they are not the measure of the efficiency of government or of the performance of this House.

I want to make something clear. The prime role of this chamber and the membership thereof, between the end of January and early February, when the estimates come down and are referred to the various standing committees, and May 31, is the detailed consideration of estimates. We need to have a block system. There are only so many sessions during which committees may sit, when House personnel are available, and the membership is available for those committees.

At the expense of the consideration of the estimates, there are some who insist that we consider a gaggle of bills in committee. This is particularly true of the finance committee by reason of its jurisdiction in dealing with all sorts of matters that have to do with economic affairs.

The finance committee necessarily attracts more bills to it year in and year out. A former chairman, the Minister of State (Multiculturalism) (Mr. Cafik), will be a real witness to that. In fact anyone who sat as chairman of that committee will readily agree. However, to expect them to pass between February 1 and May 31 is totally misreading the situation. There are ways of dealing with it, but not within the present framework that we have for a committee structure. No way!

Committees cannot sit from early morning until late at night every day. There are those, including departmental advisers, who, frankly, have to go back to the drawing board and learn all over again the workings of parliament. We can accomplish the business, provided it is properly organized and brought forward early enough. This bill has been in the contemplation of the Export Development Corporation for months and months. They can forecast their requirements. As a matter of fact, the bill goes far beyond their present requirements. It is not a question of giving them annual supply. It is a total structure that will remove them from coming before the House for years, unless inflation keeps galloping at the present rate.

I do not disagree with the principle of giving them borrowing limits or ceilings with regard to the contingent liabilities to ensure their contracts so they do not have to come back to parliament every year. I agree with that. We agreed about that months ago.

Why is this bill now before us under the guillotine of a pending election? As a matter of fact, according to all the portents, parliament could have been dissolved on not one, but two occasions in the past fortnight. The hon. member from Bonaventure asked me—

● (1542)

[*Translation*]

An hon. Member: —Bonaventure-Îles-de-la-Madeleine!

Mr. Lambert (Edmonton West): —Îles-de-la-Madeleine—I am sorry, it used to be Bonaventure. The hon. member for Bonaventure-Îles-de-la-Madeleine is asking me how we can possibly know this. Well, he reads newspapers as we do. He listens to the radio. He has his own colleagues who are saying the same thing. And some of his colleagues have told me that they hoped the Prime Minister (Mr. Trudeau) would put an end to this.

An hon. Member: Newspapers cannot be trusted!

Mr. Lambert (Edmonton West): I agree. And he says now that newspapers cannot be trusted. Well, that is something else again. I wonder how many of his colleagues share his opinion that one should not believe everything one reads in the papers. You can always go and talk about this to newspapermen. Go and share your opinions with them.

Nevertheless, Mr. Speaker, I should like to conclude this part of my intervention by saying how surprised I am to see that a minister who deems this bill to be of such tremendous importance could not be present in the House and was satisfied with having his acting minister try and reply to our questions. I am well aware that the acting minister is not too well informed of what this bill is all about and therefore of what he should reply to the questions some of my colleagues and I are about to ask him.

[*English*]

I want to get back to some questions which I am sure the minister or his officials will have to answer in committee. I am referring to the financial statement for the year ended December 31, 1976. Unfortunately I do not have a statement for 1977, which would have been far better; we have not been able to put our hands on it though I trust such a document does exist, in which case I hope one of my hon. friends will make reference to it and to the newer figures it must contain. I should like to know why there was an increase between 1975 and 1976 of about 25 per cent in administrative expenditures

and whether this increase has been matched in the period 1977-78.

There are items in this financial statement, such as those relating to shareholders equity and the disposition of retained earnings, which will have changed so much in the past year that it would be less than useful to go into an examination of their significance or put questions with regard to them at this time. I realize that because this document is concerned with 1976 it would be unrealistic to deal with it now.

Certainly we want this bill to go to committee. We shall talk to representatives of the Export Association there and we may want to talk to some other people as well. I would suggest that in the interval the parliamentary secretary or the chairman of the finance committee, before deciding when any meetings should be held, should call a meeting of a steering committee to obtain the views of members as to the manner in which these matters could be dealt with best. Some serious meetings have been arranged with ministers to deal with estimates and these will more than occupy the attention of hon. members. Besides, the Minister of Finance (Mr. Chrétien) gave notice this afternoon that he wants the bill dealing with customs tariff changes arising out of the recent budget considered in the House, and there is no way in which meetings of the finance committee could be scheduled at that time.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I want to say a few words on the bill before us today, the bill introduced by the Minister of Industry, Trade and Commerce (Mr. Horner) on Friday. It is unfortunate that the minister is not present in the chamber today, but I see the acting minister is here in his place.

As we all know, the Export Development Corporation was established in 1969 to succeed the Export Credit Insurance Corporation which had been in operation since 1944. The EDC does a number of things which, I suppose, are necessary. Almost all the industrialized states around the world have export development corporations of one sort or another through which governments assist exporters, presumably because they realize they have to do so in order to maintain jobs at home. The interesting thing is that, despite the work of the Export Development Corporation here, we support our exports to a lesser degree than do most of our trading partners. These are the figures as supplied by Statistics Canada for 1976: Canada supports its exporters to the tune of about 5 per cent of the value of the exports. Figures for other countries are as follows: the United States, 8 per cent; West Germany, 10 per cent; France, 39 per cent; Great Britain, 45 per cent; Italy, 9 per cent; Japan, 49 per cent. Despite the operations of the EDC we are not promoting the export of our commodities, technology and so on, to the extent other countries do.

One can see, also, from the figures I have given, that the arguments raised in this House during the Alcan debate by my hon. friend from Nanaimo-Cowichan-The Islands, my hon. friend from Sault Ste. Marie, and others, are indeed very credible. Japan supports its exports to a much greater degree than any other industrial country. This is one reason we have to be very concerned about the Alcan route, whether the pipeline is actually built with Canadian steel and whether it is our steel mills which will provide the pipe, supply the jobs, and so on. We have a great deal to fear from Japan because of the way in which the government of that country supports exports.

In any case, the EDC has been in operation since 1969, and its functions are really threefold. First, it offers insurance to the various companies which export goods around the world; second, it extends export loans; and third, it offers insurance for the foreign investments of firms operating in countries where the political climate may not be particularly stable. The corporation helps in many ways. In my own region of the prairies it has assisted in the export of grain and the other commodities we produce.

There are four matters of concern to me that I wish to place before the acting minister this afternoon. One of the concerns I have is the support given by the Export Development Corporation to Canadian companies which invest abroad.

● (1552)

We know, for example, that the federal government has supported the International Nickel Company for quite some time through various tax concessions and the like. Despite that, jobs have been lost at Sudbury and Thompson, Manitoba. The reason for that is the over-supply of nickel in the world. Despite the fact that there is an over-supply of nickel in the world, we find that the Export Development Corporation has been supporting Inco in its investments in Indonesia and Guatemala. Between 1973 and 1976 about $78 million went to Inco so that it could expand its facilities and plants in Indonesia and Guatemala. The Export Development Corporation is financed by taxpayers, and it is giving money to a Canadian corporation to expand in foreign countries and take jobs away from Canadian workers. This is a good example of the corporation's doing the exact opposite to what it was established for in the first place. It was established to create jobs, to build up our exports, and to make sure that we are more competitive in the world community.

When the acting minister responds, I hope he will deal seriously with this. It does not seem right that we should be giving money to Inco to go to places like Guatemala and Indonesia. We could say that those loans are one of the reasons why we have an over-supply of nickel in the world and one of the reasons, why Canadian workers here are losing their jobs. To me that does not seem right. It does not seem to be the type of priority the Export Development Corporation should adopt.

One of the reasons Inco goes to Guatemala and Indonesia is that there are very low wage rates in those countries. Inco can hire local workers for just a few dollars a day or a few cents an hour to work in its mines. That is why Inco wants to go to third world countries to develop. Inco wants to compete with other huge internationals around the world in order to make a buck. I do not blame Inco for that. Under our system the purpose of a large corporation is to make money, to exploit people, to exploit resources, to make a few bucks for its shareholders, and to make itself more powerful in the world

community. However, when a company receives all kinds of grants to develop industries here at home, it should not be allowed to invest in other countries and to use taxpayers' money in order to make its investments profitable for a few shareholders.

My second concern—and I would like the acting minister to respond, if he possibly can—is that it has been reported that a number of other companies will be receiving or are receiving money from the Export Development Corporation to expand in other countries around the world. The result of that will not just be larger companies but, more important, Canadian jobs will be lost.

The first example I want to use was raised in the question period today by the hon. member for Sault Ste. Marie (Mr. Symes). The Minister of Finance (Mr. Chrétien) was not aware of the details and agreed to take notice of the question on behalf of the Minister of Industry, Trade and Commerce. The question dealt with a company called Co'steel International of Whitby, Ontario. As reported in August by the financial newspapers, this company received some $47 million toward a $94 million project to build a steel mini-mill in New Jersey. The company will receive, or has received, $47 million from the Export Development Corporation. This company was an adviser to the Cansteel consortium formed by the Nova Scotia government to revive the province's steel industry. It had to abandon plans to build a plant on Cape Breton Island last year when a government consultant said the world's steel market could not justify the construction of a new plant.

This is rather interesting. We find that the company cannot justify building a new plant on Cape Breton Island because of the world steel market's being soft, yet a Crown corporation financed by you, Mr. Speaker, me and everybody else in this country, gives some $47 million to a Canadian company to build a steel mill in the United States. I am sure the Americans do not need Canadian tax dollars to build a steel mill. The Americans have a competitive economy of their own, and I am sure that money could be better utilized in our own country to expand our steel industry in places like Cape Breton, Sault Ste. Marie, Hamilton or, indeed, in my own province of Saskatchewan.

The Ipsco steel plant in Regina or the Ipsco plant in Edmonton could be expanded. The Ipsco plant in Edmonton has been waiting for a long time for an announcement by the Department of Regional Economic Expansion of money so that it can expand its facilities. These companies want to expand their facilities because they want to be in a good position to compete for the tenders on the pipeline which is about to be built in this country to take American gas from Alaska to the main part of the United States.

This government is spending money to build a steel mill in New Jersey. I have a knowledge of that area, and I just do not think that makes any sense. There are one million people in this country who are unemployed, and it seems to me that all investment priorities should be channelled in a planned, coordinated and rational way toward resolving the big problem we have, unemployment. We should have jobs first. Jobs first must be our priority, and if we channel all government programs into resolving that problem I am sure that with the resources, money, talent and skills we have in Canada we could, over the span of a few short years, put our people to work and build an even better country called Canada in which, we, our children, and our grandchildren, can live.

I do not just stop there in terms of examples. I think hon. members must find it very worrisome that there is a pulp and paper project in Poland financed by the EDC. EDC financing in 1976 and 1977 brought to a total of $102 million the loans given to Poland for a world-scale pulp and paper mill. The EDC admitted in a committee of this House last May that that mill will compete with Canadian concerns but that it will provide sales for the pulp and paper machinery industries in the province of Quebec.

The Export Development Corporation is also financing a pulp and paper project in Peru. Not only will Poland compete with the industry in Ontario and Quebec, but EDC money is going to Peru to set up a mill which, I assume, will also compete with our industry. All we have to do is look at the unemployment rates in the province of Quebec and in the northeastern part of Ontario to realize that we do not need any more competitors in the pulp and paper industry, and we certainly do not need competitors which are financed partially—or to a large extent in some cases—by our own tax dollars. In effect, our own money is making things difficult for us, and that makes no sense to me whatsoever.

I am not certain whether this has been verified, but there are indications that there will be an EDC loan to Cuba. The purpose of the loan is to establish a stainless steel plant in Cuba. That plant would compete with many mills right here in our country. That is the second concern I have about the Export Development Corporation. If we in this House are going to vote to expand the capitalization of the EDC and to make it bigger and more effective, I want to know what its priorities are going to be and if it is going to continue to do the kinds of things it did with regard to Inco.

I want to know if the EDC is going to continue financing steel mills in New Jersey and pulp and paper mills in Poland. I want to know if it will continue to invest in Peru, Cuba, and God knows where, in industries which are important here in Canada in terms of jobs. If these are the intentions of the EDC, I am not interested in expediting or facilitating the passage of this bill through this House. I think it is very important that we be concerned about jobs here in our own country when we are spending public funds, instead of using those funds to subsidize large corporations to create jobs for others.

● (1602)

The third of my four major concerns regarding EDC is that when I look through their annual reports over the last number of years, when I look to see which companies in our country receive grants and loans, which ones are insured against the possibility of political unrest in certain countries around the world, I find that not many small companies are mentioned,

that overwhelmingly the money that is provided by EDC goes to help large multinational companies in this country, which, in many cases, I suggest, do not really need the money. One can mention again Inco as a good example of a large company which does not need the taxpeyers' money to finance its exports in any way. So when we are talking about expanding the corporation, making it stronger and bigger, we should look at its priorities, what companies it helps, and why so much of its money goes towards helping the large and privileged companies in this country.

My fourth and final major concern partly stems, I suppose, from the reason that I come from the prairies, and certainly stems from the fact that I am a member of the democratic socialist party. When you look at the addresses of companies which receive money from EDC, you find that in most cases they are in central Canada, particularly in southern Ontario, so that the stimulus to the economy is provided in southern Ontario instead of in the other regions.

The fact that you are putting millions of dollars every year through EDC into places like Toronto renders ineffective the DREE program which was set up with the specific purpose of trying to make the country more equal and trying to rid the country of some of the disparities we have, trying to give the province of Quebec, the Atlantic provinces, the north, the prairies and parts of British Columbia a better break. You have another program, such as that undertaken by EDC, which does exactly the opposite of DREE, which puts almost all its money into regions which are already the most privileged. Perhaps that happens naturally because that is where the head offices of the corporations are located. Once again we must look at the general and economic priorities of the government as they concern EDC.

My main concerns, therefore, Mr. Speaker, are, first, the concern of subsidizing large companies in this country to expand their facilities in other countries around the world, thus directly taking jobs away from our own people. Second, I am concerned about most of the money from EDC going to very large corporations. I can give hon. members many examples in my own riding of small companies which would not mind more assistance from EDC. There is the example of a small plastics plant at Melville called Mid Canada Plastics. They are one of the most forward thinking small industries I have ever seen. Now they are in the process of manufacturing plastic trailers and all kinds of gadgets and objects made of acrylic. The company is having a great deal of difficulty in obtaining support from the federal government.

I do not just single out EDC, I single out other programs, such as those under CMHC to do with housing, programs under the Department of Industry, Trade and Commerce to do with various loans and grants, research development information, and so on. When I talk to officials of small companies I find that the impression they get from the federal government is that to be really considered by the government one has to be big and have really big international connections, but because they are small, they are discriminated against.

We should probably make some changes in the EDC legislation so that it would direct a lot of its capital toward helping small companies in this country. I can give you many examples in my own riding of small companies which are building prefab homes, farm machinery companies in the city of Yorkton, and other companies across the province of Saskatchewan and indeed in the whole of Canada, which are discriminated against by the federal government because of the very fact that they are small. It is somewhat like the chicken and the egg. If they do not get aid and assistance, they might never grow to be big enough to get the golden eggs. These are my concerns about EDC.

It seems to me that when we talk about a program under a corporation such as EDC, it should fit into an economic plan which should have as its priority the creation of jobs in our country, putting to work the million or so unemployed who really want to work. Many people have asked me: what does it matter if we have a million people unemployed? They are looked after well and many of them might enjoy being on unemployment insurance. I say, first of all, that this is not true. Anybody I met who is unemployed is eager to find a job. But even if it were true for some of them, the fact that we have so many unemployed affects all of us.

You can do the calculations if you wish, but this year we will lose about $8.5 billion as a result of having over one million people unemployed. I believe we will lose $4 billion in lost productivity, which we would have had if these people were working on building schools, hospitals, or roads, improving our rail lines, our harbours, manufacturing goods and commodities, and mining and processing in Canada. We lose about $4 billion that way, and we lose another $3 billion in UIC payments and welfare cheques which we are spending on our unemployed—UIC payments which come from the federal government, and welfare cheques which come from both the federal government and the provinces when the UIC payments run out and a person is disqualified but has to look after his or her family because they have to live, they must have food, shelter and clothing. Finally, we lose another $1.5 billion in lost revenue which we would have if the unemployed were working and paying income tax. If you total that up, you will find that we lost about $8.5 billion a year.

Instead of doing some of the stupid and foolhardy things this government is doing, and some of them, I suggest, are found in EDC, we should be using the resources at our disposal to create an economy and a society where there is full employment, where a genuine attempt is made to get rid of the inequities among people, to give people equality of condition. The government talks about equality of opportunity, but you have to equalize the conditions in which people live and also equality betweeen regions. I suggest that EDC as it is operating now is not keeping that as one of its objectives. Indeed, it is making parts of Canada more wealthy compared to others than if EDC were not there in the first place. I think that this corporation should be part of the over-all game plan we have in this country to create a better country, to put everybody to work, to give everybody a sense of pride in our country, and to

develop it into something which is really and truly great for the remainder of the twentieth century and in the years to come for our children, our grandchildren, and those who are to follow.

In conclusion, I hope the acting minister will try to respond to some of these fundamental questions that I have raised about EDC, questions which people who know a lot more about the corporation than I—I do not pretend to be an expert on it—have asked me, questions that have been put to me by business people and academics who study the economy of our country and of other countries around the world. I will be surprised if he can answer these questions, but perhaps he would take them seriously and make changes in the legislation so that the corporation can be a lot more effective. Canada will be better off for it.

● (1612)

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, in considering Bill C-36 I think we must look for a trick or two in it. It is not until you get through quite a few pages that you find what are the real implications of this bill. Let me refer to a summary I made showing the various clauses of the bill and the sections that are going to be changed, and the effect these various clauses have on the structure of the Export Development Corporation at the moment.

To start with, in clause 1, having to do with the capital of the EDC, we find the share capital is being changed from $400 million to $1,000 million, or $1 billion. Therefore, in general, the reference to dollar commitments or dollar exposure is on a ten times basis, so that instead of reading a figure of $10 billion later on, for instance, in clause 3, which amends Section 26 of the existing act, the reference should be, the contingent liability on corporate account is an exposure ten times the share capital of the corporation, and that translates into $10 billion, which is four times the present limit of $2.5 billion.

The same clause changes section 28 of the Act, that is, the $1 billion figure to $3.5 billion, an increase of 3.5 times, and in clause 4 we find that Section 30 is being changed. The guarantees on corporate account are increased from $4.25 billion to $10 billion. Clause 5 of the bill increases the guarantees on government account from $850 million to $2.5 billion. Altogether that means that the commitments the EDC will have under the new act will be precisely three times what they were. In other words, the total of share capital and commitments at the present moment is $9 billion. Under the new proposals the total will be three times that, or $27 billion.

I am suggesting that these really are quite important commitments we are dealing with during the debate on this bill, amounting to an increase of $18 billion. We should ask ourselves what it is exactly that we are financing with this Export Development Corporation. The government may tell us it is creating all kinds of jobs for Canadians and so on, but I think we have to look at what has happened.

We can see that the Canadian government has financed a pulp mill in Poland and steel mills in the United States, and reference has been made to those already. Where are the jobs for Canadians. That is what we want to see, as we have over one million unemployed now and we want those jobs for Canadians. The minister has told us that jobs will be given to Canadians through construction of this machinery. That is true, but this is a one-time sale, and I will come back to that in a moment.

The projection we would like to see is some kind of a national development corporation with funding which would not be restricted necessarily to export sales, but would in the long run improve Canadian job prospects.

If we take that kind of idea, recognizing that the development of export sales is one of our principal national objectives, but by no means the only one, in the hands of the Export Development Corporation the pursuit of export has too often been a single-minded undertaking, undertaken at all costs and at the expense of other more overriding domestic aims. In too many cases there has been a trade-off of our long term national objectives, such as permanent employment, for the short term benefits of a specific contract, such as those about which the minister told us.

I want to go into a little more detail about the two recent examples I referred to a moment ago. Recently the EDC committed $160 million to financing a pulp mill in Poland. There is no doubt that this low cost loan underwritten by the taxpayers of Canada enables Canadian firms to sell this equipment abroad. It is also quite clear that the Poles, whom everyone expects to be among our chief competitors in the European pulp and paper market, are really the beneficiaries of that deal. The Poles will get the new mill and the new permanent jobs. We in Canada will have to content ourselves with the fact that we helped to finance the creation of jobs in Poland, at the expense of jobs here at home, in order to gain one export contract.

I referred earlier to steel mills in the United States. The EDC agreed last summer to put up $47 million for a new steel mill in New Jersey. That brought to a total of $100 million the amount loaned by the EDC for steel mills in Minnesota, Texas, and New England. Once again with the steel mill a Canadian firm got the contract, so there was a short term benefit to Canada, but once again it was the Canadian interests that lost out in the long run. It is the Americans, not Canadians, who get the permanent jobs resulting from this contract, and these are the very steel plants in New Jersey which will eventually compete against our own Canadian steel manufacturers, to the detriment of Canadian jobs. We have already seen the government do an about face recently in respect of tariffs on imported steel. First it put a tariff on, and then it removed it temporarily as it affects British Columbia and some other marginal provinces.

Clearly we in Canada must rationalize a new export policy. We must have one that is sensitive and subordinate to the whole of our national needs, and one that is part of a reasoned, systematic approach to national development.

Above all we must realize that the empire building in the EDC, empire building for its own sake, must be brought to rein in the face of broader and more beneficial national goals.

I say this is especially true in light of the bill we are now considering. This $27 billion package would enable the EDC to finance a growing number of contracts to countries that have the commercial and financial wherewithall to finance these projects for themselves. Increasingly, Canada is becoming a source of ready and cheap money, and increasingly we are subsidizing our exports, not merely supporting them. What is even worse, we are subsidizing our exports at the expense of vital needs right here at home.

In every corner of Canada today there is a crying need for the very type of projects that the EDC is now financing abroad. For example, in the maritimes, and I think some of our maritime colleagues will be speaking on this, there is a great need for a new fishing fleet to keep abreast of the highly competitive and highly technological fleets from other countries. Many millions of dollars a year, spread over a certain period down there, would go a long way to helping out our maritime fishing fleet.

In Vancouver, out in my area, we are in dire need of dry dock facilities which would be capable of handling today's modern ships. Some $100 million would go a long way toward providing this, plus a new light rapid transit system for the city of Vancouver.

Highways, railroads, and communications systems are needed in the north to open up Canada's vast lands, especially along the route of the proposed pipeline. Approximately 600 miles of the pipeline route are without telephone or television, and a lasting communications system would become a reality if there were an investment of $100 million.

Some 300 miles of the Alaska Highway require paving in order to create a viable tourist industry in northern British Columbia. Once again $100 million would go a long way toward accomplishing that.

Looking to the east, Montreal is desperately in need of a modern waste treatment facility. It has been considered many times, but the project has gone through a number of convolutions and appears to be threatened again because of the lack of money.

In other cities in the country, virtually every public transit project plan is in trouble because of financial shortages.

These examples, and scores of others, illustrate the kind of development we in Canada could foster if we applied the EDC approach right here at home. Why not let the EDC be transformed into a national development corporation whose chief task might be the development of the infrastructure, such as these fishing fleets, grain elevators and so on, so necessary if we are to realize our true potential in Canada today? The new national development corporation could absorb the export functions of the Export Development Corporation, which would continue pretty much as before, with one major exception—export contracts underwritten by public funds would be weighed for the contribution to long-term national goals, such as the creation of permanent jobs and their protection of Canadian industry. It would not be much different than the method now used by the government under the Foreign Investment Review Act where there is a committee which considers the prospects of foreign investment and weighs it compared to other investments for substantial benefit to Canada, and if it passes the test then it is allowed. A similar test could be applied by this new development corporation to determine whether Canada should finance projects overseas.

● (1622)

This new national development corporation would loan low cost, long-term money to provinces, municipalities, and other groups which could not obtain private financing for their projects. High priority could be given to those projects which contributed to fortifying the economic base, especially those projects which would act as a catalyst in inspiring other development in the private sector.

The chief advantages to establishing such a corporation are these: first, it would help to rationalize our export policy by continually weighing our support of exports against domestic needs. Secondly, it would provide a cheap source of funds for the development of Canada itself, with all the attendant bonuses of higher employment and a stronger economy. Thirdly, it could be instrumental in bridging the five to ten year slump in the 50-year cycle of capital expansion that we now seem to be experiencing. Fourth, if both the CDC and the EDC were merged into a new national development corporation, a new economic strategy for Canada could be formulated which would balance our exports and industrial objectives. Finally, if a new export policy is thus rationalized, private financial institutions could be encouraged to contribute to a fund for the development of third world nations on the threshold of development. A new foreign development corporation could be established with a working fund of perhaps $1 billion.

It was interesting to hear my friend from Yorkton-Melville commenting on the contribution that would be made by Canadian workers to national revenues if they were, in fact, put to work by some scheme such as this. I have often argued, and I am glad to see our friend from Yorkton-Melville taking an idea from this party, that Canadians who are not working are not contributing to the national revenues and are adding to the national deficit. If we can get that situation turned around and get these people off unemployment, where they do not want to be and where they have their souls destroyed, then they will become taxpayers and we will go a long way toward eliminating our national debt and annual deficit. This, of course, will contribute to strengthening our Canadian dollar in world markets.

I do not want members opposite or the House to think that we on this side are against foreign aid for, after all, that is what EDC is really doling out. We do not have a stingy attitude on foreign aid at all, but I think that the exporting of Canadian jobs at a time when we have over one million unemployed is a far greater consideration for us at this time. When it comes to foreign aid, Canadians have always prided themselves on their generosity, but do we really need to give steel mills to Texas and New Jersey, and pulp and paper

factories to Poland? There is also the forestry hardware for oil rich Iran.

Does the federal government really expect the Canadian taxpayer to finance projects such as these in the definitely "have" nations of the world? It does, indeed, seem that that is what the government intends, because over the past year and a half the Trudeaucrats at the EDC have been making themselves very busy finding places to divert taxpayers' money. Admittedly, they say it is not foreign aid in the usual sense, but it is, in any way you would care to look at it, foreign aid, because low cost loans are supported by the Canadian taxpayer, and they are supposed to be, but are not always, paid back. Increasingly, we find that Canadians are becoming a source of cheap and ready money, and we are providing this cheap and ready money for the benefit of some of our most intense competitors internationally.

As I said earlier, EDC decided to put more than $160 million out to finance the pulp and paper mill in Poland. It did this despite the fact that our own pulp and paper industry is struggling to stay alive in the face of fierce competition abroad and despite the fact that everyone, including the government, expects the Poles to be one of our major competitors in the European pulp and paper market. The EDC rationalized the investment decision by pointing out that Poland would buy Canadian equipment, but that argument is very weak when I consider that Poland is a state run society and the Polish worker is paid far less than his Canadian counterpart. Ultimately, Poland will be able to sell paper products far below Canadian prices. Our pulp and paper industry, which is operating now at only 75 per cent capacity, will shrink even further, with fewer and fewer jobs for Canadian workers.

I also gave the example earlier of the investment of $47 million in a steel mill in New Jersey. The total for all the steel mills Canada has financed abroad is $100 million. Meanwhile, in Hamilton and Nova Scotia, our own steel industry is encountering stiff competition and the prospect of further lay-offs in Atlantic Canada where the unemployment rate is already alarming. In fact the unemployment situation there has even threatened this past winter to erupt into violence. I am delighted that Canadian firms can get contracts for exporting these mills, but surely there is plenty of financing available in the United States, where many Canadians have to go to get financing for Canadian projects. Surely it is not necessary to provide low cost loans at the expense of our own industry and taxpayer, especially when our own industry is literally more desperate for capital funds to upgrade its plants.

The worst example of all occurred when Inco announced plans to lay off thousands of workers in Sudbury and Thompson due to distressed conditions in the world nickel market. At the very time approximately 3,000 families were bracing themselves for a winter of unemployment, mandarins at EDC sheepishly announced that they were putting up approximately $58 million to finance nickel mining projects in Guatemala and Indonesia. Think of that, Mr. Speaker. At the same time that a glut of nickel in the world is forcing thousands of Canadians out of work, we are being asked to foot the bill to finance putting more nickel on the market somewhere else. In fact the EDC announcement came the same day that the Minister of Finance (Mr. Chrétien) rejected a suggestion in this House to stockpile nickel and thus buy a year or so of time for the distressed Sudbury workers.

It would seem that Canadians are being asked to help out everybody but themselves. Last year EDC put up over $2 billion in loans for foreign projects. Some of these are undoubtedly necessary and beneficial to Canada, but others are not. We have seen some of the numbers that we are now being asked to approve, and we will probably be appalled at some of the projects we will be asked to approve.

All of this money that has gone into projects in the United States, Russia, and the oil rich nations is, in many cases, so that they can compete against our own industries. Last year the OPEC nations accumulated more than $45 billion in trade surpluses, while Canada hobbled along with a current account deficit of over $4 billion. And here we are lending them money. I say, if the Trudeaucrats of the Export Development Corporation have got that kind of money and are looking for a home for it, let them invest some of it in a new fleet and more modern equipment for our Atlantic and Pacific fishermen, or at least invest at home where we need jobs and our own industry needs a hand.

● (1632)

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, Bill C-36, an act to amend the Export Development Act, is a very important bill. When the minister introduced it on Friday he stated that Canadian exporters are winning business abroad on the basis of quality, price, and delivery. He also explained that the purpose of the Export Development Corporation financing is to match the officially supported financial competition from abroad and that, by the end of this year, the corporation will have loaned something in the neighbourhood of $2 billion, an action which will directly and indirectly help employment in Canada.

In light of recent unemployment figures in this nation which show 1,040,000 people unemployed, with the largest percentage of them being under 25 years of age, surely no one would argue with the objective outlined by the minister.

As he continued with his explanation of the corporations's activities, he raised certain questions in my mind about the manner in which direct employment opportunities may be improved in Canada. I therefore asked him for the reasoning behind the loan to Poland in 1976 of $102 million to finance the sale of $113 million worth of Canadian equipment for a world-scale integrated pulp and paper complex in that country, while it is reported to have a capability of providing Canada with freezer trawlers at a cost 25 per cent less than we can build them. In his reply the minister stated that I was assuming Poland could build the pulp and paper mill themselves but that this was not desirable since Canadians build better paper mill equipment. The minister said:

Poland may be able to build a better fishing trawler than we can, I do not know.

By this the minister was implying that Canadian expertise in the contruction of fishing trawlers and deep sea ships could not match the expertise of Polish shipbuilders—a statement which I submit would be highly unacceptable to Canadian shipbuilders and workers. This attitude on the part of the minister of Industry, Trade and Commerce (Mr. Horner) could well explain why many of our important shipyards in Canada are closing down and laying off workers. It is quite obvious the minister is more interested in expanding industries and employment opportunities in other countries than in Canada. Since this seems to be the trend of thought which prevails among other ministers responsible for pushing forward with a Canadian shipbuilding program, the future for that industry looks very gloomy at the present time.

The minister is obviously unaware that it was Canada with its shipbuilding ability that helped turn the tide of battle against our enemies during World War II. I hope he will agree that at that time it would have made little sense for us to look to Poland or any other part of Europe for our ships of war or our merchant fleet. We knew what we needed and what we had to do, and we went ahead and did it.

Today I look at the Export Development Corporation, and specifically at Bill C-36, with mixed feelings. Just what does Bill C-36 accomplish? It increases from $8.85 billion to $26 billion the capacity of EDC to finance, insure, and guarantee export contracts. Under the present act there is an insurance ceiling of $3.5 billion, including $1 billion for government account; under Bill C-36 there will be an increase to $13.5 billion, including $3.5 billion for government account. Under the present act there is a loan limit of $5.1 billion, including $850 million for government account; under Bill C-36 there will be an increase to $12.5 billion, including $2.5 billion for government account. Under the present act there is an investment guarantee of $250 million, and under the new act that guarantee will be ten times the present incorporation, or something like $10 billion. Under the old act the total is $8.85 billion, and under the new act it is $26 billion.

We have to ask ourselves what EDC has done with its money in the past and what projects it has established. In a press release dated February 8, 1974, EDC announced it would put up $132.5 million for an integrated forestry complex in Iran; on October 14, 1976, it announced loans totaling $102 million for a pulp and paper mill in Poland; on September 21, 1977, it announced $1.8 million for a pulp and paper mill in Peru; on November 8, 1977, $102.6 million for a new pulp and paper mill in Iran; December 28, 1977, $5.5 million for a pulp and paper project in Romania; March 8, 1978, EDC announced loans totalling $57 million for two pulp and paper projects in Argentina. The total of EDC money going to foreign pulp and paper concerns amounts to around $401.4 million, not counting at least three projects announced by EDC in press releases since February, 1978. These pulp and paper projects are part of EDC activity totalling $600.97 million.

I point this out to the House because, if my memory serves me correctly, the Canadian pulp and paper industry is working at 75 per cent capacity today and is facing severe competition from European suppliers. According to this information, we are directly or indirectly helping these countries to compete with our Canadian corporations. Is it any wonder, then, that the unemployment rolls are growing?

There are some other EDC projects which are of interest. On October 24, 1977, $78 million was provided for nickel mining projects in Guatemala and Indonesia; December 28, 1977, $2.95 million for steel products in Los Angeles, California; January 18, 1978, $3.6 million for first sale of Dash-7 aircraft to a Colorado buyer; January 27, 1978, $30.6 million for construction of an alumina plant in Ireland; February 13, 1978, $47 million for a mini steel plant in Perth Amboy, New Jersey. This brings to $100 million the amount loaned by EDC for steel mills in Texas, Minnesota, Great Britain, and New Jersey.

I should now like to move on to loans to Communist countries. EDC has advanced financing to Russia, Poland, Yugoslavia, Cuba, Czechoslovakia, Romania, Hungary, and Bulgaria. Export financing given to Communist countries in 1975 was as follows: Cuba, $19.7 million, including $1 million for pulp and paper equipment—again this is an instance of aiding competition in foreign countries; Poland, $51.9 million for pulp and paper projects, for a total in 1975 of $71.6 million. In 1976 Cuba obtained an additional $1.2 million, Poland an additional $108.7 million, U.S.S.R. an additional $46.1 million, and Yugoslavia an additional $.6 million, for a total of $156.6 million.

The total accumulated export financing arrangements with Communist countries from 1961 to 1976 were: Cuba, $55.9 million; Czechoslovakia, $2.8 million; Poland, $166.2 million; Romania, $4.8 million; U.S.S.R. $52.2 million; Yugoslavia, $89.3 million; Bulgaria, $1.3 million, for a total of $375.5 million. These are loans to Communist countries whose regimes are dedicated to the overthrow of western democracies. This is evidenced by the thrust we see today on the continent of Africa.

Next come loans to Arab bloc and oil-rich nations. Algeria received $132 million; Egypt, $8.1 million; Iran, $90.7 million; Morocco, $1.5 million; Venezuela, $43.5 million, for a total of $275.8 million. This figure does not include a credit of $1.2 million approved for Algeria in November, 1977.

Based on the foregoing it is clear that EDC is increasingly loaning money to the "have" nations, those with financial and commercial systems capable of financing these projects for themselves, and not merely those which need EDC financing to support these sales. Often, as I said before, these projects will benefit our competitors in international trade.

● (1642)

Mr. John A. MacDonald, not the first Prime Minister of Canada, but the present chairman and president of Canada's Export Development Corporation, explains his reasons for making these loans by stating:

Canada cannot control the decisions of other countries who are desirous of developing their resources. In his view if Canada's Export Development Corpora-

tion decided not to finance Canadian sales for an overseas project, we would simply be denying valid export jobs for Canadians without influencing in the slightest degree the decision by the foreign country to proceed with that project.

I am prepared to agree with the minister and with Mr. MacDonald when they say that we live in a competitive world and that many countries are eager to take Canada's place to supply both goods and financing from their own resources, and that by winning at least some participation for Canada's export industries, EDC has created jobs which would otherwise be lost to this country.

However, I submit that these are jobs which are developed by an indirect process. I submit they are jobs based on the whims of foreign builders. They are jobs which are dependent on the whim, if you will, of a federal bureaucrat at Ottawa and his officials. These jobs are obviously bought at a great price. If we accept the minister's statement that we build better machinery for pulp and paper mills, then it should be equally true that foreign countries will buy from us because of our quality, and they will arrange their own methods of financing.

At this time we must raise the question of how much of this type of foreign business can we afford to buy? When we look at the "Budget in Brief," and I have two of them here, one dated March 31, 1977, and the other dated April 10, 1978, each one presented by a different finance minister, we see some amazing figures. For the "Budget in Brief" of March 31, 1977, which was brought in by Mr. Macdonald, the former minister of finance, we read on page 12 that the deficit for 1977 will be $7,160 million. Those are his figures, not mine. However, we now know that the minister was seriously in error and the deficit for this year, according to the statements of the present Minister of Finance (Mr. Chrétien), will be approximately $11 million, or $4 billion more than was predicted by his predecessor a year ago.

The present finance minister in his "Budget in Brief" presented April 10, 1978, calls for a deficit for this year of $11.5 billion. He qualifies that by saying "exclusive of foreign exchange transactions". These figures are found on page 15 of that document. We have to ask ourselves will these figures also be out of line by some $4 billion? Is it any wonder that foreign investors are worried about Canada? It is no secret that Canada is facing a grave economic crisis at the present time. One only has to re-read the finance minister's speech to realize this.

The Prime Minister (Mr. Trudeau) and his colleagues seem totally unconcerned. The shattering Inco layoffs in Sudbury, for example, left the Trudeau government undisturbed. They only made optimistic noises about the possible results of the 1978 Geneva conference, as if the whole situation were strictly a matter of world economic climate which they are powerless to control. Yet the power which has been taken by the Trudeau government is immense. It has, unfortunately, been used to steer Canada into a bog of inflation and unemployment into which we are now sinking. Many Canadians are now nervously asking just what is going on; what are the Prime Minister's priorities? Obviously a positive cure for unemployment and business recession is low on the list. So we must ask ourselves what is at the top?

[Mr. Crouse.]

Today in reply to a question from the hon. member for Annapolis Valley (Mr. Nowlan) the Prime Minister smuggled into his response the word "constitution," even though the hon. member mentioned nothing about the constitution. It seems to me that the Prime Minister has constitutional reform on his mind as being a matter of urgent necessity. In view of the Prime Minister's past changes of parliamentary rules, which have virtually destroyed parliament's control of government expenditures, I submit that we should not be too anxious to let this man tamper with our constitution.

Obviously we must alter course. We must change our direction in so far as our economic policy is concerned. Some of the old concepts which have put us so deeply in debt during the past decade under this government must be questioned. No one in his right mind would agree they are working. We need to show more concern for the small businessman. We need to show more concern for business in general, for our farmers, for our fishermen, and for those who work, as we say, at the grass roots level.

I am not proposing in this speech that we abolish the Export Development Corporation. It is obvious that some of its aids programs are more political than economic. For example, aid to Cuba and to other foreign communist countries in the form of loans totalling $375.5 million in 1976 must surely be put to question in light of the agressive stance taken by Cuba, backed up by Soviet war equipment, on the continent of Africa. We have too small a population in Canada, some 23 million people, to be indirectly involved in a war of aggression on the African continent. I submit that loans of this magnitude would be more productive if they were made to Canadians for developments in this country.

Perhaps the time has arrived when we should consider the establishment of a maritime commercial development corporation. This idea is similar to the one proposed by the preceding speaker, the hon. member for Vancouver Quadra (Mr. Clarke). In this instance I am talking about a Canadian organization, an organization which would be dedicated to assisting development in Canada, assisting in the establishment of jobs on both coasts of Canada.

Quite frankly, I disagree with the minister when he says perhaps the Polish people can build ships better than Canadians. This apparently was his statement in this House on Friday. The Poles do not agree with him either. Four cargo ships were built recently for Polish ocean lines at Sorel, Quebec.

I would point out to the minister that the inherent importance of maritime concerns to the entire Canadian nation cannot be underestimated. Three impressive ocean coastlines and a massive inland water network impinge on the daily lives of virtually all Canadians. "A mari usque ad mare", "From sea to sea" may in retrospect be slightly restricted because Canada does not end at its coasts. Our continental shelves occupy more than one million square miles of territory, or one third of the Canadian land mass. Because of this fact I would

point out that the importance of maritime industries, and especially transportation over water, is in no danger of declining in the foreseeable future. No other mode comes close to offering an economic alternative to the movement of bulk goods over great distances. So we are on safe ground in a very uncertain period if we, as a government and as a country, encourage its development.

The shipbuilding industry has always catered to the needs of the conventional deep sea trade, the defence sector, and the fishing industry. However, vast new frontiers are beginning to emerge, providing challenges that boggle the mind. Harnessing the ocean's energy, Fundy tides, harvesting mineral nodules, exploiting petroleum reserves, gas reserves, and even the cultivating of new food sources from the sea, all provide new challenges for today's society, in particular for maritime industries.

● (1652)

These opportunities will not remain as visions of the future forever, but to capitalize on them will require changes in the nature of our maritime industries. Especially do we need changes immediately in the attitude of this government. We need them now.

If we are to cope with the future, we need only to travel back in our imagination a single lifetime, say to the year 1900, to realize how much of today's technology would be not merely incredible but incomprehensible to the keenest technical brains of that time. We are therefore, in my opinion, wasting valuable time.

In spite of all that has been said by the Minister of Fisheries (Mr. LeBlanc), we need the immediate development of a freezer trawler fleet if we, as Canadians, are to capitalize on the extensive fisheries markets that are open to us in Japan. These markets are fantastic. That is not my view alone. I quote from a recent article:

> Mitsunori Yoshida, a representative of Japan Fisheries, says the Canadian fishery offers a "great hope" for his countrymen wh annually consume more than 10 million metric tons of seafood.
>
> Fish supply in Japan this year has been cut by almost 40 per cent because of the various declarations of 200-mile limits throughout the world and particularly in the Soviet Union, the United States and Canada.
>
> Yashida said not only does Japan want to buy more than a proposed 300,000 tons of Canadian fish annually by 1985 but it also wants to establish a series of co-operative fishing ventures in Canadian waters. Japan is currently dealing with the Canadian government in an attempt to establish those fishing ventures.
>
> According to Charles Moulton, president of the Canadian Brotherhood of Railway Transport and General Workers Union: "There is no doubt in my mind that if we are to service these markets we must get started on development of our own freezer trawler fleet."
>
> "We have been afraid of the U.S. market which traditionally has always been our biggest buyer. We must make plans to find other export markets and in preparation for it we must have the freezer fleet."
>
> What bothers Moulton now is that everyone is talking about a freezer trawler fleet but "no one is doing anything about their construction."

That gives some indication as to what opportunities are available to us. It is obvious that our fishing fleets on both coasts must be mechanized and modernized within the next ten years. Experts estimate this will result in approximately $1 billion in new work in our shipyards. However, to assure this future, it is necessary that the shipbuilding industry remain healthy during the next two or three years in preparation for the challenges and opportunities of the 1980's.

A maritime commercial development corporation operating for Canadians would, in my opinion, go a long way toward re-establishing our Canadian shipbuilding industry. I hope these views are kept in mind before we place too great an emphasis on expanding the Export Development Corporation. Let us not continue as we have in the past decade with the destruction of Canada. Let us get on with the job of reconstructing Canada. A viable shipbuilding program along the lines I have proposed, and for the purposes I have outlined will, I submit, go a long way toward bringing about this objective.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my participation in this debate is motivated by a concern for the economy of this country. We hear the argument, and it was put forward by the minister when he introduced this bill on Friday, that the whole purpose of the Export Development Corporation is to ensure that Canadian industry is put in a more competitive position than it would otherwise be for export. That is one reason. The other reason puzzles me now and puzzled me last Friday afternoon when another bill was put forward dealing with gold coinage.

I am puzzled by the urgency. This was mentioned by the hon. member for South Shore (Mr. Crouse) and also the hon. member for Vancouver Quadra (Mr. Clarke). What is it that brings this bill before us at this time? We have good cause to ask why this bit of patchwork, if it has been in the mind of the Export Development Corporation for all these months, as it appears it has been, why did they wait until these last few days to see if it would be possible to have it rushed through at the last minute?

My concerns here are with this government's sense of priorities. We have seen our national debt double within the past ten years ago. Our deficit equals what budgets were ten years ago. Interest on the public debt has increased by five times, and per capita interest charges have almost quadrupled in the past ten years. These are indicators of a very serious economic situation in our country. Why has the government not put forward a comprehensive program to remedy the situation that I am sure even they admit exists today?

In 1968 unemployment was something in the order of 375,000. Today it is over one million. It has almost tripled in ten years. This is a serious problem. What we get is just one component. True, it is an aspect of our economic situation, but not the main aspect or main corrective of the situation.

Why is this government prepared to face the popular vote at this time without a comprehensive economic policy which will deal with our inflation, and with the problem of unemployment which is so serious in our country today? Therefore, I ask about the matter of the urgency. I want to deal with another aspect of the bill, but I am afraid that I will now have to call it five o'clock.

Handicapped Citizens

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Vancouver-Kingsway (Mrs. Holt)—Health—Request for review of ban on saccharin; the hon. member for Winnipeg South Centre (Mr. McKenzie)—Air Transport—Northern Ontario—Call for inquiry into air safety; the hon. member for Churchill (Mr. Smith)—Manpower—job vacancies being filled by persons outside province.

PRIVATE MEMBERS' MOTIONS

[*English*]

Mr. Pinard: Mr. Speaker, I think there is unanimous consent that we proceed with motion No. 8 and that all previous motions be allowed to stand.

Mr. Baker (Grenville-Carleton): That is agreed, Mr. Speaker.

The Acting Speaker (Mr. Turner): It is agreed and so ordered.

* * *

HEALTH AND WELFARE

SUGGESTION SPECIAL SUBCOMMITTEE INVESTIGATE NEEDS OF HANDICAPPED CITIZENS

The House resumed, from Monday, December 12, 1977, consideration of the motion of Mr. Dinsdale:

That, in the opinion of this House, the government should set up a special subcommittee of the Standing Committee on Health, Welfare and Social Affairs, to investigate and report on the needs of Canada's physically and mentally handicapped citizens; in order to provide a basis of information, necessary in avoiding the current costly duplication and overlapping of services, and essential in planning legislation for a comprehensive program of services at the federal, provincial and municipal levels of government to support and supplement the excellent work of voluntary organizations; all with a view to making it possible for the handicapped to live a creative, fruitful and independent life in the family and community, and thereby placing Canada in a position of leadership in the rehabilitaton movement in preparation for the XIV World Congress of Rehabilitation International to be held in Winnipeg during June 1980.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, the first thing apparent with regard to this matter was in the words of the officer at the Table who indicated that the motion stands in the name of the hon. member for Brandon-Souris (Mr. Dinsdale) of the Progressive Conservative Party of Canada, and is seconded by the hon. member for Winnipeg North Centre (Mr. Knowles) of the New Democratic Party. Indeed, the measure we are talking about is of such a nature that, as I hope all hon. members will agree, it transcends party lines. I trust, therefore, that the motion will be supported by all members of the House of Commons.

It is important we should note that the purpose of the proposed subcommittee is—

[Mr. Munro (Esquimalt-Saanich).]

● (1702)

—to investigate and report on the needs of Canada's physically and mentally handicapped citizens; in order to provide a basis of information, necessary in avoiding the current costly duplication and overlapping of services, and essential in planning legislation for a comprehensive program of services at the federal, provincial and municipal levels of government to support and supplement the excellent work of voluntary organizations; all with a view to making it possible for the handicapped to live a creative, fruitful and independent life in the family and community, and thereby placing Canada in a position of leadership in the rehabilitation movement in preparation for the XIV World Congress of Rehabilitation International to be held in Winnipeg during June 1980.

This motion is important because we all know how time slips by—we are almost in the middle of 1978 and there is a prospect that some time later in the year we shall be facing a general election. The lead time may be so compressed as to prevent adequate preparation. In the meantime there has been placed before the House of Commons a report, tabled by the President of the Treasury Board (Mr. Andras), on the employment of physically and mentally handicapped people in the federal public service. This is a report of a Public Service Commission and Department of Manpower and Immigration study team, and it is dated September 6, 1977. The authors are Virginia C. Miller and Helen J. Morton.

Anyone who is interested in the position of the handicapped in the Public Service and of the proposals with respect to them, anyone interested in this plan to improve the opportunities available for them to live a creative life within the community, within the spirit of this motion, should read this report. I commend the President of the Treasury Board for arranging to table it in the House of Commons. It deals with the handicapped in a way which is almost undeniable. I also commend the government for deciding to increase the opportunities for the employment of the handicapped in the public service and for the statement issued by the minister under date of March 21, 1978. I commend the minister because, as I say, this is a subject which is above the daily clamour of partisan politics. It is an area in which action could be taken not only in the private sector but in the public sector.

In the public sector there is an opportunity for the federal government, regardless of its political stripe, to provide leadership. I think it important that the following statement in the document of March 21, 1978, be placed on record in relation to this debate:

The position of the federal Public Service should be summarized as follows:

With respect to physically handicapped persons and without regard for the nature of the handicap, it is the policy of the government to provide, and to actively promote, equal access to employment and career development in the federal Public Service in work for which they are considered to be qualified and to ensure that any barriers to such equal access, whether procedural, attitudinal or physical, are progressively eliminated as quickly as possible.

With respect to mentally handicapped persons, it is the policy of the government to promote actively the increased employment of such persons within the federal public service in work for which they are considered to be qualified, and to ensure that where necessary special measures are utilized in the staffing process to give appropriate recognition to the nature of their handicap.

That is the statement made by the President of the Treasury Board, and it is one which members of Her Majesty's Loyal Opposition support. Mr. Speaker, this report is so far reaching that it should not be tabled in the House only to be set aside. If we establish a committee and refer this matter to it, the objective of my hon. friend from Brandon-Souris, we ought to ensure that this report goes before that committee for consideration. I would therefore move, with the concurrence of my hon. friend from Brandon-Souris, seconded by my friend, the hon. member for Esquimalt-Saanich (Mr. Munro):

That the motion be amended by adding thereto the following:

"and the document entitled "Employment of Physicaly and Mentally Handicapped People in the Federal Public Service" should be immediately referred to the Standing Committee on Health, Welfare and Social Affairs for reference to the subcommittee."

The availability of this document can only enhance the work of the committee and increase the appreciation in the House and the country of the problems facing the handicapped. I hope this amendment will be accepted by the House.

Mr. F. A. Philbrook (Halton): Mr. Speaker, it is not my intention to oppose the motion or contribute to it being talked out, but I should like to make a few comments and contribute a few facts and ideas which I believe to be important for the record.

I am sure each and every one of us sitting in this chamber today will agree it is the right of every handicapped individual in this country to "live a creative, fruitful and independent life in the family and community", to quote the motion.

This is especially meaningful as it relates to the area of employment. As our society presently functions, employment provides the framework within which to earn not only a financial livelihood, but also to feel a part of the maintstream, to be "where it's happening." Akin to this, perhaps just as important, if not more important, is that work fosters confidence, the desire to achieve, and the satisfaction of accomplishment. I think hon. members will agree that these observations are true for everyone. What apparently was not officially recognized until relatively recently was the fact that they are just as true for the physically and mentally handicapped members of our society.

● (1712)

The recognition that there have been disadvantages for the handicapped in Canada with respect to employment resulted in the drafting of the Human Rights Act, section 15. Section 15 deals especially with the elimination of disadvantages suffered by those who are physically handicapped, and I quote:

It is not a discriminatory practice for a person to adopt or carry out a special program, plan or arrangement designed to prevent disadvantages that are likely to be suffered by, or to eliminate or reduce disadvantages that are suffered by, any group of individuals when those disadvantages would be or are based on or related to the race, national or ethnic origin, colour, religion, age, sex, marital status or physical handicap of members of that group by improving opportunities respecting services, facilities, accommodation or employment in relation to that group.

The same recognition was given in a recent study by the Employment and Immigration Commission and the Public Service Commission entitled "Employment of the Physically and Mentally Handicapped People in the Federal Public Service." I think that has been referred to already.

When tabling the document the President of the Treasury Board (Mr. Andras) outlined the government's plans for increasing opportunities for employment of the handicapped in the federal public service. I would like to read from that report. It is entitled "Government's Plans for Increasing Opportunities for Employment of the Handicapped in the Public Service."

Increased opportunity for the handicapped is clearly a matter of importance to the government. In 1975, Canada sponsored a declaration on the rights of disabled persons which was subsequently adopted by the United Nations General Assembly. That declaration specified that 'disabled persons have the right, according to their capabilities, to secure and retain employment or to engage in a useful, productive and remunerative occupation and to join trade unions'.

In that declaration the government was asserting that the right to work is not a privilege reserved for the non-handicapped. More recently, the passage of the Human Rights Act reiterated this concept by specifically prohibiting discrimination on the grounds of physical handicap and, moreover, explicitly recognizing the need for programs, plans or arrangements designed to eliminate or reduce disadvantages based on physical handicap.

We are all conscious that there have been disadvantages for the handicapped in Canada, and it was with this in view that, as Minister of Manpower and Immigration, the Honourable Robert Andras asked for a study of those disadvantages with specific reference to the federal public service. The minister wanted a frank and realistic appraisal of the kinds of problems which stand in the way of the handicapped when they seek employment or career development in the public service, so that these problems might be confronted head on and dealt with in a realistic way. That was the genesis of the report tabled this afternoon, which represents the combined efforts of officers of the public Service Commission, the former Department of Manpower and Immigration and a number of other departments.

The report, based on pilot projects, studies and widespread discussions with handicapped persons and associations representing the handicapped, was made available last year and provides us for the first time with a comprehensive view of the problem. What Mr. Andras wants to do now and particularly in view of his present responsibilities for personnel management in the public service, is to describe the measures which will be taken to address the problems which have been identified.

First, it is evident that much needs to be done in order to ensure that attitudes and employment practices do not discriminate against the handicapped. There is no deliberate discrimination; indeed, if there is any discrimination, it is quite unconscious and accidental. Nevertheless, if the concept of a non-handicapped person is what we have in mind when jobs or work places are designed, then the end result may very well favour the non-handicapped at the expense of the handicapped when employment decisions are made. Equally, if ignorance or misunderstanding is prevalent concerning the true capacities of the handicapped, then handicapped persons are likely to be overlooked when we search for candidates for many kinds of jobs.

What has to be done, therefore, is to attack these aspects of the problem on two fronts: first, the government must mount a vigorous information campaign within the public service aimed at radicating myths and misunderstandings about the abilities of the handicapped. In this connection, there is much evidence to demonstrate that the majority of handicapped persons are rated by their employers at least as high as, and often higher than, their non-handicapped counterparts in terms of such measures as punctuality, output, quality of work, attendance, stability and safety records. Handicapped people are good workers and it makes good sense to employ them. Through training and information programs, the government should ensure that all concerned focus on the

capabilities of handicapped persons rather than on any real or perceived limitations.

Secondly, a vigorous program of change must be established with respect to policies or practices which unconsciously reflect some wrong attitudes. For this purpose, it is the government's intention that all its departments begin immediately to review and systematically eliminate any of their practices governing the design of jobs, the selection, training and career development of employees or the provision of office facilities and equipment which might discriminate against the handicapped.

The Public Service Commission has begun to examine its staffing policies, to ensure that handicapped persons are not inadvertently being screened out by recruitment and selection procedures which were basically designed for the non-handicapped: the way jobs are advertised, for example, or the manner in which job interviews are conducted. Thus an important task for the Public Service Commission will be to design recruitment and selection programs which are appropriate to the handicapped population, including the mentally handicapped. The Department of Supply and Services is already studying an expansion of the employment of physically and mentally handicapped workers in the provision of services and materials to the government. To facilitate that activity, the Secretariat of the Treasury Board is currently reviewing contract policy governing the use of sheltered workshops.

There are, of course, many other important areas in which the Treasury Board is or will be active in support of greater opportunities for the handicapped. Innovative approaches to job design will be considered, particularly where self-supervision, part-time employment, job sharing or work at home are concerned. Some of these have already been experimented with, with good results, and they can be applied successfully where handicapped persons are concerned. The Treasury Board will also look at its policies governing the provision of special equipement, so as to ensure that handicapped persons are not excluded from work for want of a mechanical aid or a piece of furniture adapted to their needs. It seems a small thing to a non-handicapped person, perhaps, but the lay-out of furniture or equipment in an office can be a real impediment to a person confined to a wheelchair.

All these activities are already under way or can begin immediately. They are activities which will be of great benefit to handicapped persons who are public servants or are seeking employment in the public service. They will be done as quickly as possible. Accordingly, all departments will be asked to start immediately on specific action plans for these activities, to report progress regularly and to hold managers accountable for the results achieved. Recognizing that these plans will profit from the advice of persons with special knowledge of the problems of the handicapped, an advisory group is being established, drawn from various agencies and associations concerned with the needs of the handicapped.

What has been described so far is a range of activities which will promote the changes in attitudes and pratices necessary to open up the public service to handicapped persons. It is a fact that there are some real problems with respect to physical access to government buildings or to their internal facilities. Many of these buildings, whether owned or rented, lack parking facilities, ramps, handrails, elevators or washrooms suited to the needs of handicapped people. While it has been a practice for several years to design appropriate facilities into new construction, or require them in buildings that might be leased by the government, there are many buildings which do not contain them but which still have many years of useful life. Conversion of these will not be cheap and in view of the government's intention to restrain spending the costs involved will have to be looked at carefully. Nevertheless, the Department of Public Works has been asked to co-ordinate studies of how to, by 1983, fully convert all government owned or leased buildings in which handicapped people might be employed. In establishing priorities within this plan the government will obviously bear in mind the need to accommodate not just public servants but also handicapped persons among the general public who need access to public buildings.

It is the government's intention to keep track of the results achieved in its programs and activities. This is a third major problem area, because the fact is that there has in the past been no satisfactory basis, in terms of either definition or statistics, for keeping track of our performance concerning employment of the handicapped.

● (1722)

With the promulgation of the Human Rights Act there is now a definition of a physically handicapped person which can be used in the employment context. For working purposes, the definition of a mentally handicapped person which the authors of the report proposed has also been accepted. However, neither of these would be of very much help without statistical information concerning the numbers of handicapped persons who are working or who have applied for work in the public service.

[Mr. Philbrook.]

I would like to have read the rest of that report. It is an excellent report and it would be worth while having it on the record, but I would like to stop short of quoting it further. I think all of us in this House can see the sense of responsibility and action in that report. I would now like to sum up quickly by saying the following.

As most hon. members are now aware, a block financing proposal has recently been made to the provinces to cover the costs of social services, including transportation services for the disabled. It represents the substituting of one financing arrangement, namely, block funding, for another, the conditional shared cost arrangement associated with the new social services legislation, Bill C-57.

As you may be aware, the Minister of National Health and Welfare (Miss Bégin) met with her provincial colleagues on March 6 and 7, 1978, to discuss the federal government's offer to block fund social services in place of the conditional cost sharing approach contained in Bill C-57. As a result of that meeting it has been decided to implement the block funding arrangement effective April 1, 1978. The financial formula takes into consideration current expenditures on social services, an additional amount to provide for more comprehensive coverage, annual escalation based on changes in the gross national product and the population, and a levelling adjustment that would gradually eliminate, over a ten year period, the provincial differences above or below the national average contribution by Canada so that at the end of the period each province would be receiving the same per capita amount.

I should like to add that the federal government will be providing financial support for the same services that were identified in Bill C-57, services that had been agreed to by the provincial and the federal governments as being necessary in this country.

Since the provincial governments as well as the federal government have indicated a real desire to improve social services, and as the needs of the handicapped are a very real concern to the federal government and the provincial governments, I am confident that the new arrangement will result in the development of services designed to enable the handicapped to participate more fully in Canadian society.

The federal government realizes that as much as possible should be done for the handicapped. The Minister of National Health and Welfare has made it clear that she is dedicated to aiding, and indeed, is most anxious to aid, the disabled in their desire to leave the institutions, to achieve integration and to become full and contributing participants in Canadian society. All of us here will have a part in the achievement of this goal in our capacity as legislators.

For this reason it is my pleasure to commend the hon. member for Brandon-Souris (Mr. Dinsdale) for having proposed this motion. It is the type of motion, the type of sentiment, which will focus the awareness of all members on

such things as barriers. If there is any uncertainty about the motion, it is about whether it should be dealt with by means of a subcommittee of the standing committee. I understand that we will soon be debating the block funding legislation.

One other possible alternative is that when this legislation is being debated by the standing committee, it might be an opportune time for the idea contained in the motion to be debated. To my mind, it would be useful to look at this motion again at that time in the context of all social services legislation.

In closing I would like to say that I think it is important for us all to take a very close and frank look at that motion.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, we have before us today the motion standing in the name of the hon. member for Brandon-Souris (Mr. Dinsdale) that the House consider establishing a subcommittee of the Standing Committee on Health, Welfare and Social Affairs to investigate and report on the needs of the physically and mentally handicapped citizens in Canada. I should like to commend the hon. member for his motion because it affords us an opportunity to bring before the House of Commons the serious problem facing thousands of Canadian citizens, and an opportunity to try to prompt the government to take corrective action.

I know the hon. member for Winnipeg North Centre (Mr. Knowles), who seconded the motion, would have wished to be here today to follow the proceedings, but, as we know, he is in Winnipeg attending the funeral of his wife.

The problem of the physically disabled or handicapped is, I am sure, a problem that every member of parliament comes across during his term of office, in terms of people who come to the MP hoping they can be helped to become, to the degree possible, productive members of society.

I have had many examples of constituents who have come to me who do not qualify for any kind of federal, provincial or municipal assistance because they are not totally disabled under the definition contained in the various acts, yet at the same time suffer some kind of physical or mental disability which bars them from being employed. It is a sad experience to see another individual in that state of affairs, someone who desperately wants to fit back into society in some small way, in order to feel a part of society, rather than being shunted into some corner and not looked upon as a productive and full-fledged member of society. Many of them want to be able to participate in work in some way. We are so imbued with the work ethic in our society that people who are barred from working lose a sense of dignity and self worth. It is a very frustrating experience for them because they know they have talents and they would like to participate, yet they find some kind of barrier stopping them from taking part in society.

It is important that we understand and examine the extent of the problems of the handicapped and the disabled in our country. We have to begin, first of all, by working out a definition of "handicapped" or "disabled". We have a number of pieces of federal legislation on the books right now which do not have a common definition of "disabled". I refer, for example, to the Canada Pension Plan which contains the disability provision and where disability is defined as being severe and prolonged. Yet, when you try to get that definition narrowed down further, it is at the hands of the bureaucrats and the regulations, and in the end it is defined as meaning you have to be flat on your back or confined to a wheelchair.

There are many persons whom we as members of parliament see who, we know, under any rational definition of "disabled" would qualify, but, for the purposes of the legislation, they do not, and therefore they cannot receive assistance under the Canada Pension Plan.

Another example was brought to my attention recently by a constituent filling out his income tax form. There is a provision there allowing a deduction to be made by someone who is disabled under the provisions of the Income Tax Act. This particular chap was undergoing kidney dialysis. He had to spend two days a week in the hospital, or seven hours, undergoing dialysis, and a number of hours each day in bed at home recuperating. People who have read the little brochure that taxpayers get will have seen the provision which states that if someone has been confined to bed for a lengthy period, he qualifies for a tax deduction on the cost of these treatments. My constituent filled out the form and was granted the deduction for 1976. But suddenly he was disqualified on his 1977 tax return and has had to repay a lump sum. Anyone reading the brochure would have thought that person qualified, but according to Revenue Canada he did not.

• (1732)

The first thing we have to do is clarify and define in a consistent way and for the purposes of federal and, hopefully, provincial and municipal legislation just what we mean by someone who is handicapped or disabled. The second thing we have to do is begin to identify who are the handicapped and disabled in our society, who they are in terms of sex, age and location, so that we actually know how many handicapped people we have.

I made a very rough investigation through various agencies that deal with handicapped people and was astounded to learn the extent to which Canadians suffer from some kind of handicap or disability. I learned there are some 15,000 paraplegics in Canada and there are 13,000 people registered with the National Institute for the Blind. That institute estimates that in addition there are 75,000 Canadians with a visual impairment severe enough to cause employment problems. I also learned that there are some 266,000 Canadians suffering from serious hearing impairments and 50,000 known cases of mental illness requiring hospital treatment each year, with some 250,000 treated through out-patient facilities for mental disorders.

In fact, I was astounded to learn that over $1 billion a year is being spent on psychiatric services in Canada. I also discovered that we have at least 200,000 known alcoholics in Canada, and that on Canadian pension disability plans as of June, 1977 there were 64,600 people receiving disability benefits. I found out that in the province of Ontario alone the

workmen's compensation board is paying out 46,000 pensions each month to workers who have a work related disability. The figures begin to add up, not only in the thousands but in the tens of thousands. I do not think all the members of this House, or the public in general, realize the extent of people in Canada who have to undergo the discrimination or disadvantages associated with one disability or another.

The United States has done a study which estimates that one of every seven Americans is handicapped in one way or another. If we in Canada did a study I think the figure would be somewhat similar.

Therefore, I would recommend to members of the House that we should as a beginning step, in addition to the subcommittee, make sure that on the next census form instituted in Canada we include questions relating to how many Canadians are disabled and the extent of their disability. This would be a very efficient way of finding out just who in this country are handicapped.

Besides defining and identifying the handicapped we must move more vigorously in the area of preventing discrimination against the handicapped, especially in terms of entry into public and private places of business, but, more important, I think, in the field of employment. I had the experience of a young man about 20 years of age coming into my constituency office only a few weeks ago who told me he was seeking employment with the largest employers in Sault Ste. Marie, Algoma Steel, but was refused employment on the ground he was bowlegged. The doctor for Algoma Steel Corporation examined him and told him Algoma would not hire him because of that so-called disability which, in the doctor's opinion, could lead arthritic problems when he was older. The young man went to his own doctor to get his medical opinion. His doctor said he did not think that bowleggedness would be a serious problem in his later life or could lead to arthritis. I went to the personnel manager of Algoma Steel and presented the case. Although he was very sympathetic to my arguments, he said he had to stand by the decision of the company doctor.

There is nothing in Ontario labour law or the human rights act of Ontario, under which jurisdiction companies like Algoma fall, to which that man could appeal for the protection of his rights. We have to move rapidly and comprehensively in some of the anti-discrimination laws that exist throughout Canada to make sure that examples such as I have cited are not allowed to occur in the future.

We have to improve the human rights acts of the provinces as well as their labour codes. I wonder if we should not take a leaf from the books of some European countries which have established a quota system for large employers which requires that a certain percentage of their labour force must be people who have some sort of disability. I was interested to find out that about 3 per cent of the work force of DuPont, a large industrial firm, are handicapped. This amounts to some 1,452 people. Studies undertaken by the corporation have concluded that 90 per cent of these handicapped people are rated by the company as average or better than average workers. We should first destroy this myth that somehow the handicapped are unreliable, not eager workers and do not have talents and skills to contribute to the work force. Studies in the United States and elsewhere have shown that, with certain accommodation and goodwill, the handicapped can be very productive members of our society.

Another recommendation is that the federal government co-ordinate its efforts on behalf of the handicapped. I would like to see a multidepartmental approach so that we could have national health and welfare, manpower and revenue get together in a co-ordinated effort to improve the situation for the disabled in Canada.

I would certainly like to see more assistance in terms of loans and grants to the many volunteer organizations which do such a tremendous job on behalf of the handicapped. The government should study very seriously a system whereby we would be able to subsidize the wages of the handicapped for certain employers. Again and again the message I get from the handicapped is that they do not want to do the little "make work" kinds of projects they often are offered in sheltered workshops, but would like to do meaningful and productive work just like their fellow citizens. Many employers, while they see the moral side of that argument, find in terms of pure economics that it is too risky to hire someone who is maybe a little bit slower in getting things done; but if we were able to subsidize some of those wages, especially for the smaller employers, it would go a long way to overcoming much of the reluctance of certain employers to hire handicapped people. I hope the government will take that idea seriously and at least try some pilot projects.

Lastly, we must have an immediate campaign to begin to educate the public about handicapped people. When I was first elected I had a certain state of mind in respect of what being disabled or handicapped meant. However, the more I met with handicapped and disabled people, the more impressed I was with their abilities and their attitudes. The message has to get out among the general public that we as a government have a responsibility in this regard, and this must be done through the media and other public relations methods. I have seen many examples in my own riding of injustice and wrongdoing, and I have felt very frustrated because I know there is no legal redress for these people. We must make some real improvements in terms of legislation.

I have also seen volunteers in our society do such a heroic job on behalf of the handicapped. We would not want to shut them out, but rather encourage their efforts. They can only do so much with limited manpower and limited funds. Any society that calls itself humanistic will realize that there is a positive role for government to play.

I think I have outlined some of the roles in terms either of legislation on human rights or financing that we could play to bring these fellow citizens more into the mainstream of Canadian life, thereby restoring their sense of dignity and worth, which is a claim that every Canadian citizen has.

[*Translation*]

● (1742)

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I want to take a few minutes of the time of the House to say a few words on this motion which, of course, I support. This motion asks the government to set up a special subcommittee of the Standing Committee on Health, Welfare and Social Affairs, to investigate and report on the needs of Canada's physically and mentally handicapped citizens, in order to provide a basis of information, necessary in avoiding the current costly duplication and overlapping of services.

I shall stop here, Mr. Speaker, because I believe the point of this whole question is precisely the misunderstanding between the three levels of government. To set up a sub-committee as recommended is all very well; to look into cases takes a long time and it could take another two or three years before a report could be presented. It often happens as well that the report that is finally produced comes out too late and is already obsolete.

I think we should perhaps look closer during this study because I am not against the establishment of this subcommittee. I think however that even if we make a study for the well-being of handicapped citizens, we should think of the immediate possibility to negotiate agreements between the three levels of government, municipal, provincial and federal, if we are to come to something more concrete.

Several people organized movements, and I can point out that there is in my area a good organization working for handicapped people. In my constituency we have small manufactures for the handicapped but unfortunately, we often see conflicts between the various levels of government. I remember the opening of a manufacture which employed about thirty handicapped people; the first year, it operated under the responsibility of the federal government through winter work, Canada Works or other federal programs, and everything was all right, although a few months was too short a period.

We have noted that six or seven months were a somewhat short period to complete a whole year, although they would make them eligible for unemployment insurance benefits and continue to be paid a salary. But I suggest that even with unemployment insurance benefits, a handicapped person cannot help feeling unhappy when he has known the satisfaction of receiving a regular pay cheque for useful work. It is not so much the salary a person receives that matters, Mr. Speaker, but the job a person does. A person feels useful to society. These people are greatly improved when we meet them again at work at the plant.

Frankly, I was somewhat like all other people who had never been in touch with this group of people who are more often than not ignored by society, but after a few weeks, I could see these boys, these girls and sometimes these older people who are entirely transformed and who replied, when I asked them why they looked so delighted, that they finally considered themselves useful to society and that they could live at last like everybody else. We thought that giving benefits of some kind to the handicapped was enough and that they were happy: I suggest it is quite the opposite and that we make of them the unhappiest people in the world. When we let them play useful parts in their own region, spend their time in a constructive way, that is when they consider themselves true men and women.

And our stumbling block at the time when we launched that industry was that the second year both governments so overlapped that we received a federal and a provincial grant; a conflict ensued and the following year we received nothing. We did not know whether the federal or the provincial government was going to look after that group. It was actually the provincial government which did something because when Canada Works projects were submitted, we were told that the federal level could not intervene as this was not in its jurisdiction. Meanwhile, the handicapped were in the forefront of this war between both governments.

That is why I was saying at the outset that the crucial point today is not the study of the matter but the agreement. Whose duty will it be to act so that we can finally have a solid base from which to go and know who is responsible? That is what is interesting. I remember that the secretary of that group is also handicapped. The secretary, the foreman, they are all handicapped and they are not used to this conflict of jurisdiction. This was the first time they encountered it, and I had to explain to them that that was Canada, a conflict of jurisdiction.

Therefore, I sincerely hope, Mr. Speaker, that while we study this matter, as study we must to encompass the entire country, we first of all aid the movements that are already started in order to come to some agreement. There can be agreement between the provinces and the federal government, to help those groups and allow them to continue. Their little factory is now doing as best as it can, but they are barely making it with the revenues they are netting; if there were some form of assistance, like in the beginning, I think the operation would run much smoother and the handicapped would not have to spend 50 per cent of their time working and remain idle during the other 50 per cent.

I believe getting orders is not a problem for that small manufacture. What is lacking is money to operate the business, and without knowing what is going on elsewhere, I feel those are the problems which also happen in the other communities which started to be concerned about their handicapped people. Someone said earlier that we should know how many handicapped people there are.

Surveys have been done in my area and of course we have been stunned to see how many there were, because only a few of them were visible, most of them did not speak up, remained hidden in the house and did not dare show themselves. At the

time of the survey they were visited at home and persuaded to come out in the light, to speak up and realize that like everyone else they were human beings and had a right to a good life in keeping with their abilities and needs. It seems to me that a new interest has been stirred up in that group and that today, at least in my area, we know perfectly well the number of our handicapped and we hope to help them more over the years.

Once again, I want to insist on that point because it is very important, and I would like that both government levels, federal and provincial governments, get together with a view to doing something concrete and permanent for those handicapped people.

● (1752)

[*English*]

Mr. S. Victor Railton (Welland): Mr. Speaker, it has been well documented by the second last speaker how many handicapped people we have in Canada, a number of whom occupy—

Mr. Dinsdale: A point of order, Mr. Speaker. I have been trying to get the floor ever since this debate began today—

Mr. Deputy Speaker: Order, please. Actually the hon. member has already spoken. He moved the motion and therefore he would be closing the debate. The only way he can speak now is by unanimous consent.

Mr. Dinsdale: On that point of order, Mr. Speaker, there is an amendment before the House and it is in connection with that that I wish to speak. In the normal routine the right to speak alternates between each side of the House, but that has not been the case in this discussion.

Mr. Deputy Speaker: The hon. member will admit that he has spoken once and now another member wishes to speak, so it is for the Chair to decide. If he wants the Chair to decide otherwise he will have to do it by a motion. The hon. member for Welland (Mr. Railton):

Mr. Railton: We have many problems with handicapped people. One is age, but there are many other diseases which are regarded as types of handicap. For instance, the second last speaker mentioned defects of vision. There are as well people with strokes, cerebral palsy, amputation cases, paraplegics, severe diabetics, people with congenital malformations and mental retardation, or retardation which is congenital or acquired. We also have psychiatric illness. All of these are handicapped people and up to the present there have been fairly well defined causes for their not being accepted in a place of work. A lot of them have also found it difficult to be accepted in society. Like healthy or so-called normal people, however, they have a great need to be accepted in society and to be allowed to do meaningful work, to have some way of expressing themselves and some type of creative outlet.

It is very interesting that we now find some mental retardation is due to diseases like German measles in pregnancy—an innocuous disease but one which causes retardation if contracted in the first three months of pregnancy.

There has been a debate about schizophrenia. Freud thought it was due to mental aberration which either developed or was stimulated by some abnormal circumstance. We are finding out that it also has a physical background, and this is a breakthrough. We have had a preliminary report from the doctor who runs the Lakeshore psychiatric hospital in Toronto which shows that many of his chronic patients were people with renal disability. These kidney cases had to receive treatment by renal dialysis in order to survive and in the process of treating them the doctor was astounded to find that some people thought beyond help had recovered. Some even went back to work. I mention these things because they point out the necessity for continued work and research and for trying to make the lives of these people more pleasant and meaningful.

The opposition House leader spoke of the need for this subcommittee. In Welland I have had experience with a society which is helping the handicapped. It was started in Port Robinson and the other night they held a dinner which the Lieutenant Governor for Ontario, Pauline McGibbon, attended. I was unable to attend because of an expected vote in this House.

The country as a whole must show an improvement in its attitude toward the handicapped. We should also find some way of changing the architecture of places of work, public buildings, residences and all areas of the environment which make life so difficult for handicapped people. The Department of National Health and Welfare is extremely concerned about the problem. A great deal of work is being done by the committee but the old question of more committees and subcommittees comes up. Studies are being carried out now into the work of private agencies, citizens and provincial and federal governments; it is not that the government is averse to this particular subcommittee study at all. There is a question of timing, however, as there must be a great deal of education—

Mr. Deputy Speaker: Order, please.

Mr. Baker (Grenville-Carleton): A point of order, Mr. Speaker. I have been listening with great interest to what the hon. member for Welland is saying. I think I should say to you that a consensus has been reached in the House about this motion. There was some discussion about dealing with the amendment. This discussion led to the point where the member for Brandon-Souris would be able to speak on the amendment. I know, Mr. Speaker, that you have a choice of who might speak in the debate, but the hon. member for Brandon-Souris has been identified with the cause of the handicapped for so long, as has the hon. member for Welland. Perhaps it would be appropriate for you not to see the clock in view of this consensus in the House. The hon. member for Welland could finish his speech and then we might hear from the hon. member for Brandon-Souris to close the debate. Given the consensus there is on all sides of the House respecting the importance of the subject matter to the handicapped

and to their advancement, I hope that the proposition would be agreeable to all of my colleagues in the House.

● (1802)

Mr. Railton: Mr. Speaker, I have not been told that there was a consensus. It was my understanding that the government was quite happy with the debate on the question of this subcommittee. But nobody has told me whether or not there was a consensus and that any vote could be taken. I think for that reason I would have to refuse to give unanimous consent.

Mr. Young: Mr. Speaker, respecting the comments made by the House leader for the opposition, my colleague the Parliamentary Secretary to President of Privy Council had gone off to check. I was unaware of any consensus. I know the hon. member for Welland would like to finish his remarks. I can appreciate that the hon. member for Brandon-Souris would like to make some remarks, but I think this matter could come up again on another Tuesday. If the hon. House leader for the opposition would permit, I would like to make some remarks on the motion as well, and I do so only for the simple reason that I can speak from some family knowledge on this subject.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I thank the hon. parliamentary secretary for his remarks. I think I speak for the hon. member for Brandon-Souris in suggesting that it would be quite agreeable for the matter to come up at the next Tuesday when it could be dealt with. The reason I suggest that to you is because of this rather unique consensus in the House on this matter. I appreciate the comments of the parliamentary secretary and I accept his offer. I know that he will ask the government House leader to do his best to ensure that this will happen.

Mr. Railton: Mr. Speaker, I certainly concur with the suggestion that we make another attempt to finish the debate on a Tuesday.

Mr. Deputy Speaker: Order, please. I might conclude that the hon. member for Welland had called it six o'clock; he wants to finish his speech at the next sitting.

The hour provided for the consideration of private members' business having expired, I do now leave the chair until eight o'clock p.m.

At 6.08 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

EXPORT DEVELOPMENT ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Horner that Bill C-36, to amend the Export Development Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

● (2012)

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, when I called it five o'clock I was explaining why I had some doubts about this bill being brought forward at the present time in current circumstances. It is only a partial solution to one of the great problems confronting this country, namely, unemployment. While the increase we are being asked to approve would contribute to the reduction of this unemployment by ensuring orders for our exports, I am persuaded that there are other ways in which we could proceed and I propose to say more about this later on. The proposal is that the credit potential of the Export Development Corporation be increased from $400 million to $1 billion.

Even when the Export Development Corporation was an export insurance scheme, Mr. Speaker, I wondered why it was not possible to get an accounting of the extent to which credits which have been extended are being paid back. I know that when credits have been extended and debts are repaid the money goes back into the consolidated revenue fund. But surely the corporation should be in a position to indicate openly the extent of the sums it was getting back from the credits it had extended so that there might be a roll-over scheme, a self-liquidating fund for its operation. At the present time, except for what appears in the annual report of the corporation it is very difficult to learn the extent to which loans are being refunded.

One would imagine that since 1964, when the corporation came into being in an earlier form, there has been a considerable return on the expenditures laid out. There ought to be a means whereby, through parliamentary approval, the corporation might, for example, ask in a particular year that 80 or 90 per cent of the funds returned in the previous year or two be made available for future operations by the agency. But that is not how it works. The way it works is for the corporation to come to parliament and seek to increase the amount which can be made available for export development.

Some of my hon. friends have mentioned countries to which lines of credit have been extended. Cuba has been mentioned. Among industries, the paper industry has been mentioned. I believe that either through CIDA or the EDC, or a combination of the two, there is a scheme whereby bagasse, as it is called, or the crushed fibre of the sugar cane, instead of being burnt or otherwise destroyed, is being converted into a form of paper. Some Canadian papermakers have had a hand, I understand, in this enterprise.

The criticism I make of this operation is that, through this assistance in its industrial development, Cuba is being freed to send troops throughout Africa, causing serious problems for established authorities there. We should examine this aspect very closely. We hear from some quarters the suggestion that we should not attach political considerations to the extension of assistance, but there is a kind of precedent for doing so. An embargo, for instance, is the application of political considerations, in a negative sense, and one is being applied against Rhodesia. So if political criteria are being applied and given expression by way of an embargo, why are political criteria not applied when it comes to the extension of credit or assistance?

Algeria is another country receiving assistance from the EDC. I remember trying to find out where the $1.2 billion line of credit at very low interest had come from. I had received a number of letters sharply critical of this $1.2 billion being made available. Algeria must by now be one of the wealthy countries, whether good use is made of that wealth or not. Almost from the first day of its independence it managed to conclude contracts across the Mediterranean with France for the sale of petroleum products. There is, of course, still a great deal of commerce in liquid natural gas across the Mediterranean to France and other countries on the north shore of the Mediterranean. Algeria is not a pauper by any means, and therefore one has cause to wonder why $1.2 billion should be extended as a line of credit to Algeria.

● (2022)

The other criticism of Algeria was, and still is, that it was one of the host countries to hijackers of aircraft. It was the one country to which many hijackers wished to be sent once they sorted out their problems with the countries in which the hijackings took place. In other words, Algeria was the host country to international criminals. Therefore, why should we extend a line of credit of $1.2 billion to a country which makes itself a haven for the criminal element in the international community?

I question that particular line of credit, and if this bill goes to committee I would certainly like to get a further line on this. I am sure I will be given a suave answer like "They are in need of it". There was one little aspect about Algeria which amused me when I visited there with the then president of the Canadian International Development Agency. This will lead into another comment I want to make.

One of the projects which had been organized by CIDA was a school which was set up in Algeria to teach Algerians how to run a merchant marine. My friend, the hon. member for Timiskaming (Mr. Peters) would roar with laughter to think that Canadians would teach anybody how to run a merchant marine. We have difficulty persuading this government to create a merchant marine in this country, yet CIDA managed to find technical people from around the country to go to Algeria to set up the administration of a merchant marine in that country.

That brings me to the final point I had in mind when I rose to speak about this measure. This was mentioned by the hon. member for Vancouver Quadra (Mr. Clarke) and also by the hon. member for South Shore (Mr. Crouse). Surely in today's world and with the problems confronting Canada there must be some way of using the funds which we are being asked to give to the EDC to help Canadian industry help Canada. There is talk about assistance to fishing fleets.

I mention this in terms of extension of assistance to a merchant marine because we do not have one. We have not had one, unfortunately, for a number of years. We built up a fairly respectable merchant marine during the war, but gradually it was allowed to deteriorate. The hon. member for Lévis (Mr. Guay), who sits on the government side, has risen to speak about this. The hon. member for Dartmouth-Halifax East (Mr. Forrestall) has also spoken about it. I have spoken about it as well. On the economic ground of what it costs to import and export the goods which we import and export, surely to goodness it stands to reason that there ought to be a merchant marine in Canada manned by Canadians and using ships which are built in Canadian yards. Our shipbuilding yards are withering away, and much of the shipbuilding technology which we built up during the war is virtually lost to us now. It is still there, but we are very near the critical moment, and funds should be made available for the creation of a merchant marine. It cannot be done in one year. It is a fantastically expensive operation, but a start should be made. I have said this in this House before. I probably referred to it, at least in passing, in my maiden speech, and that was almost six years ago.

The tradition of the sea is part of Canada. I think even my friend the hon. member for Welland (Mr. Railton) would agree that there are traditions of the sea even as far inland as Welland. They are good traditions which ought to be kept alive, yet we are allowing them to disappear and die. The hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) would also agree.

Mr. Béchard: Me especially.

Mr. Munro (Esquimalt-Saanich): However, we ought to think and continue to think in terms of real deep sea transport with large ships. We export in the order of $40 billion worth of goods a year, and, if my figures are correct, we import about the same amount, but all in foreign bottoms. We pay billions of dollars to send our wheat abroad. We arrange to sell it, and then we arrange for someone to pick it up and carry it away. Why we do not have our own ships to carry our wheat? How many millions or trillions of tons, gallons or barrels of oil do we import into this country, all in foreign bottoms? Some of them are Liberian, some Panamanian and some Japanese.

Why should we not make a start at building our own merchant marine to carry the trade which is the very lifeblood of this country? What we are being asked to do today is to build up a fund for the EDC to allow Algeria to dream up the idea of a merchant marine. We will send away our technicians so that Algeria can have a merchant marine. It is absolutely ludicrous that we should be creating a merchant marine for someone else when we are not doing it for ourselves. There are

shipbuilding subsidies in the estimates. I was able to get at the last minute only the 1977-78 estimates, but there was $65 million for shipbuilding in the estimate of the Department of Industry, Trade and Commerce. Some of that was for fishing vessels 75 feet in length. There was federal support for accommodation of a new shipbuilding assistance program which was an extension of the subsidy program administered by the Department of the Environment for patrol vessels and fishing vessels, but not for the carriage of trade. These other vessels are important and needed, but we also need vessels for the carriage of trade.

I have the suspicion that this matter has been brought in at the last minute just to fill in time. It could have been brought in earlier. We are under some pressure to make sure it gets through. I suspect that there is something behind this bill which I do not like. I have misgivings about the fact that there is not a clear story about the returns on the loans already made and on which I assume repayments are being made. I hope they are not all being forgiven. Some of them maybe. On political grounds I question whether EDC assistance should be extended to such countries as Cuba and Algeria; I cite only those two. There may be others, but those two are the most obvious. We seem prepared to assist others, but we are not prepared to confront the problems of unemployment and lack of self-respect in our own country which we ought to be able to do through an organization such as this.

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I am very pleased indeed to be able to take part in this debate on Bill C-36 because I believe very strongly that we need an incentive which will induce our producers to make the extra effort which is necessary to increase our export sales and thereby start to produce the additional jobs which our people—and especially our young people—need today.

● (2032)

Because of this country's great dependence on the United States market—we ship 70 per cent of our exports to that market—and the steady move of that country toward protectionism, the development of additional markets has become particularly necessary if we are to increase our volume of exports, or even maintain our present level of exports.

Making sales in other countries depends to a very large extent upon doing four things successfully: first, going abroad and making personal contact with potential buyers; second, finding out what is required to meet the competition in those markets; third, returning to Canada and producing a product which can compete successfully; and fourth, displaying the product effectively before potential customers.

The incentive I suggest would allow producers to write off 200 per cent of all expenses connected with, first, making sales trips abroad; second, displaying their products at foreign trade fairs; and third, any other expenses incurred in sales promotion in the export market in excess of those made in the base year, the year before the plan goes into operation.

Not only would all such expenses be completely written off in the year when they are made, but a considerable cash bonus would accrue to the company for its additional sales promotion activities. The kind of incentive I have mentioned would greatly encourage the kind of activity which is essential if increased sales are to be made.

Another thing which the government should do to help increase the sales of Canadian products abroad is to organize fly-and-buy missions whereby the important buyers in the principal foreign markets would be brought to Canada once a year to see Canadian products displayed in giant trade shows in Montreal, Toronto, Winnipeg and Vancouver, and our heavy machinery in the factories where it is made across the country. Such operations have produced spectacular results where they have been used, and have paid for themselves many times over by the additional business which they have generated. I hope that the government will have the good sense to introduce such incentives in the very near future because not to do so would greatly jeopardize the increase in export sales which this country so badly needs.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I had not expected to be given an opportunity to speak in the House again in the present parliament when I spoke last week in the budget debate, but here we are proceeding with parliament while the Prime Minister (Mr. Trudeau) attempts to make up his mind whether he dare risk an election or whether he dare risk an election in this century. Because, quite frankly, I am starting to become dubious as to whether we are going to have an election in Canada again. When I look at the hon. gentlemen opposite, I am reminded of the great Scottish bard, Mr. Robert Burns, who wrote of the "wee sleekit, cow'rin', tim'rous beastie" in his poem. Certainly the cabinet members opposite are getting the wee sleekit, tim'rous beastie look about them. I hope the Prime Minister will be encouraged by the wee sleekit, tim'rous beasties.

The Acting Speaker (Mr. Turner): Order, please. I suggest the hon. member get back to the bill under discussion, namely, Bill C-36.

Some hon. Members: Hear, hear!

Mr. Crosbie: Mr. Speaker, as always I accept your advice on these matters, so I will leave the wee sleekit beasties and proceed to the bill.

This bill is an illustration of the unparallelled arrogance of the government opposite. It is one more example to the Canadian public which is aching from the many blows it has taken from this government in the last four years. It is another example of the unparallelled arrogance of the government. We had the Minister of Industry, Trade and Commerce (Mr. Horner) a few weeks ago sending out a release to the financial papers stating that it was a shocking thing that the opposition had not agreed that this bill should be rushed through parliament without any debate.

The unparallelled arrogance of the minister is only second to that of the Prime Minister and of the Minister of Finance

(Mr. Chrétien). How he got that way so fast is one of the mysteries of the century, or perhaps the gentleman who sits near to me already knew how arrogant he was and, as I have often said, he is looking very relieved now that he has been relieved of the case of "horneroids" which he had.

Some hon. Members: Oh, oh!

Mr. Crosbie: It was booted about in the North American papers by the minister that if we did not rush this thing through, the export trade of Canada would collapse in a heap this year, in 1978, and the Progressive Conservatives in the official opposition would have to accept responsibility for this state of affairs. So we are supposed to rush through these millions of dollars in additional powers and authority to the Export Development Corporation without a moment's hesitation, on the say so of the Minister of Industry, Trade and Commerce, who is not here tonight to defend his bill. I presume he spoke in this debate. I rushed up from Newfoundland this morning when I heard this was coming up in the House; I came 3,000 miles to try to save this House.

Some hon. Members: Hear, hear!

Mr. Crosbie: Therefore, I am not as well organized as I would like to be in addressing this bill, but I still have some relevant things to say about it. I expected to see the minister here to defend it.

There are billions of dollars involved here. On this point I want to say something, but because I did not hear the other speakers I am afraid of being repetitious, as I am sure you know, Mr. Speaker. I do not know whether this point has been made. A year ago, on May 12, 1977, the Standing Committee on Finance, Trade and Economic Affairs considered Bill C-47, an act to amend the Export Development Corporation. At that time the hon. member for York-Simcoe (Mr. Stevens)—a more dedicated, hard working and astute member of the House there is not—

Some hon. Members: Hear, hear!

Mr. Crosbie: —our financial critic, a man who is going to make a tremendous minister of finance—

Some hon. Members: Hear, hear!

Mr. Crosbie: —who is going to put it all back together once we get the government out, if there is an election this century—was questioning the president of the corporation in the committee. He said this:

. . . If we raise you from the $750 million to the $2.5 billion—

That is what they wanted last year, and we remember C. D. Howe's famous statement "What's a million?". With this crew it is "What's a billion?". The hon. member for York-Simcoe went on to say:

—how long do you project ahead that that new ceiling is going to be sufficient for you?

MR. MACDONALD: We have to cope with the existing business, the secondary rate of growth which topples out in this case—

[Mr. Crosbie.]

This is typical Ottawa "bafflegab", you will notice, Mr. Speaker.

—and the fact that we are prepared, if and when this increased ceiling is approved, to start writing some front-end risks of performance bonds, frivolous call and cross liabilities, which the companies have been crying for for some time.

Who can understand what he is saying?

We anticipate that on these two counts the new ceiling we put forward will carry us, we hope, through the end of 1978.

So last year at the committee meeting, when the president was asked whether this would keep them going, he said "through the end of 1978". Now we have the minister, acting like a cry-baby in the financial pages of the financial press in North America, bawling, crying and moaning that if it is not put through, they will stop operating some time in 1978.

They better get their act together. Either the president of the corporation knew what he was saying in May of 1977 and the minister does not know what he is saying now—that is my preferred solution to the problem—or else the president in 1977 did not know what he was saying and the minister does know now. That is so unlikely as to make it beyond belief. We know the minister does not know what he is saying. He has not said a sensible thing since he became minister. A more puerile performance by a minister of this government has not yet been seen.

The president of the corporation then went on to say:

That is, it will give us ample time to come back to parliament when we hope to have a major revision of the statute on the lending side.

This is certainly a major revision; it is in the billions of dollars. It raises the authorized capital from $400 million to $1 billion. It raises the number of shares from four million to ten million. It raises the ceiling for all contingent liabilities from $2.5 billion to $10 billion. We are talking about billions of dollars, Mr. Speaker. This crowd has gone wild with power! They have come to this parliament and they ask to be given extra authority to raise the amount from $2.5 billion to $10 billion, and we do not even have a chance to scrutinize properly what this corporation is doing.

● (2042)

I went to a meeting of the public accounts committee where this corporation came before it. It was sickening to see a corporation that is able to lash out guarantees in the hundreds of millions in loans and credit—in excess of $1 billion—and we in that committee unable to really dig in and get any information. Grown men and women were given ten minutes to ask questions while the "bafflegabbers" you asked the questions of took up nine minutes of "bafflegabbing" in response to the questions you asked. That is the only scrutiny that this parliament has had as respresentatives elected to represent the Canadian people over this Crown corporation, and we are now asked to go on and give them the ability to make $10 billion in contingent liabilities, up from $2.5 billion, and to raise the ceiling for all contingent liabilities re the government account to $3.5 billion from $1 billion. Not on your life, Mr. Speaker!

We would be derelict in our duty were we to rush this through as the Minister of Industry, Trade and Commerce wants.

We want an accounting, we want this corporation before a committee of this House and we want them put under a grilling, a real grilling. We want to see what they are doing. We want to see what they are up to. That is what we want to see, Mr. Speaker. We are not just going to walk this through because the Minister of Industry, Trade and Commerce thinks this is an election year and we are going to fall over and play dead while he raises to industry and business the spectre that before the end of the year the corporation may run out of credit facilities. It is not going to run out of credit facilities. It is going to run out of credit with us unless it comes before a committee of this House and lets us get right into the meat and potatoes of that corporation and see what it is up to and what they are doing.

Now, Mr. Speaker, just look at the provision for loan losses this outfit has that is dealing in the hundreds of millions and even billions of dollars. What have they got there for loan losses? This is an example of "bafflegab" gone berserk, Mr. Speaker. Their provision for loan losses you will see in their financial statement for the end of December, 1977, page 5. The provision for losses and loans receivable is $4 million; provision for claims in insurance in force is $5,026,000. These are minuscule amounts when you are dealing in the huge amounts they are dealing in. What is the answer? We are told this at page 9:

> Provisions for losses are based on a review of collectibility of all outstanding loans to sovereign and commercial borrowers. In respect of this review, the corporation recognizes that the future economic and political conditions in some of the countries where the corporation has made loans are subject to varying degrees of pressures, some of which are unpredictable.

You can bet your "bafflegab", Mr. Speaker; you can bet it is unpredictable what they are going to do in some of those countries. Have you seen the list of the outfits they are lending to and the countries? There is not enough sovereignty in most of those countries to put in a glass of water.

They say:

> Accordingly, delays in the repayment of principal and interest may well occur from time to time.

That is an astute prophecy!

> In the case of loans made to sovereign borrowers—

Now we are going to get it right square between the old eyes. Here we were worried about our money and about the difficult conditions and delays that might well occur from time to time with the varying degrees of pressure. We were getting worried, but now we come to the punch line so we won't worry any longer, the soporific statements that put the minister to sleep. Oh, the minister loves to hear statements like this. He does not need to worry then about the EDC and their billions of credit. What is the statement? The statement is, Mr. Speaker:

> In the case of loans made to sovereign borrowers, that is the governments of countries or their agencies, payment delays are not necessarily indicative of a future loss requiring a provision.

Why not? Here is a sovereign that has defaulted—defalcated. They have said, "Buzz off, we can't pay you". We are not going to worry about that. Why not? It states:

> Sovereign entities and their international financial obligations do not have commercial mortality—

They might not have commercial mortality, but they have got an awful lot of other mortality in the barrels of their guns, Mr. Speaker. In other words, they are going to exist whether they pay their bills or not. That is exactly what they are going to do.

> Sovereign entities and their international financial obligations do not have commercial mortality, and the international system does not allow the unilateral denial of a sovereign obligation.

What bellywash! Did you ever hear the like of that, Mr. Speaker? International law does not allow sovereign entities to unilaterally deny their sovereign obligations. What a joke! All through the centuries they have done it tens of thousands of times, and the only way you can stop them is if you go in and invade, take them over and give them the iron fist.

Can't we see dear old Canada putting the iron fist to all these countries in Africa and South East Asia, not to talk about Poland? Suppose the Poles do not meet some of their obligations? Are we going to send the Canadian armed forces steaming over to Poland to show them that it is just not allowed by the international system for them to internationally spurn their obligations? What a laugh. Imagine this appearing in an official government document. It might have made the minister feel better but it does not make me feel better. I want this outfit before a committee where we can question them hour after hour, day after day and week after week until we find out what they are up to.

This is another quotation:

> Furthermore, the international system provides several mechanisms and institutions through which countries facing repayment difficulties can effect remedial measures in agreement with their creditors.

Did anybody read about Indonesia a few months ago and how the whole shooting match just about went up the spout with their great company pertimax, whatever it is called, over in Indonesia which was unable to meet its obligations? All the great U.S. banks and others that have been lending all the money, and who pretend to know so much about international economic order, just about all went down with Indonesia and had to get together and kiss the old Indonesian whatnot so they would not go under. Because if they had gone under, they would have taken all of them with them. That is what is happening, Mr. Speaker. The creditor countries are afraid to collect. They cannot put any pressure on to collect because if they do the whole house of cards will come tumbling down. Then they state:

> Therefore, except in the rare instance of outright repudiation or a write-off of asset value agreed to by creditors, in the opinion of management the ultimate collectibility of a sovereign obligation, and thus its asset value, is not subject to question although delays may have to be accepted.

Yes, delays—something like a thousand years. They do not want to put this in their accounts. They do not want to allow reserves for it. What is a thousand years in the life of a

sovereign entity? Have you ever in your life, Mr. Speaker, had this kind of malarkey thrust before you in an official document?

Finally, if the review of the outstanding loans does not specifically indicate future loss, it is the policy of the corporation nonetheless to set aside each year some provision in consideration of the total loan portfolio.

Something like $1 for $100 million, I presume, because they certainly do not show much allowance here.

I am only giving the House this example, not because I want to denigrate the Export Development Corporation, but because I want to get them on the right track. I want to get them under the scrutiny of the people who are elected to this parliament to govern these things. Because in twenty years' time, or thirty, they will be looking back to see what we did and how we acted with this corporation that is now so proud of itself, and so boastful about itself, and which so easily gives away billion dollar credits around the world.

There is an oil refinery in Come-By-Chance, Newfoundland, that was not financed by the EDC because it is in Canada. They are not financing or helping with development anywhere in Canada in the underdeveloped areas. No, that is one of the things that is wrong. We should have a credit agency that does that. That oil refinery in Come-By-Chance was financed by the ECGD, the English export credit department of the board of trade which is the equivalent in England of the Export Development Corporation here.

I remember Mr. Smallwood saying how the ECGD had said the whole thing at Come-By-Chance was feasible and economically sound, and that is why nobody should question it. I had the temerity to question the deal; I had the effrontery to question the great wisdom of the deal at Come-By-Chance. I got jumped all over for three years, and brutalized politically, but I fought back, Mr. Speaker, and here I am ten years later and I am still going to speak my mind and expose this kind of chicanery whenever I come across it.

They went ahead and ECGD financed it, and they are holding the bag for $110 million today. That is what ECGD is doing because they are interested. And so the EDC; they are interested in financing Canadian exports and it is, very, very secondary whether the credit they are giving is sound or not. They are not concerned about how sound the credit is. They are not concerned. They want to have a big record. Mr. MacDonald wants to come before the committee and say: "We had a billion dollars; we whacked out a billion dollars last year in credits. We financed a billion dollars worth of exports."

The January/February "EDC News" states in the heading, "EDC Loans Top Billion Dollars in 1977". That is what they want, another record, not whether the $1 billion in loans is sound from a banker's point of view. They are interested in financing and their job is to finance Canadian exports and to help us export more. Therefore, Mr. Speaker, they are prepared to take risks and they are taking risks that bankers would not take.

[Mr. Crosbie.]

● (2052)

They are going to get stung with big losses, Mr. Speaker. The losses that ECGD are suffering in Come-By-Chance, Newfoundland heralds the losses that EDC are going to have the way they are operating around the world. Mark my words. I do not know how long it is going to take, a year, five years, ten; but they are going to suffer some big, staggering losses. You can see it there now. They have got huge outfits like Inco who have gone ahead in Indonesia, and Falconbridge in other parts of the world, in nickel mines. They compete with their own nickel mines over here where they are having big problems now because of the economic conditions of the world, the demand for nickel has gone down, and so on. And these are large projects that one would normally think there would never be any trouble with. The whole thing is a shaky edifice, Mr. Speaker. We can only hope that in the next or 24 months it is not going to topple.

I have another point to make with this EDC. They had the unmitigated audacity, Mr. Speaker, the unmitigated gall as a Crown corporation—this House should take notice of this and put them in their places—to say this in their "EDC News", January/February, 1978. I turn to page 2 and I see "EDC answers MPs charges". Then they say in an article that recently appeared in a number of local newspapers:

Conservative MP William C. Scott (Victoria-Haliburton) called for the abolition of EDC and charged that it was a "threat to the future of some of (Canada's) domestic industries".

And then EDC went on to answer what they said were the hon. member's charges. He identified Mr. John Bowles, EDC's director of corporate communications, and he identified four statements that he said were particularly misleading. Then there is practically a whole page answering what they said were charges by a Conservative MP.

What is this outfit doing, having the audacity and the gall, Mr. Speaker, to interfere in our political life and to criticize what a Conservative MP had to say about them? That is the job of their political master, or their supposed master, the Minister of Industry, Trade and Commerce. How dare they take it upon themselves in their "EDC News", to attack a Conservative MP. The minister should act on this. There should be people dismissed for this. It is the minister's job. If the minister does not agree with what the MP from Victoria-Haliburton said about the EDC, it is up to the minister to respond, not the EDC.

I am surprised and shocked, Mr. Speaker. As far as I know this has not been brought up before. I have not had a chance to bring it up. We have not had them before a committee, or at least not a committee that I have been at. If this was a Liberal MP, Mr. Speaker, do you think this outfit would dare criticize a Liberal in their "EDC News"?

An hon. Member: No.

Mr. Crosbie: No way. If a Liberal MP had made some criticism of the Export Development Corporation, do you think that they would have had a page in their "news", paid for by the taxpayer, and if they would have answered the MPs

charges and named him a Liberal? If they ever come out with an article while this government is in power saying "Liberal MP Smith said this, that and the other and he is all wet and he is all wrong", that will be your day, Mr. Speaker.

I am asking the government for an explanation for this. Who was reprimanded for this? Here are civil servants of a Crown corporation—all right, they are not civil servants, but whatever they are, employees of a Crown corporation—putting out a newsletter criticizing a Conservative MP. Is it the policy of the government that Crown corporations are now free, holus-bolus to criticize and attack members of the opposition if the members of the opposition make statements that they do not like? Is this House going to put up with this, Mr. Speaker? I dare say it will, the majority are Liberals, and this plea will probably fall on deaf ears. The minister is not here tonight.

As for the EDC, well, I will not go into the criticism they made of the Conservative MPs statements that they said were particularly misleading. One of the statements that the hon. member for Victoria-Haliburton made was this:

EDC has gotten completely off the track . . . loaned millions of dollars . . . for the construction of nickel mills in countries (competing with) Canadian nickel producers.

How is that misleading, Mr. Speaker—"particularly misleading", Mr. Bowles said. It is not misleading at all, it is exactly the truth. EDC helped Inco and Falconbridge and others, or those two in any event, to construct nickel mines and mills in countries that compete with their mines in this country. That is the truth, and they got cheap financing from EDC to do it. This is one of our criticisms. It is not only our criticism, it is a criticism many people are making, and which the NDP party certainly made, of what the EDC is doing. They are giving cheap credit and easy financial terms to people who are going to compete with us all over the world, not just in nickel, but in pulp and paper. I can give all kinds of instances. There are two pulp and paper mills going into Argentina, another in Poland.

Surely, Mr. Speaker, we are a big export nation in pulp and paper, and if we are going to help to finance them in Poland and Argentina and everywhere else around the world, we are only helping to finance our competitors. They are going to go for export orders just as most of our industry has to go for it. To get temporary jobs in constructing the manufactured equipment and so on, are we going to help these people compete with us forever?

This requires intensive review to see whether it should be permitted any longer. It is a short-term game for a long-term detriment. So when the hon. member for Victoria-Haliburton made that statement, to think that this Crown corporation could call his statement particularly misleading and go on and answer it like this is just beyond belief. If that happened in Newfoundland, Mr. Speaker, with any Crown corporation, that would be it. They would be gone, dismissed, out. It just would not be permitted. This is a Crown corporation that has gone wild. They are only a different form of organization from the civil service. They are out in a corporation and civil servants are in a department. But they are still owned by the government, Mr. Speaker. They are in that forum that gives them a little more flexibility, but it does not give them political freedom. I am going to be calling on the government and the minister to take some action on this. Who has been reprimanded; who got demoted; who was dismissed; will it ever be permitted again?

There has been a $285 million line of credit extended to Poland, $46.9 million for goods and equipment for Poland's Kwidzyn pulp and paper complex and so on. Yes, we are asking questions about that because I think there is something peculiar about it.

Now, here is a mini steel mill being assisted to go down in the United States. This quote is in the March April "EDC News":

Sale of Canadian-produced mini steel mill will generate 1,350 man-years of employment.

This mill is going to go down in Perth Amboy, New Jersey. The Whitby based firm of Co-Steel International Ltd. and its subsidiaries are launching a similar venture in Perth Amboy. The equipment is to be built in Canada, and it is being financed by EDC and Canadian banks. The Raritan River Steel Company in New Jersey is going to operate the mill and is expecting to go into production in late 1979. It is going to produce 450,000 tons a year, tailored to supply the market for steel rod, wire mesh and fastener industries along the U.S. east coast from Maine to Florida.

Now, Mr. Speaker, I do not know whether this mill will compete directly with Canadian mills or not which export to the United States. Surely, if we are in the steel business, we have steel mills that make the same kind of product, yet here we are helping to finance a steel mill down in the United States.

A year or two ago when the present Minister of Finance was minister of industry, trade and commerce he said in *Hansard*, October 21, 1977, when this criticism was brought forward—and I quote the Minister of Finance who was then the minister of industry, trade and commerce; there have been seven of them in the last seven or eight years:

We are preoccupied with creating some growth for the poor around the world.

Now, Mr. Speaker, if that is the rationale, is the United States in this category? Is Canada so rich that we now consider the United States and New Jersey to be poor and we are creating some growth for people down in Perth Amboy, New Jersey? What malarkey! It is not what they are doing at all. The minister then might have felt that arrogance and so on about Canada, but he does not feel that way today with the trouble he is having with the Canadian dollar and all the rest of it.

We are concerned about what EDC is doing. We are not voting them additional billions of credit, Mr. Speaker, to go on this path until we see just what they are up to, until we get clear statements from the Minister of Industry, Trade and Commerce, who is going to commit them to go on as they are.

Now, here is an issue, January/February, paid for by the taxpayers, with two pictures of the Minister of Industry, Trade

and Commerce, one on the English side and one on the French side. Even if we are bilingual, Mr. Speaker, the pictures are not bilingual; you only need the one picture. But no, we have two pictures of the minister and Mr. John A. MacDonald, the EDC president. It is the same picture on both sides, the French side and the English side, to make sure nobody will miss it. One of the perils of being bilingual is that you might see two pictures of the Minister of Industry, Trade and Commerce where formerly you would only see one. Is that necessary?

• (2102)

The March/April issue shows two pictures of Mr. MacDonald again signing various deals. What is going on? Are we going to have somebody else leave the civil service and jump into politics? Why all these pictures of the president of the EDC? I would not mind having this to send to my district, Mr. Speaker. I would like to get my picture in next month. I call on EDC now to have a couple of pictures of opposition MPs looking on while they are signing a deal so that we can send it out to our districts the same as all the rest of them do. We hope it will be a deal we can support as being a sensible deal.

Now, parliamentary review. The Auditor General has reported. By the way, Mr. Speaker, I've got so much material I wish I had the hours to speak that I need.

Mr. Hees: Just keep going. They will give you unanimous consent.

Mr. Crosbie: While the Minister of Industry, Trade and Commerce says that he wants this legislation to help Canadian businessmen and to help our exports, the Prime Minister and the Minister of Public Works (Mr. Buchanan) are trying to shake the confidence of Canadian businessmen themselves. I read this quote the other day here in the House just to show the hypocrisy of it. The Minister of Public Works was speaking to the Prime Minister about Canadian business abroad. He told them it wasn't too good, that Canadian businessmen were not really cracking and were not doing their job. The Prime Minister replied, "Judd, amen." I hope the electorate are going to say amen to Judd too. The Prime Minister went on:

—that's the story I get in all the trips I have taken. We Canadians seem to lack the entrepreneurial spirit, lack that hustle.

That's the Prime Minister's view of Canadian businessmen, Mr. Speaker, his statist, elitist sentiments which he expressed two years ago on an unguarded New Year's Day. I don't know what happened. I don't know whether it was the Ontario liquor board that loosened his lips or what, but that is still what he believes, Mr. Speaker. All this cosying up to business in the last few months means nothing. The Prime Minister says that Canadians lack the entrepreneurial spirit, lack the hustle. If they do, it is because of this government, Mr. Speaker. They have been hamstrung by them, regulated to death by them, they have been scorned by them, they have been taxed by them, tied up in knots by them, been insulted by them, they've been verbally assaulted by them. And the final insult was to make the Minister of Industry, Trade and Commerce, the gentleman who now holds that portfolio, show how much Canadian businessmen were thought of by the Prime Minister.

If the Prime Minister is right and there is no entrepreneurial spirit, no hustle in Canadian businessmen, they are a bunch of slackers, they are a bunch that won't get off their duffs to go get an export order, why should we give them all these billions of dollars through the EDC? Why should we raise their limit for guarantees from $2.5 billion to $10 billion? Not at all. Who is going to use it? There is no hustle, there is no bustle, there is no zeal, nobody getting up off their duff apparently. The Prime Minister is certainly not getting off his to call an election. Little Orphan Annie he is now. He is stuck with an election he has got to call and he doesn't know how to call it. There he was in Toronto over the weekend going to the Blue Jays baseball game. By God, he must want to win this election pretty badly!

Some hon. Members: Boo!

An hon. Member: He got booed there too.

Mr. Crosbie: Mr. Speaker, I mentioned lack of parliamentary review briefly. Oh yes, the Auditor General's report. Before I come to that, let me deal with the financing of projects in Canada. Apparently credit is unlimited to finance things to go to Indonesia, to go to the Dominican Republic, to go to Zambia where the kwacha is now 26 per cent higher in value compared to the Canadian dollar than it was a year ago. We are ashamed to go Zambia any longer. You can't look a kwacha in the face if you go there with a Canadian dollar. Because of what has happened to our dollar in comparison to the kwacha, if you go there you have to go with some other currency.

Mrs. Pigott: What is kwacha?

Mr. Crosbie: The kwacha is the currency in Zambia. It used to be a lot less valuable in terms of the Canadian dollar than it is now. All over the world the Canadian government through EDC can finance projects—mines, mills, steel mills but it finances nothing in Canada.

Don't give me the old DREE malarkey. DREE is just a grab bag now for paving roads, building roads, a few water and sewer systems and things like that. We have to have an internal EDC that will help the underdeveloped parts of this country. It is just as good to us if we build up our own country and help finance mills, pulp and paper, whatever it might be in our own country, as it is to do it outside the country. This government stood by and allowed the Labrador linerboard mill in Stephenville to go under without one cent of help—not a cent, not a sou, not a nickel, not a kwacha. It wasn't in the right province, Mr. Speaker. I am not going to say what the right one is because the next thing they will say is, "He is a bigot." I say they are a spigot. If I am a bigot they're a spigot and they are pouring it only into certain parts of the country and outside the country. Now they want us to go and assist them in billions more for all kinds of areas around the world except our own. We want an internal development corporation.

That's what we want, Mr. Speaker. We want something like that, something that will be properly reviewed by the House.

When we looked at the estimates this year the government was very proud to state that there was a decrease in the estimates for the Export Development Corporation of $365 million. That was tremendous news—EDC wanted $365 million less. It was reduced from $425 million last year to $60 million in the estimates this year. Our hearts jumped as good Conservatives who want to restrain government expenditures. We were pleased and thrilled with this government until we saw that EDC planned to borrow the money this year from the private sector instead of borrowing it from the government.

What is the difference, Mr. Speaker? The EDC is the government. It is owned by the government and if the government is not legally obligated to meet its debts, it is certainly morally obligated and it is certainly going to have to do it as a practical matter. The government is responsible for EDC debts. If EDC borrows the money direct itself or borrows from the government, there is no difference. The Canadian people are still responsible to see that it is repaid. No Canadian government is going to allow a Crown corporation to go bankrupt or not meet its obligations. When EDC goes and borrows the money itself, the government is still behind it 100 per cent. They have to be. They might not be albe to sue the government, but in actual practical fact the government is responsible and will have to be responsible. It is an entirely false sense of security to think that anything was accomplished in that reduction of the estimates this year. They are now not going to borrow from the government or take from the government, they are going to borrow from the private sector. They are not bankers and they are not going to be cautious with it. We have seen how they operate. I already pointed to the example of the oil refinery in Come-By-Chance as to what can happen to things that appear to be in excellent credit.

Financing Canadian exports is only half the equation. If we want to help our position in the balance of payments—I am glad the hon. member for York-Simcoe is here tonight because if I get off base on any of my statements on finance or economics he can slip me a note so that I can recover my tracks. I want him to nod his head surreptitiously if I do happen to make a mistake so that nobody will see it or notice it.

As I see it, financing is only half the equation. We want Canadian exports, but if we are to do something about our deficit on the balance of payments on the international account there are several ways of taking action. Increasing exports is only one of those ways. We improve our situation in tourism, we travel less abroad, we encourage more tourists to come from abroad to travel in Canada. That helps. We stop borrowing so much abroad so we don't have to pay so much interest abroad, or pay as many dividends abroad. That helps. We stop importing so much.

This country, I think, is the largest importer in the world per capita of any country. I think 35 per cent of all manufactured goods consumed in Canada are imported. I don't see the hon. member for York-Simcoe disagreeing so I assume I remember correctly. It was about 35 per cent, Mr. Speaker. What we need in addition to exports is some import substitution. What we want is not only to be helping Canadian businessmen to export but to help them to replace a lot of the imports we are bringing into Canada. This has got to be our policy.

The Department of Industry, Trade and Commerce has no policy to help industry. It has no industrial strategy. In fact, one of its higher civil servants a few weeks ago said you couldn't have an industrial strategy in Canada, that it was nonsense to even start to try to have one. What has happened to the Department of Industry, Trade and Commerce is that industry was smothered at birth, Mr. Speaker. When those departments were combined industry got smothered and the trade section has been the glamour boy ever since.

● (2112)

If you increase exports, that is all that counts. It does not matter if imports are being increased at a faster pace. We had a deficit of $4.2 billion in the current account last year. That does not matter because we increased our exports. Have you ever seen anything so feeble, Mr. Speaker? Fantastic tunnel-vision. We need a lot more than just increasing our exports. We have got to stop importing so much. We have to manufacture the stuff here, to substitute for the imports.

When a province like Quebec attempts to help its own industry, where they lost 30,000 jobs last year in furniture, footwear, textiles—I have forgotten clothing; did I mention clothing? When they want to help reverse that situation by giving themselves some tax relief, to encourage their consumers to buy more, to encourage the manufacturer to get back those manufacturing jobs they have lost—30,000 the government's own figures, this government's figures—what does the government do but place the iron heel of fiscal oppression upon Mr. Parizeau's neck.

Mr. Parizeau has a pretty thick neck. I do not know anything about his head, but his neck is pretty thick. He is resisting this pressure. We are all in this country together to help one another. Why is it, just because a province suggests something that the federal government has not originated itself, that the federal government has to say no and to use such false and flimsy arguments to say no to? Why is it that all the wisdom in this country is supposed to emanate from the heads of the 34 people we have in the cabinet?

Mr. Hnatyshyn: Thirty-three and a half.

Mr. Crosbie: There is a half up in the Senate, I think. The other place I mean, Mr. Speaker. We must observe the proprieties; I mean the other place where many of our members on this side seem destined for. If this election is held off for another few weeks there will be none of us left. If there are enough vacancies up there, we would all be there. Some of us will resist the siren call to the Senate. The hon. member for Halifax (Mr. Stanfield) spurned that siren call to the Senate. He has more gumption in his little finger than all 33½ members of the cabinet.

Some hon. Members: Hear, hear!

Mr. Crosbie: I am glad he is here tonight so we can say nice things about him while he is here and not just while he is gone. I did not think I would have a second chance to say what a great contribution the hon. member for Halifax has made to our political life—

Some hon. Members: Hear, hear!

Mr. Crosbie: —and how much we admire that hon. gentleman.

Some hon. Members: Hear, hear!

Mr. Crosbie: We only wish he was running with us to take his rightful place in the cabinet of Canada after the next election. Maybe we can persuade him to change his mind and run down in Mount Royal and trounce the Prime Minister right where it hurts, right in his own district. The hon. member for Halifax is now bilingual and he is ready for anything. The next thing he is going to learn is Ukrainian.

Some hon. Members: Hear, hear!

Mr. Crosbie: Mr. Speaker, I can see that—

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

Some hon. Members: Yes.

Some hon. Members: No.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in joining the debate at second reading of this bill, I would first like to suggest to hon. members that the bill we have before us has a much more serious consequence than most members on the government side like to admit. It has become quite standard for this government to delay the introduction of a bill. Then, when they bring it in, if they feel they might be a little embarrassed about it they immediately start lobbying both through the press and through the various people in the private sector, that somehow or other the opposition is delaying passage of the bill.

With respect to the bill now before us, that must be denied point blank. There is absolutely no reason for the government to suggest that there has been delay in this parliament with respect to their bill to amend the Export Development Act. The fact is it was introduced for second reading only on Friday and this is the first full day that we have had an opportunity to speak about this important matter. I say important, Mr. Speaker, because some place the emperor and his cabinet on the other side have lost perspective in this country. When they took power the total federal government spending at all levels, including what they then regarded as Crown corporations, totalled less than $10 billion.

To bring this debate into perspective tonight we are being asked, if the Minister of Industry, Trade and Commerce (Mr. Horner) had his will, to virtually rubber stamp a bill which would give one Crown corporation of the federal government the right to loan, guarantee or insure obligations totalling $26 billion, or insure more than two and a half times the spending that the entire federal government engaged in the year before the emperor took power in this country.

Let us get that into perspective. That is the magnitude of the amount we are talking about tonight. When I say that, it would be pertinent to put on the record the explosion there has been with respect to export development activities in Canada. I say this because it is a motherhood thing for members in this House to say "Let us create employment"; we are all in favour of that. It is a motherhood thing to say "Let us create more export activity"; we are all in favour of that. But there must also be some perspective regarding how far the government of the day is warranted in binding the Canadian public with respect to certain export financing that to some degree we are not be paid for.

Let us be blunt about it. To create a year's employment in Canada today we are basically lending billions to foreign jurisdictions, who may or may not pay us back in ten years or 15 years or what have you. Not only are we loaning those jurisdictions billions of dollars, but we are doing so at very advantageous rates compared to the prevalent interest rates in this country.

When considering the bill before us we should reflect on how we arrived at the point where we are being asked tonight to give one Crown corporation the right to bind the Queen in the name of Canada to the extent of $26 billion. In this connection I would point out that the Export Development Corporation, as most members realize, was established by an act of parliament on October 1, 1969. It replaced at that time the 25-year old Export Credits Insurance Corporation. The original act underwent major revisions in 1974. There were minor revisions in 1971, 1973 and 1977.

Bill C-36 incorporates a $26 billion package, as I have stated. That is a package of $26 billion compared to the present loan authorizations, insurance and guarantee obligations within the Crown corporations, EDC, at this time of $8.85 billion. Now we are faced with this revision.

If I may, Mr. Speaker, I would like to put on the record the plateaux which we have hit in the evolution of the Export Development Corporation. First of all dealing with the authorized capital in the act, this is found in subsection (11). Initially the authorized capital in this corporation was set at $25 million. That was in 1969, just a year after the emperor took power in Canada. In 1971 authorized capital was raised to $75 million. In 1973 it was raised to $125 million. In 1974 it went up to $400 million. It is proposed in Bill C-36 that the authorized capital should be a mere $1 billion compared to a capital in this corporation of $25 million in 1969.

• (2122)

Let us look at the corporate insurance activities which are set out in section 26 of the Export Development Act. There we find that in 1969 the initial authorization that this parliament gave this corporation was $250 million. By 1971 it was raised

to $500 million, by 1974 $750 million and by 1977 $2,500 million. Bill C-36 before us now proposes that that corporation's insurance authorization will be $10 billion compared to the $250 million authorization in 1969.

That is the corporate side of insurance with regard to EDC. On the government side, which is another department that this corporation administers, we find that the total government authorization in 1969 was $500 million. In 1974 it was raised to $750 million and, by 1977, it was an even $1 billion. Tonight it is being proposed in Bill C-36 that that particular section should go up to $3,500 million, or $3½ billion. That is being asked for in the bill before us. Compare that to a total insurance authorization on the government side under section 28 of this act of $500 million in 1969.

Let us look at how they have escalated their authorization for loan activity. It is the loan activity in which Canada is most vulnerable. We find under section 30 of the original act the total authorization for this corporation was $600 million. That was in 1969. In 1971 they raised it to $850 million and in 1973 to $1,500 million. In 1974, hon. members will recall, it was raised to $4¼ billion. I am now talking about the authorization for Export Development Corporation to lend to foreign governments and foreign entities. In Bill C-36, they are now asking for an authorization of $10 billion compared to $600 million in 1969.

The act is divided into two sides. On the corporate side there is $10 billion for foreign governments and other entities. On the government side, they are asking for an authorization of $2½ billion. That compares to an authorization for this corporation in 1969 of $200 million. In 1971 it was $450 million and in 1974 it was $850 million.

As can be seen from the foregoing, the growth of EDC has been sporadic but it has been significant. Perhaps I can show it best if I bring together the various levels of authorization that they are now seeking. The total value of 1969 EDC authorizations was $1,550 million, in short a little higher than $1½ billion. If the bill goes through tonight, the total value of authorizations awarded to EDC will be $26 billion. This is why I caution hon. members initially to view this bill with a great deal of scrutiny. When we are talking in terms of EDC having the authority as a corporation to loan $10 billion, let us not forget that a good portion of that $10 billion may never be repaid and will have to be written off.

As we know, certain write-offs, or reschedulings as they are called, have already been taking place in EDC with respect to some of the lending activity they have entered into. In this connection, I refer hon. members to the Auditor General's report with respect to the Export Development Corporation for the year ended December 31, 1977.

In that report, the Auditor General points out that under the Export Development Act the corporation, meaning EDC, may have outstanding loans to foreign borrowers, outstanding guarantee agreements to other lenders and signed but undisbursed loan and guarantee agreements up to a maximum of $4,250 million at any time. That is where we now sit if Bill C-36 does not go through.

He then points out that as at December 31, 1977 the position of the corporation is as follows: Loans receivable, $1,833 million, less certain participations which he lists of $40 million, for a net outstanding loans receivable position with respect to the corporation, EDC, of $1,793 million. The Auditor General then points out that there are guarantees for which the corporation is contingently liable of $8,479,000 and undisbursed funds under signed loan agreements of $1,647 million. All of those total—and I know you are very fast in arithmetic, Mr. Speaker—$3,449 million.

In short, you can see where the panic is. They have already committed or disbursed almost $3½ billion of their total authorization of $4¼ billion. They had done that as of December 31. Now they rush into this House with the bill before us and say the sky is falling, pass it quickly or our authorization is going to be exceeded.

If that is true, there can be no more basic fundamental criticism of this government than that they have handled their affairs in a leisurely, unconcerned fashion. They have allowed a Crown corporation to run up obligations bringing it within its total authorization limit. Second, knowing that this is occurring, they did not bring this bill in in proper time to ensure there could be ample debate in the House, without suggesting that somehow we have to be stampeded into an early passage of the bill.

I wanted to give the House that background as to why the urgency tonight. The fact is limits previously set by parliament are now coming into view as far as EDC is concerned and there is a bit of panic on the government side.

The other point I would like to emphasize is that the Auditor General points out that they are up to their old hanky panky. They are rescheduling loans. This is the classic way that loan corporations cover bad bills of yesteryear. Here is what the Auditor General says:

> During 1977, the Corporation rescheduled payments due of $3,942,000. These reschedulings are intended to aid collectibility and servicing of the debt. Since inception of the export loans program in 1961, the corporation has rescheduled $65,377,000, of which $591,000 is overdue at December 31, 1977.

If you have any trouble in the lending business, you never admit it. You never like to talk about write-offs. That means the mistake is very obvious. What you do is bring in the person to whom you are creditor. You tell him he would feel better and you would feel better if you both sat down, wrote a new note for the principal, the interest and a new fresh date and he would go away and have a happy Christmas and you would have an even happier Christmas. Mr. Speaker, they are at it already. Yet they have the colossal nerve to come to this House and say: Quick, give us further authorization which will allow us to put out another $10 billion, because our limit is now in sight with respect to total disbursements.

• (2132)

What the Auditor General has said was also revealed in the documentation which the Export Development Corporation has been filing in Washington in accordance with the United States security and exchange regulations. In this connection

we recall that we presently have a government which, when it was faced with borrowing abroad to cover the current account deficit and other things, had to file a presentation revealing, for the first time in the past decade certainly, exactly what was the state of affairs in Canada. They did that in March. They had to rush the presentation through so as to be in a position to include figures only up to March 31, 1978, because they realized that if they filed in April or later they would have to show not just the 1978 figures but the 1979 figures also. They had to come clean, because they realized they had to make a clean breast of it to the securities and exchange commission in the United States. So did the Export Development Corporation.

I would invite every member of the House before voting on this bill to take a look at some of the dealings which have been going on. I have a document here called a confidential private placement offering memorandum. In this presentation the corporation is selling notes due in exchange for $50 million U.S. The presentation is dated June, 1977. I draw this to your attention, Mr. Speaker, because here again the corporation has been obliged to reveal some of the rescheduling which has been going on. On page 62 of the presentation it is stated:

> Since the inception of the program, loan payments totalling $61.2 million have been rescheduled, of which $15.9 million had been repaid by December 31, 1976. Interest rates on rescheduled loans have been generally at the same or higher rates. On other loans, principal instalments totalling $1.8 million were overdue at December 31, 1976. No loans have been written off since inception of the international lending program, but one loan was cancelled at no loss to EDC under an arrangment with the Government of Canada to cancel a corresponding amount due from EDC.

The crunch comes with the last line. The EDC likes to represent itself as never having to write off a loan. It acknowledges that loans have been rescheduled, but that is all. However, in the filing they had to make in Washington the corporation admits that one loan was cancelled, though at no loss to the EDC. Do you know what they are up to there, Mr. Speaker? They got into trouble with a country. The Government of Canada stepped in and went to the assistance of the debtor by lending that country money so that it could in turn pay back the EDC and clear the loan. But guess who pays the shot in the final analysis? It is the Canadian taxpayer. That is the result of the comfortable relationship which exists between this corporation and the government of the day.

One of the most serious things that is occurring with regard to federal government spending is the tendency of Treasury Board and the Minister of Finance (Mr. Chrétien) to misrepresent the spending figures of Canada. It is traditional when dealing with budgetary matters to include all spending, to include whatever our Crown corporations are spending in addition to normal budgetary expenditures. However, if hon. members look at the budget brought in on April 10 they will find there is a little footnote which states that the expenditures of the Government of Canada do not include certain Crown corporation activities. Under government policy, it is stated, such activities will no longer be included in the over-all picture.

When we press to find out why EDC borrowing is not automatically included as part of the government's financial picture, we are told that these arrangements are not binding upon the Government of Canada, that somehow or other EDC is raising the money on its own signature and that the Government of Canada does not have the eventual obligation to pay a debt in the event of a default. Mr. Speaker, if we look at the filing in Washington to which I have referred, we find this is not true. At page 12 of the document asking the Americans to lend the EDC money the following statement appears:

> The notes will be direct unsecured general obligations of EDC and as such will constitute an obligation of Her Majesty in right of Canada. Payment of principal and interest on the notes will be a charge on and payable out of the Consolidated Revenue Fund of Canada. Issuance of the notes is subject to the approval of the Minister of Finance of Canada and the notes will be created pursuant to resolution of the EDC board of directors.

In short, the notes are being sold in the United States as direct obligations of the Crown without any equivocation. I think it is altogether misleading for cabinet ministers to be stating they are not obligations of the Crown in the right of Canada and that they need not, therefore, be included in this country's expenditure figures.

When it was instituted in 1969, Mr. Speaker, the EDC was a comparatively small corporation. The government is now proposing that it blossom into a $26 billion organization, making it one of the largest export development corporations in the world. I would suggest the corporation is engaging in leading activity which, in all likelihood, will result in a severe loss factor to be reckoned with in future years. Further, I would suggest that, contrary to what has been said, the obligations it is incurring, as the expression goes, offshore in the American or Eurodollar market are obligations of the Government of Canada and not, as ministers are representing, simply obligations of this Crown corporation.

A number of my hon. friends have dealt with certain of the lending activities in which this corporation has been engaged. If I may, I should like to mention some of the highlights of this activity. It goes without saying it is nice to feel one is supporting exports if those exports create jobs for Canadians. Who could disagree with that proposition? But we should bear in mind that there are two ways of looking at this. There is the short term perspective, the immediate creation of jobs. But in the longer term is it in the interest of Canada to be creating competition for our own businessmen in future years? It is this side of the corporation's activity which the government is ignoring.

The competition this agency is helping to foster in the pulp and paper industry is something about which the government should concern itself. Was it, for example, proper to announce, as the corporation did on February 8, 1974, that it was putting $82.5 million into an integrated forestry complex in Iran, a country which hardly knows what to do with its United States dollar surpluses? Here we were pumping $82.5 million into that country to help it with its forestry development, and later we were begging in Washington for $750 million to help us withstand the fall in our dollar resulting from our current account deficit.

• (2142)

That is not the only loan the corporation has made in the forestry field. On October 17, 1976 the corporation put out $102 million to help a pulp and paper mill in Poland, of all places. I will come back to that in a minute. On September 21, 1977 the corporation put out $1.8 million for a pulp and paper mill project in Peru. On November 8, 1977, joining, as the corporation sometimes does, with one of our chartered banks—this time it was the Bank of Montreal—the corporation put out $102.6 million for a new pulp and paper mill in Iran. Iran again. The government tells us in the Toronto area that it does not have a nickel to mitigate the urban transportation plight of people going to and from work in Toronto. The EDC has $102.6 million for Iran, but according to the Minister of Transport (Mr. Lang) the government has no money for urban transportation in Toronto.

That very same government told the fishermen on our east and west coasts that it has no money to help them refurbish their fishing fleets so that they can fish the allotments off both coasts which should be theirs. That very same government cannot help the city of Montreal with its sewage treatment problems. Montreal is a large city which has no sewage treatment facilities to speak of. The government says it has no money for that, but it has, as I have said, hundreds of millions of dollars to help other countries build pulp and paper and forestry plants which in coming years will end up competing with our own pulp and paper industry.

Let me give other examples. On December 28, 1977, between Christmas and New Year's Day, the corporation put up $5.5 million for a pulp and paper project in Romania. On March 8, 1978, again with bank participation, the corporation announced loans totalling $57 million for two pulp and paper projects in Argentina. I notice, Mr. Speaker, that you are fast with your pencil. If Your Honour has been following what I have been saying, Your Honour will know that the corporation has put up something like $350 million to help others build pulp and paper and forestry developments which will compete with us, yet the government tells us there is no money to help with some of the infrastructure needs which exist in Canada.

There is no money, for example, to help with the building of the Bay of Fundy power project. There is no money to help with the electrical project in Labrador. There is no money to help the farmers of western Canada with their grain handling problems. Where has the perspective gone? Why is there money for these types of foreign activities which are risky but which, granted, give us perhaps one year's employment, but no money for the infrastructures and services which are needed so urgently in Canada and which could also provide employment in Canada?

I will go on. On October 24, 1977, $78 million was the total amount of loans for nickel mining projects in Guatemala and Indonesia. On December 28, 1977, $2.95 million was put up for the production of steel products in Los Angeles, California. I was down there just a few months ago, and that is a boom area. Here we were, again just after Christmas—Christmas must make the corporation open up in a very expansive way—putting up $2.95 million to help with the production of steel products in Los Angeles, California.

Mr. Crouse: Where are they going to get this money?

Mr. Stevens: My colleague from Nova Scotia asks where they will get this money. We know where. The money will come from private markets, both domestic and international. The corporation will raise the money as best it can, but above all it will be binding the people of Canada to those obligations. Our point is that if money like that is capable of being raised, certainly a portion of it could be diverted to help Canadians and to meet Canadian needs. Frankly, some of the countries into which we are pouring money are in much better shape than we are internationally, so it is time this government regained some sanity.

On January 18, 1978 the EDC put $3.6 million into a company in Colorado to help it buy Dash-7 aircraft. The governmet is at all ends of these deals. It owns DeHavilland. There are loans amounting to something over $100 million to keep DeHavilland going, and now the government is at the other end lending money to the buyers of Dash-7 aircraft. On January 27, 1978 the EDC put up $30.6 million for the construction of an aluminum plant in Ireland.

I think it has already been mentioned that on February 13, 1978 the corporation lent $47 million for a ministeel mill in New Jersey. That loan meant that the government had put up $100 million for steel mills in Texas, Minnesota, Great Britain and in New Jersey. The steel people of this country say that there is no doubt that they will have to meet that competition whenever it comes on stream with its new facilities.

I have already referred to certain communist countries which have been picking up these loans. The EDC has advanced financing to the following communist countries: Russia, Poland, Yugoslavia, Cuba, Czechoslovakia, Romania, Hungary and Bulgaria. In that respect I think there are two important things to bear in mind. If we finance facilities in Cuba, Poland or some other such country, we are dealing with an entirely different environment from that which exists in Canada. A state planned economy can impose virtually any wage structure it wishes for its export development activities. Here we are helping communist countries build facilities which will compete with ours. We are ignoring the fact that they can compete with us with wage structures of their own choosing. Second, we are making loans to countries such as Cuba, which sees fit to have armed troops in other countries basically for revolutionary purposes.

This government has a strange double standard. It sees nothing wrong with that. But let the shoe be on the other foot and the government is quick to give lip service to any revolutionary group which may be acting in some country which is not of communist persuasion. These are the hard facts, and when the Minister of Industry, Trade and Commerce comes before us and says "Quick, let's pass this bill", I say he just has not read the bill or does not understand what the EDC is doing. How can he seriously expect members of this House to jump into line and allow early passage of this bill?

I have referred to communist countries which have been picking up our credit. I could run over the list, but in total they have picked up about $375 million in loans. There are extensive lines of credit out in addition to that amount. Loans to Arab bloc and oil-rich nations total a further $275.8 million. The point is that if funds amounting to hundreds of millions of dollars are available, surely the government, if it should so will, could be finding at least a portion of those funds for urgently needed Canadian developments such as the ones I have itemized.

• (2152)

My colleague the hon. member for St. John's West (Mr. Crosbie) touched on what I think is one of the most serious developments that has occurred in any Crown corporation, that is that a Crown corporation, I take it with the consent if not the specific direction of its president, has chosen to openly criticize members of the House who choose to speak about what they feel are irresponsible EDC activities. My colleague the hon. member for Victoria-Haliburton (Mr. Scott) has dealt quite well with this. He has rebutted the statement put out by EDC in his report from parliament dated January 26, 1978.

Frankly, I think it is unfortunate that any member of the House has to deal with a Crown corporation in that way. Surely if EDC, or any other Crown corporation, feels that a member of the House has raised some facts that should be challenged, the proper way to challenge them is through the responsible minister in the House or at a committee meeting. They should not feel that they have the right to go even to the ridings of members of parliament and attempt to blackmail them—because that is what it is—into being less vocal in their criticism of their activities. When you think of it, Mr. Speaker, where are we going to end up in this country if the 380 odd Crown corporations which exist all decide that they, using public funds, have the right regularly to criticize the activities of members in the House who, after all, are supposed to be elected to supervise the very activities of those Crown corporations?

Some hon. Members: Hear, hear!

Mr. Stevens: This is the dangerous precedent that has been set by this corporation. Before this bill is passed, I think we need some clarification, not just from the minister but from the executive of EDC. Do they intend to pursue this type of harassment in future months and years? Do they feel that they no longer have to answer to the Parliament of Canada through the relevant minister but that they have the prerogative to openly challenge members of parliament in whatever statements they care to make concerning that corporation's activities?

I notice representatives of EDC sitting in the gallery. They laugh when I make these points. This is no laughing affair. I think it is high time that EDC was called to task for this kind of conduct.

[Mr. Stevens.]

There are some more serious matters that I would like to touch upon, but I notice my time is starting to run out. Let me say that here we have a bill which must be given in depth study before it is passed. In no way should the Parliament of Canada be expected to rubber stamp this type of legislation without intensive review, not only during debate but in committee when the bill reaches that stage.

I know that one or two of my colleagues wish to participate in this debate, so perhaps I will give them an opportunity, although time is running out. I will have more to say on this important bill at report stage, in committee and at third reading. But let there be no doubt that we in the opposition feel there are significant comments to be made about this corporation and this legislation, and the government had better not look to us for any rubber stamping.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, there are only a few minutes left this evening before time runs out and I think I can make my remarks in those few minutes.

I know from past history that the hon. member who has just spoken has visited the area I represent, and I also know that the hon. member for St. John's West (Mr. Crosbie) who sits just behind him will be visiting that area tomorrow night. I only hope they will go down there and make those kinds of comments in my area again because that will assure not only me but the Liberal candidate in that riding a sound election victory. I would love to have them go down and make those kinds of comments because I think it is about time somebody said a few good words about EDC.

I would like to tell the hon. member, who is so afraid of these EDC helpful purchases, contracts and guarantees of purchases which involve countries that do not share our political philosophy but follow the communist one, that today in the riding of Niagara Falls there are some 150 men back at work who did not have a job two years ago. They work in a brand new plant which was opened just last year because EDC had enough good business sense to back a company in that riding which wanted to sell some trucks to the Soviet Union. That company in my riding, called Unit Rig, which makes giant earth moving equipment, has now, with the successful completion of a couple of bargaining contracts with EDC, managed to undertake sales contracts for some 50 trucks for some $85 million worth of business, and thanks to EDC there are some 100 men working in that plant. I think that EDC deserves laudatory credit for that.

If that is not enough, I would like to point out one other instance. In the same riding last year there was a great deal of unemployment as a result of a number of factors which came together at one time. Another firm by the name of Horton Steel had all its contracts in one basket with the Ontario government through Hydro to make pressure vessels and steel fabricating necessities for nuclear power projects. When the Ontario government cancelled those contracts it had to shut down the plant. That meant that 200 men were laid off for three to four months straight through. But because of EDC, because of some intervention and because of an aggressive

sales force on the part of Horton Steel, they were able to get a contract to build in Indonesia part of a cement factory built by Catinho Caro. They had some work involving a $22 million contract and they put 200 men in the community of Fort Erie to work, men who did not have jobs.

I hope that hon. members on the other side will come to my riding. I invite them to go there and criticize EDC and some of the job creation projects that we in the Liberal government have undertaken in the last year, because the people there will not buy that kind of nonsense. It is about time that the hon. member who has just spoken investigated some of the facts and gave a little credit to EDC.

With that I will conclude my comments, Mr. Speaker.

Mr. Hnatyshyn: Mr. Speaker, after listening to that outburst, may I call it ten o'clock? We will deal with the hon. member next time.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

HEALTH—REQUEST FOR REVIEW OF BAN ON SACCHARIN

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, on March 17, after the Appeal Court of Quebec confirmed what we all suspected—that the sugar companies were a monopoly victimizing the consumer by price fixing—I asked the question which surely must have been on everyone's mind that day about the announcement by the former minister of national health and welfare that saccharin will be banned. He claimed that some rats, creatures prone to cancer, showed signs of bladder cancer in what he declared were scientific experiments.

The Quebec decision was handed down, and I asked the present minister for an independent investigation to be made from outside her department to review the research on saccharin. Tonight I would like to ask her to go further and seek an independent investigation of the strange coincidence of the monopoly being cleared in the courts, and then so soon after that the saccharin ban being announced in the House.

● (2202)

Remarkably, no one in the department told the House that these rats were in fact cancer prone, or that they were given excessive quantities of saccharin to prove that three out of one hundred would get cancer, or might get cancer, as a matter of fact. That was the equivalent, if given to humans of comparable weight, of 20,000 grains or 40,000 teaspoons of sugar as a sweetener, or 800 cans of pop or the equivalent of drinking a bathtub of diet pop a day.

The federal drug administration in the United States found no evidence that saccharin had caused cancer in humans during the 80 years it has been used by diabetics and, latterly, by overweight people.

Experiments with Rhesus monkeys by Dr. Frederick Coulston of Albany, New York, showed saccharin was not dangerous. Dr. Coulston gave the monkeys moderately high doses of saccharin for seven years, and not one contracted cancer. I would like to think humans are more like monkeys than rats, but sometimes, of course, we have a few qualms and doubts about that. The longer one stays in the House, the greater the doubt.

In fact, the International Toxicology Forum in Omaha, U.S.A., in May of 1977 had already come to the conclusion that the frequency of bladder cancer in the Canadian rat experiments was probably not primarily due to saccharin but could be attributed to other circumstances, such as increased formation of micro-stones in the bladder or increased stress. Professor C. H. Slatter, Director of the Institute of Toxicology at the University of Zurich, was able to prove that the artificial sweetener "possesses none of the typical characteristics of chemical carcinogens".

Professor Dieter Schmahl of the German Cancer Research Centre in Heidelberg, after two years of saccharin experiments with pregnant rats, has only this to say so far:

> —the fact that it was even possible to apply a food additive in such large overdoses as in the Canadian experiment for a whole lifetime, attest mainly that it is not poisonous.

The British Medical Journal, *The Lancet*, reinforced this by citing the study by the Americans Wynder and Goldsmith, which concluded that "users of saccharin have a smaller risk of bladder cancer than non users".

It is remarkable that the Canadian scientists, with the huge laboratory of Canadian people who have had saccharin for almost 90 years for the care and control of diabetes, and for overweight, had to go to the rats for this ludicrous experiment in order to get this valuable and vital substance banned.

One has to look at the timing of the ban in Canada. It was for this reason I asked my question. I did not get a satisfactory answer. The sugar companies raised their prices excessively, no doubt a greed impulse which they knew they could carry off because they were a monopoly. The price went up, as I recall, from about 30 cents a pound to about a dollar. Many Canadian consumers found alternatives, knowing that sugar, especially refined sugar, is dangerous to health. They either reduced or cut out the use of sugar altogether, or learned to use saccharin or honey as substitutes.

The then minister of consumer and corporate affairs, the present Minister of State for Urban Affairs (Mr. Ouellet), charged that sugar group under the combines act. He lost that first round. The whole country trusted and believed he was right. As you recall, he also believed he was right and he stuck to that. This caused him considerable trouble, and nobody

since has apologized for what they said at that time. He cared about the people, the consumers, who are the inevitable victims of the greed of monopoly groups. The court acquitted the sugar companies but few in Canada believed the court at that time.

● (2207)

Shortly after, the ban was announced in this House of Commons. There was no debate in this House as to whether it should be banned or not. It was simply announced and some people in the back room, whom we call "officials," must have set this up. After all, the only competition left from outside this group was the producer of saccharin and saccharin products.

The Court of Appeal of Quebec has proven that the minister was right in his charge. The sugar companies did combine to fix prices. I suggest that a full investigation be undertaken of the so-called research, the reason why we in Canada alone have banned saccharin and saccharin products and how it really came about. The ban is more dangerous to the nation's health than saccharin has been or ever will be. There are 11 to 13 million overweight people, some dangerously obese, and 600,000 diabetics and at least 400,000 that are aware of the dangerous illness they have. These people cannot control the diet they need because of this ban. Just look—

Mr. Deputy Speaker: Order, please. I have to interrupt the hon. lady because her time has expired.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, at the outset I would like to congratulate the hon. member for Vancouver-Kingsway (Mrs. Holt) for putting forth a very strong argument, as she always does; and she did it very effectively on March 17 when she asked another question of the minister of health and welfare. The whole question, of course, is one of risk-benefit, the risk to the individual who uses saccharin and/or the benefit that may be derived if you happen to be a diabetic or somebody who needs this kind of sweetener. The health protection branch of the department of health and welfare has deemed it necessary and in the interests of Canadians to ban saccharin. This has been carried out and recommended by the World Health Organization as well. I would point out to the hon. member that Canada is not the only country that has banned saccharin, Holland has done likewise.

With regard to questions that have been raised concerning the scientific validity of the Canadian tests on saccharin and the need for independent scientific review of the data the following points should be noted.

The Canadian saccharin test was designed and conducted according to internationally acceptable guidelines for the assessment of the potential carcinogenicity of food ingredients. These guidelines have been enunciated by the World Health Organization and the U.S. National Cancer Institute and are in use worldwide.

When the Canadian tests were completed in March 1977, an independent board of world renowned pathologists was assembled to review the lesions noted in the animals fed saccharin. This board of pathologists arrived at a consensus diagnosis regarding the bladder tumors in the animals and this consensus has been universally accepted by scientists worldwide.

The results of the Canadian tests have been presented to the World Health Organization, and to several independent scientific organizations including the Society of Toxicology and the Toxicology Forum. These groups have endorsed the contention that saccharin is unequivocally carcinogenic in animals and a potential carcinogen for humans. In fact, at the 1977 Joint Expert Committee Meeting on Food Additives held under the auspices of the World Health Organization in Geneva it was recommended that severe limitations be placed on the use of saccharin in food products.

The commissioner, U.S. food and drug administration, after reviewing all data on saccharin and particularly the results of the Canadian tests, concluded that saccharin must be considered a potential carcinogen for humans. Intent to establish regulations prohibiting the sale of saccharin in food products was published by the commission in the Federal Register of April 15, 1977.

At the request of Senator Edward M. Kennedy's sub-committee on health and scientific research, the office of technology assessment was asked to assemble a distinguished panel of scientists to summarize all the known facts regarding the carcinogenic effects of saccharin. The OTA is an arm of Congress set up to provide Congress with an independent appraisal of complex scientific matters.

The following are conclusions of the OTA that related to the cancer producing potential of saccharin. First, laboratory evidence indicates that saccharin is a carcinogen. Second, prolonged ingestion of saccharin at high levels caused a significant increase in the incidence of bladder cancer in rats in three independent experiments. Earlier tests, which were negative, were not sensitive enough to detect this carcinogenic effect. Third, this evidence leads to the conclusion that saccharin is a potential cause of cancer in humans.

A further discussion of the OTA's report and additional information concerning the validity of the Canadian tests has been published in *Hansard*, Tuesday, June 14, 1977.

● (2212)

AIR TRANSPORT—NORTHERN ONTARIO—CALL FOR INQUIRY INTO AIR SAFETY

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, on April 20 I requested that an inquiry be conducted into air safety in northern Ontario in light of the evidence presented by the Association of Treaty Chiefs located in Timmins, Ontario, who have compiled a rather lengthy document on air transportation problems in northern Ontario, particularly air safety.

In part of the minister's answer to me he stated that I used a lot of outdated information. Mr. Speaker, I have concerned myself with air safety problems since 1973. The information I have been using has been supplied to me from employees in the Department of Transport on a continuing basis since then. Much of the information was a couple of years old—not outdated but no action had been taken by senior officials in the Department of Transport. These employees come to me on a continuing basis because they are so concerned about the senior officials in the Department of Transport not acting on air safety regulations in Canada.

In his answer on April 20 the minister stated:

... the smaller carriers in this country adopt very high standards indeed, and I would not like to see them smeared in this way.

The minister was referring to me. At no time was I smearing the small carriers.

I should like to quote from an article in a recent issue of the *Canadian Flight* magazine. The article was written by the small carriers. It begins:

... We should all be very wary of the background of those in high office who make decisions that affect general aviation operations.

Later the article goes on:

Walt McLeish is a case in point. As top man—administrator of DOT's Canadian Air Transportation Administration—Walt feels that his background as a professional aeronautical engineer (Masters Degree from Michigan State; RCAF trained pilot) qualifies him to speak authoritatively on general aviation.

The industry isn't inclined to give him that respect, deserving though it may be. In spite of his excellent reputation as a good government administrator, ...

I will provide this whole document to the parliamentary secretary tonight. They do not have faith in Mr. McLeish.

Tonight, Mr. Speaker, I have been informed that there are no visual approach indicating systems at 60 airports in Canada. I will check that out further. In his answer the minister commented that my references were to matters that happened in the nineteenth century. Mr. Speaker, it was not the nineteenth century but March 9, 1978 when I raised the subject before.

The document from the treaty Indians is rather lengthy and it contains some startling statements. It opens with a quote from a witness to the Hartt Commission in Ontario as follows:

There is an appalling lack of proper air navigational aids, weather facilities, and all weather day and night airports ... The mode of operation has in the large part, changed very little since the 1930's ... The further north you go, the more the bush flying ethic prevails.

This refers to air safety in northern Ontario. The report goes on to say:

This report should be considered as an introduction to the study of air transportation in northern Ontario. For many people who live in the north, it is a fact that air transportation is hazardous. Many of us have encountered horrendous experiences, ranging from non-fatal crashes, to running out of gas upon landing. Just recently, the vice president of the central region of Grand Council Treaty #9 was stranded in the bush after the plane in which he was a passenger crashed to the ground. Luckily there were no injuries. He witnessed the fact that this aircraft contained no medical equipment, food, rifles, or sleeping bags for emergency situations. This situation is only one of the many that we hear about when living in the north.

You can see my concern, Mr. Speaker, and the concern of the treaty Indians who prepared a statement of this length. I am not interested in continuing to hear these smart aleck answers of the Minister of Transport (Mr. Lang) regarding matters as serious as this. The report continues:

In this report I do not choose to point a finger at the companies who are responsible for air transportation. However, I do wish to examine the situation as it has been reported to me, and experienced by me, and I also choose to discuss the struggle we have had in trying to convince the government of the need for a transportation inquiry.

I can certainly sympathize with them there, Mr. Speaker. We have been calling for this public inquiry for the last year and a half. I received recently a document dated February 25, 1977 from employees of the Department of Transport. I am informed the information is relevant today and that no action is being taken on this very serious study done on weather irregularities, reports and landing regulations. Among other things this document, which is a Government of Canada document, says this:

● (2217)

Pilots have chosen to ignore limits for various reasons, not the least of which may have been pressure from management, but mainly because of the unenforceability of present regulations. Also the present inaccuracies in measurement of ceiling and visibility in the take-off or touchdown zone have led pilots to come and go at will. The only time action is taken to curb this dangerous practice is when accidents occur.

It goes on to say:

There are several recent known instances which very nearly resulted in serious accidents in this Region—

The region referred to is the Atlantic region.

—all partially attributable to landings completed when the reported weather was below limits. In none of these cases was enforcement action taken by this Ministry mainly because the Official Weather Report is not accepted as proof of existing weather conditions.

It continues:

While the following recommendations may seem drastic and past fatality records in Canada where weather has been proven to be a factor may not appear to bear out their use, unless action is taken to improve the existing situation the probability exists that a major accident will occur soon.

I hope the Ministry of Transport will not wait until there is a major accident before taking some decisive action. There was a serious accident recently at Cranbrook. All the people to whom I have spoken point out that it is the senior executives in the Ministry of Transport who are the ones not enforcing these regulations. It is disturbing that these conditions exist in this country and absolutely nothing is being done about them. These people telephone me and come to my office with this documented evidence. I and other members have brought this

matter repeatedly before the House of Commons but nothing is being done by this minister that we are aware of.

It is stated that runways should be closed when bad weather conditions zero in. But this is not done. It is all by chance and by golly.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I can only begin my remarks by deploring the comments made by the hon. member concerning an official of the Department of Transport whose energy and outstanding competence are devoted to make Canadian civil aviation one of the best and safest in the world. Furthermore, I think that the competence of that official has never been contested and that his reputation is recognized not only in Canada but also in the aviation circles in foreign countries.

First as concerns the report on air transportation in northern Ontario, dated March 21, 1978, it is being reviewed by departmental officials. But at first glance the report which includes quotations from the Hartt Commission report, the report on the study of air safety in northern Ontario prepared by department inspectors, and articles from newspapers and other documents does not seem to include any new information or facts that would give to the government any reason to believe that an inquiry commission on air transportation in northern Ontario should be established.

Since January 1978, regional inspectors of Transport Canada have made many inspections of air carriers in this area. Those inspections have identified minor infractions in the operations of those carriers but nothing important has been unveiled to justify the temporary withdrawal of an operation license or other sanctions. The government intends to ensure strict surveillance of air carriers in this area, particularly those that have been identified by the inquiry on air safety in northern Ontario.

[*English*]

As the Minister of Transport (Mr. Lang) has stated in the House on several occasions, he is confident that the various measures which are in the process of implementation, for example, additional manpower resources to permit increased surveillance of air carrier operations, will adequately reinforce the licensing and inspection systems of air carriers not only in northern Ontario but throughout Canada.

● (2222)

Once again, Mr. Speaker, I should like to caution the hon. member opposite not to create false impressions about aviation safety in Canada. Canada has one of the finest safety records in the world, because most air carriers are responsible and respectable and meet, and usually surpass, high regulation requirements.

[Mr. McKenzie.]

MANPOWER—JOB VACANCIES BEING FILLED BY PERSONS OUTSIDE PROVINCE

Mr. Cecil Smith (Churchill): Mr. Speaker, on several occasions I have raised in the House concerns about northern Manitoba where the student unemployment rate is one of the highest in Canada. On March 22, page 4016 of *Hansard*, I put forth a motion under Standing Order 43. It did not carry and therefore could not be debated.

On April 4, I directed a question to the Minister of Employment and Immigration (Mr. Cullen), page 4112 of *Hansard*, asking what was being done about the financing of transportation of students from Shawinigan, Quebec to Flin Flon, Manitoba. In 1976, 25 students from Shawinigan received preferential treatment in receiving student jobs in Flin Flon, Manitoba. Presumably because of a corporate policy, the Hudson Bay Mining and Smelting Company hired a certain number of French students during the summer. I do not know if it was because Shawinigan is in the constituency of the Minister of Finance, (Mr. Chrétien), but these 25 students received transportation grants from Canada Manpower.

I have been told by officials in Winnipeg and in Flin Flon that there is no program to cover transportation costs from their homes to jobs unless there is a reciprocal agreement. This was not a reciprocal agreement. Therefore, these students received preferential treatment in filling those jobs.

I brought this to the minister's attention through the media because I was not receiving any replies to the letters I had written. In a story printed in the Ottawa *Journal* and the Winnipeg *Free Press* I expressed my feelings about students in the north not getting a fair shake with regard to those jobs.

After my motion under Standing Order 43 and my questions to the Minister of Employment and Immigration, I received a letter from the minister. I feel that unemployed students in Flin Flon, Shawinigan or any other part of the country should all receive the same treatment. However, those from Shawinigan received preferential treatment. They received air tickets from Shawinigan to Flin Flon, with no obligation to stay on the job or to repay the money. As I said, there was no program that this situation fitted into.

The staff in the Winnipeg regional office were infuriated over this order that came from on high. I think there was a deal between the Minister of Finance and someone in Manpower to pay the transportation costs of these students. The counsellors in the Flin Flon Manpower office had students to place into those jobs, but they were bypassed. The office in Flin Flon was in the position where they had been dealing with the employer and the students. They then found these jobs were being filled with students receiving preferential treatment.

It took two years to get this clarified in a letter from the minister. In 1977, there were supposed to be 25 students going to Flin Flon. However, because of the concern I felt that the students in Flin Flon were not getting the same treatment, only eight went from Shawinigan to Flin Flon. The minister says, in his letter:

● (2227)

In the past years, the commission has assisted this movement through small mobility grants, because of the then much lower student unemployment levels in Flin Flon than in Shawinigan.

The general rise in unemployment levels has, however, changed the situation expected this summer and we do not, accordingly, feel that repetition of such assistance would be justified during the summer of 1978.

The basic situation for this summer thus appears to be that the company is likely to continue its past policy of providing summer jobs in Flin Flon to a number of students from Quebec, but that the commission will not be providing any financial assistance in respect of the movement.

That is really what I was after. As I said earlier, I felt that students from Shawinigan or in other communities competing for the jobs in the mining communities in the north where opportunities are limited should get the same treatment as others, not preferential treatment in circumstances where the minister—because Shawinigan is in his constituency—put pressure on Manpower to pay transportation costs.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I am sure the hon. member will share with me the positive side of that experience, namely that students from Shawinigan should go to Flin Flon, and I dare hope that one day, Mr. Speaker, students from Flin Flon will go to Shawinigan, or Tadoussac or Matane and that students from Matane and all those towns and cities in Quebec will go somewhere in Manitoba and other Canadian provinces because it is on that basis of student exchanges that we can build a better Canada.

However, Mr. Speaker, the implication that the Minister of Finance was in any way involved in the decision of the manpower centre or the manpower commission to pay for the transportation of those students from Shawinigan to Flin Flon seems to me to be quite regrettable. I think it also denotes very poor knowledge of the operation of Canada manpower centres to dare even imagine that the Minister of Finance or anyone else in this House could influence any manpower centre in the application of their program.

I would like to continue my remarks by mentioning that it has been the policy of the Hudson's Bay Mining and Smelting Company since 1976 to hire a small number of French-speaking students from Shawinigan, Quebec, for the summer at its operations in Flin Flon, Manitoba. I am informed that the company has decided to continue that policy in 1978. The hon. member will appreciate that this is a policy decided entirely by that company—our Canada employment centres fill the job applications they receive but cannot control the policy of the company in this area.

In past years the commission helped students get to the work site of the Hudson's Bay Mining and Smelting Company in Flin Flon through small mobility subsidies covering travel expenses and a small per diem of $20 per student for their housing needs. Mobility grants of this kind are generally available to students only if there is a shortage of qualified workers in the community where they are going to work. In past years, there was a low rate of unemployment around Flin Flon, whereas in Shawinigan the rate of unemployment among students was rather high, which enabled the commission to have a relatively broad policy in the area, particularly from the point of view of the benefits stemming from such cultural exchanges.

Unfortunately it will not be possible for the commission to approve mobility assistance grants for the 10 or 15 Quebec students seeking jobs in Flin Flon this year. The employment situation for students in Flin Flon is not as favourable as in the past. So it will be impossible to meet the request of the Quebec students and consider once again this modest form of financial assistance.

[*English*]

It appears that regardless of the commission's policy with respect to student mobility grants, Hudson's Bay Mining and Smelting is likely to continue its practice of providing a small number of summer jobs to students from Quebec. As I mentioned earlier, this is not a matter in which the employment and immigration commission can properly intervene since the selection of employees is a matter of private sector decision making. The commission is not in any way assisting this movement; neither is it hindering it nor is it in a position to hinder it.

● (2232)

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

At 10.32 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, April 25, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*Translation*]

NATIONAL UNITY

RELOCATION OF SUN LIFE—GOVERNMENT INTERCESSION—MOTION UNDER S.O. 43

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

In view of the fact that Sun Life shareholders are meeting today in Toronto to decide whether the company head office should be moved from Montreal to Toronto, and that the board of directors of this company feels very strongly that it should, I move, seconded by the hon. member for Joliette (Mr. La Salle):

That the House advise the shareholders and board of directors of this company that it wishes their head office to remain in Montreal.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

INDUSTRY

REPAIR OF FOREIGN VESSELS IN CANADIAN PORTS—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that the Minister of Fisheries and the Environment (Mr. LeBlanc), in response to questions put to him by myself, announced on April 6 a policy allowing increased use of Canadian ports by foreign fishing vessels for purposes of repairs in Canadian shipyards, thus permitting the government-owned CN dry dock located at St. John's to continue negotiations with the U.S.S.R. for a repair contract involving repairs to 60 Soviet fishing trawlers per year, and in view of the fact that to handle the work required by the U.S.S.R. fishing fleet and others, involving an increase in employment of several hundred people, the St. John's dry dock must install a synchrolift capable of handling vessels of up to 4,000 tons leaving its graving dock free for use by larger vessels with 18 months needed to do the work, I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That the Minister of Industry, Trade and Commerce immediately provide financial assistance to the government-owned dockyard at St. John's in the amount of $8 million as requested by the dockyard, as the government did for government-owned dockyards and shipyards in Quebec and British Columbia earlier this year.

Mr. Speaker: Presentation of such a motion for discussion would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

CANADIAN BROADCASTING CORPORATION

"DUPLESSIS" TELEVISION PROGRAM—PUBLIC APOLOGY TO BISHOP CABANA—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, as a member of this House and also as a former president of the Catholic Parents Association for the Sherbrooke diocese, I am rising under the provisions of Standing Order 43 to obtain the unanimous consent of the House to move a motion dealing with an important matter of pressing necessity.

The sixth program of the CBC TV serial *Duplessis* gave unfair and shabby treatment to Bishop Cabana of Sherbrooke, one of the founders of Sherbrooke University, a grand accomplishment for the people of the eastern townships of which Bishop George Cabana was primary mover as head of the Sherbrooke diocese.

The program gave a false impression by suggesting that the foundation of Sherbrooke University was the result of a shady deal to obtain the tactical support of the church for the administration of the late Maurice Duplessis.

Since the program has falsely interpreted the facts and considerably blemished the reputation of Bishop Cabana, the

church as well as the people of the eastern townships, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the House direct the CBC and the authors of the serial *Duplessis* to apologize publicly to Bishop Cabana and to the church by setting the facts in their true light.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*English*]

ENERGY

FUNDING OF ORGANIZATIONS STUDYING NUCLEAR ENERGY RAMIFICATIONS—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Since the federal government has announced a plan to give the Science Council and the Royal Society of Canada $200,000 to explain to the Canadian people the positive side of nuclear power as an energy resource for Canada, in view of the fact that nuclear power technology as it relates to safety and pollution is a very controversial matter among North American scientists themselves, and since it is obvious that there is another side to the question, I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That the Canadian Coalition for Nuclear Responsibility and Energy Probe be given equal funding so that the other side of the nuclear debate would be presented to the Canadian people.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ROYAL CANADIAN MOUNTED POLICE

ILLEGAL ACTIVITIES OF FORCE—MOTION UNDER S.O. 43

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my motion relates to today's *Globe and Mail* article wherein the Solicitor General (Mr. Blais) disclosed that the government knew last September that there had been several hundred criminal investigation break-ins without warrant. The previous solicitor general told this House on October 28 that the government was committed to informing the McDonald commission, as well as any person entrusted with the administration of justice, of any alleged breach of Canadian law, and in fact that evidence was adduced before the McDonald commission last week. I therefore move, seconded by the hon. member for Central Nova (Mr. MacKay):

That the Solicitor General make an immediate statement on motions as to why his predecessor's commitment to inform the McDonald commission and administration of justice officials of this alleged illegal activity was not honoured.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CAPITAL PUNISHMENT

REINSTATEMENT PRIOR TO NATIONAL REFERENDUM—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, on a matter of grave national importance, I would like to move a motion under Standing Order 43. In view of yet another senseless murder, this time of an RCMP officer in Saskatchewan shot down while in the line of duty, and because it is only sensible that, since punishment is a deterrent to crime, capital punishment be a deterrent to capital crime, I move, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

That this House reinstate the death penalty prior to the issuance of a writ, failing which a national referendum on capital punishment be included in the next federal election.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

AIR CANADA

INQUIRY INTO CONDUCT OF ANTI-BILINGUAL EMPLOYEES—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

Considering the exasperation of the Gens de l'air du Québec over the lack of concern of Air Canada for matters relating to bilingualism and the hiring of bilingual employees in Quebec; considering the latest report from the Commissioner of the official languages who not only deplores the unacceptable level

of complaints but also denounces the undue delay of the head office and of the respective branches of Dorval and Mirabel in taking measures to correct the situation, and who also qualifies the status of the French language at Ottawa airport as particularly serious, I move, seconded by the hon. member for Abitibi (Mr. Laprise):

That the House order the Minister of Transport to implement the recommendation of the Gens de l'air du Québec, namely to establish a special inquiry on the sources of resistance towards the French language and the Official Languages Act within Air Canada.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

OUTFLOW OF CAPITAL

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. With our current account deficit aggravating our foreign exchange position, we now find that the capital outflow from Canada continues at alarming rates. The figures in the March, 1978, Bank of Canada review show that in 1976 unidentified capital outflows were $3.4 billion and in 1977 they were $3.2 billion compared to, say, three years ago when they were only $600 million. Will the Minister of Finance indicate if they have reviewed these figures to determine the cause of this type of outflow? If so, what can he report to the House?

● (1417)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, this question was asked some days ago by the hon. member's seatmate. We have reviewed these figures. There is nothing special to report. I have prepared a letter for the hon. member's seatmate and I will send a copy of it to the hon. member for York-Simcoe in order that he will have a lengthy explanation.

Mr. Stevens: The Minister of Finance has indicated there is nothing unusual about the $6 billion of unidentified capital outflows. Will he indicate whether consideration has been given to contingency plans in order to relieve the situation with regard to our foreign exchange position? If so, will he indicate what those contingency plans are?

Mr. Chrétien: There is nothing special that I can add at this time on the exchange rate and the policies that the government has been following. I gave plenty of explanation in my budget speech.

Mr. Stevens: Is the Minister of Finance aware that the Department of Justice has drafted legislation which provides for a limitation on capital outflows by residents of Canada, restricting them in any year to $600 of capital outflow? Is he aware of that legislation being drafted in the Department of Justice? Will he indicate who requested it and what its purpose is?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I am aware of no such legislation and the government has no intention of introducing capital controls in Canada.

* * *

[*English*]

TRADE

MEASURES TO REDUCE TRADE DEFICITS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question to the Minister of Industry, Trade and Commerce is in connection with capital outflows and their relationship to our loss of round-the-world trade. I imagine the minister has seen the latest International Monetary Fund and Statistics Canada figures which show that Canada slipped last year to ninth place as an exporting nation, after The Netherlands, Italy and France, whereas 20 years ago we were in fourth place with France. Our share of world markets has dropped from 5.15 per cent in 1966 to 3.96 per cent in 1976. Canada is the only major industrialized country that lost ground in addition to the United Kingdom.

In view of these figures, and in view of the fact that the minister's department has a report, "Evaluation of Industrial Support Programs," which states it is futile—

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

Mr. Crosbie: In view of the advice to the minister by his own department that normal measures are futile in an attempt to change these deficits, what emergency action is the minister and the government prepared to take to overcome this problem, apart from dive-bombing the Canadian dollar? What other program has the minister got?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, the major program within the department to promote Canadian trade is a bill before the House, C-36, the Export Development Corporation Act. I read the hon. member's speech of yesterday. At the beginning of his remarks he said that he was a little mixed up because he had just flown 3,000 miles. His line of questioning today could be better put to the Export Development Corporation when Bill

C-36 is through second reading and sent to committee. They would answer him quite clearly as to how they can assist Canadians in increasing our export trade.

Some hon. Members: Hear, hear!

Mr. Crosbie: Mr. Speaker, it is obviously useless to ask this minister questions for information. Will he explain to the House why he feels, as quoted in the April 7 edition of the Winnipeg *Free Press*, that Canada has a very strong economic hand at Geneva, when we have slipped to ninth place in export trade among the nations of the world—the only industrial nation in the world besides Great Britain to slip—and we have slipped to seventh position in our trade with the EEC? We slipped from third place to seventh place with the EEC from 1962 to 1975. What is this strong hand that we have, as the author says that we have a pretty withered hand? Why does the minister think it is strong, in view of these statistics?

● (1422)

Mr. Horner: Mr. Speaker, I said in my speech on Bill C-36 that in 1977 Canada ranked seventh in world trade. Actually, on a per capita basis, we as a nation are second in world trade.

Some hon. Members: Hear, hear!

Mr. Horner: The hon. member refers to Canada's strong hand at Geneva. We have put forward a very firm offer. The Americans found it too restrictive and are asking us to be more lenient. This would suggest to me that our hand is indeed strong, maybe even too strong to facilitate the further liberalization of trade.

Mr. Crosbie: As the minister knows, there is a large deficit in fully manufactured end products—$12 billion. Has the hon. gentleman read his own confidential report, "Evaluation of Industrial Support Programs", which states that our balance in connection with technological goods is so unfavourable that it is probably not correctable by any ordinary amount of stimulation? Has the minister read this report? If so, what is he doing to overcome this deficit?

Mr. Horner: I have read a great many reports about Canadian industry and dealt with a lot of them. The budget which the Minister of Finance brought down on April 10 spells out special provisions for increased R and D as a result of which Canadian industry will benefit a great deal.

Some hon. Members: Hear, hear!

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ROYAL CANADIAN MOUNTED POLICE

PROSECUTION OF MEMBERS COMMITTING ILLEGAL ACTS

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I wish to address a question to the Solicitor General. It arises from recent testimony before the McDonald commission which has shown that members of the Royal Canadian Mounted Police took part in illegal activities for which they could be prosecuted under the Criminal Code. The Solicitor General is quoted in today's *Globe and Mail* as saying he is not planning to take any action in connection with these breaches of the Criminal Code. Can the minister tell us why he does not intend to take action against those who broke the law of Canada?

Hon. J.-J. Blais (Solicitor General): The hon. gentleman has undoubtedly read the terms of reference of the McDonald commission. They include power to inquire into procedures which might not have been authorized by specific legal provisions. The evidence in the past week has shown—if this is what the hon. member is referring to—that there have been what are called surreptitious entries. A legal opinion has been forthcoming from the Department of Justice to the effect that these procedures are legal. There is a decided opinion with reference to their legality, and I wish the evidence were completely adduced before the commission so that the inquiry, which is proceeding apace, would be able to make a judgment and bring in its own recommendations.

Mr. Rodriguez: In view of the expectation that the McDonald commission will not be reporting until 1980 or 1981, and that in the minds of the Canadian people justice delayed is justice denied, and since the royal commission will be examining the procedures followed by the RCMP in carrying out their duties—while what we are talking about, in effect, has to do with the illegal actions of individuals—can the minister tell us what specific steps he and his department plan to take now that he is aware of specific criminal actions on the part of certain members of the RCMP?

Mr. Blais: With reference to the specific illegal acts which the hon. member has mentioned, those acts were referred to the attorneys general of the provinces in which they were allegedly perpetrated. The inquiry is continuing to deal with other matters, such as the procedures followed. The hon. member has cited 1980 or 1981 as the termination date for the inquiry. That is a judgment which a reporter has made, it is not my judgment. Hopefully, the commission will be reporting post-haste—

An hon. Member: Post-haste?

Mr. Blais: —to this House. Further, as I have said before, the commission can make interim reports as it sees fit.

Mr. Rodriguez: Mr. Speaker, it is absolutely appalling that the chief law officer of the nation should give responses such as we have heard this afternoon. Can he tell this House and the people why any Canadian should respect the rule of law in this country when the government has decided it may be inoperative at any time the circumstances suit it?

● (1427)

DELAY IN INFORMING McDONALD INQUIRY OF ILLEGAL ACTS

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I have a supplementary question for the Solicitor General. The press report indicates that the government knew last September

about several hundred entries made without warrants. I refer the Solicitor General to the commitment of his predecessor to refer to the commissioners of the McDonald commission and to law enforcement agencies, not evidence of alleged illegalities but, to quote the minister's immediate predecessor, "any alleged breach of Canadian laws"—which is a far different thing.

Can the Solicitor General tell the House why, if his predecessor knew last September, it was not until last week that the McDonald commission was informed of this type of activity in direct evidence, when a clear commitment was made in this House on October 28 by the minister's predecessor to inform immediately the commission and other law enforcement agencies of any alleged breach of Canadian laws?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, if the hon. gentleman has read the terms of reference, he will know that the commission has jurisdiction to study procedures, as I indicated to the hon. gentleman from Nickel Belt. I indicated in that interview that indeed there was knowledge of the procedure of surreptitious entries. There was no indication by me that there was knowledge of 400 specific events, as was the evidence last week. However, that evidence, of necessity—

An hon. Member: You were quoted.

Mr. Blais: I was not quoted. Of necessity the evidence relating to surreptitious entries was made known to me and my predecessor some time before, but in accordance with the procedures of the McDonald inquiry such evidence was prepared so that it could be led by my solicitors before that commission.

I would like to indicate to the hon. gentleman that it is an indication of the excellent co-operation that there is presently, and has been, between the RCMP, my department and the commission that there is a proper scheduling of the evidence and the presentation of that evidence before the commission. The hon. gentleman will understand that evidence relating to procedures cannot all be introduced before the commission on the same day.

Mr. Jarvis: Mr. Speaker, the issue is not the co-operation that exists; the issue is the competence and responsibility of the minister of the day and the present minister. Can the Solicitor General indicate to this House whether it is his view that the present terms of reference enable the McDonald commission to advise that charges be laid against whomever, because on reading the terms of reference it is certainly not clear to me nor, I presume, to others that any such power exists within those terms of reference?

While the minister is answering that, perhaps he would also tell the House the difference between an alleged culpable act committed one day before the McDonald commission was constituted, and a similar culpable act one day after; because it is very clear in the press story—unless it is incorrect—that the Solicitor General distinguishes clearly between any activity up to the moment the McDonald commission was constituted and any activity which occurred after that constitution.

Mr. Blais: Mr. Speaker, I am afraid the hon. gentleman is making distinctions where distinctions do not appear. What I did say was that if an illegal activity is made known to me, and that illegal activity is expressly contrary to policy directives which I have issued or which my predecessor may have issued, that activity will be the subject of possible prosecution. I wish to advise the hon. gentleman that it is the policy of the commissioner of the RCMP that any illegal activity which comes to his attention is referred immediately to the attorney general of the province concerned, who has responsibility for the administration of justice.

With reference to the other distinction which the hon. gentleman wishes to make regarding the terms of reference, I would like to take note of his questions because they deal with a very precise interpretation. I will report to the hon. gentleman.

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[*Translation*]

AIR CANADA

INQUIRY INTO CONDUCT OF ANTI-BILINGUAL EMPLOYEES

Mr. Eudore Allard (Rimouski): Mr. Speaker, I should like to put a question to the Minister of Transport.

As the Gens de l'air du Québec union recently denounced the policy of Air Canada on bilingualism and the hiring of bilingual personnel in Quebec, and also, as the Official Languages Commissioner has severely criticized Air Canada for its undue delay in respecting the Official Languages Act, can the minister tell the House whether he intends to implement the recommendation of the Gens de l'air du Québec and set up a special inquiry into the pockets of resistance that exist within Air Canada against the French language and the Official Languages Act?

● (1432)

[*English*]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am satisfied that Air Canada is not being unnecessarily slow or difficult with regard to the development of policies in connection with the Official Languages Act and its spirit. The corporation is in the process of developing its final formal plan for improvement in the way the official languages are dealt with within the corporation. It has been paying special attention to hiring to ensure that it will be able to serve the public in both languages. That is not an easy problem to solve in a short period of time, but I would like to assure the hon. member that at this time the will is there and it is a matter of how fast we can accomplish the kind of results we want in order that the grievances cited are removed.

[*Translation*]

Mr. Allard: Mr. Speaker, on a supplementary.

The minister being aware that this matter has been under study for over a year, can he tell us whether he intends to take steps to redress that glaring injustice towards French in the air and in many other departments in Quebec, and whether he will bring in those measures before the next election?

[*English*]

Mr. Lang: Mr. Speaker, I would be very pleased indeed if the hon. member would draw to my attention any specific instances to which he might be referring. I would also be glad to give him further detailed information about the progress which is being made and which we will ensure will continue to be made in this regard.

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HOUSING

DISCUSSIONS WITH PROVINCES ON IMPROVEMENT PROGRAMS

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question concerns the government's housing policy or strategy, and particularly the uncertain future of a number of important programs such as the Neighbourhood Improvement Program, the rehabilitation program, and so on.

In the absence of the Minister of State for Urban Affairs for some days now, perhaps the Prime Minister is in a position today to tell the House, in the knowledge that there have been discussions with the provinces on these programs, what the outcome of these discussions was, whether these programs will be renewed, cancelled or changed significantly, and when we can expect an announcement on them, in view of the fact that the housing season is upon us and the industry throughout the country is held up and is in a critical situation, as well as people expecting to find shelter this year.

Right Hon. P. E. Trudeau (Prime Minister): I heard my name mentioned halfway through the question, and I am not sure what the hon. member is talking about.

Mr. Oberle: The question was with respect to the government's housing policy and strategy, and particularly the uncertain future of a number of federal programs which have received widespread acceptance and support throughout the country from provinces and from individuals. The question is whether these programs will be cancelled or changed significantly, or whether we can expect them to be implemented in the near future?

Mr. Trudeau: I will be glad to take notice of the question on behalf of the minister.

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THE CANADIAN ECONOMY

VALUE OF CANADIAN DOLLAR—GOVERNMENT POLICY

Mr. Gordon Towers (Red Deer): Mr. Speaker, I have a question for the Minister of Finance. In a recent statement in Alberta, the Minister of Industry, Trade and Commerce stated with reference to the Canadian dollar:

I don't believe it is any advantage to advocate it should be above 90 cents,

He also suggested that the Canadian dollar should be renamed Beaver. Can the Minister of Finance say whether that is government policy, or was the minister flying a kite to assess public acceptance of the fact that the Canadian dollar will never recover?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the policy of the government regarding the dollar is well known. I think the suggestion of calling it Beaver is as original as the one made by the Secretary of the Treasury of the United States that we could perhaps call it Maple Leaf.

Mr. Towers: The Minister of Industry, Trade and Commerce also said "there is no rhyme nor reason why it should be equal" to the U.S. dollar, and then mentioned the advantages of the devalued dollar. Has the government calculated the adverse effects which the devalued Canadian dollar has on the economy?

Mr. Chrétien: Mr. Speaker, there are some positive and some negative aspects to the floating dollar. This is the policy which the government has been following for years. Of course, it is for the Minister of Industry, Trade and Commerce to speak about the advantages because a weaker dollar is very good for the export business.

Some hon. Members: Hear, hear!

Mr. Speaker: The hon. member for Saskatoon-Biggar.

Mr. Hnatyshyn: Mr. Speaker, my question is intended for the Minister of Justice. If he is out of the chamber temporarily, I wonder if I could be recognized later.

Mr. Speaker: The hon. member for Vancouver-Kingsway.

Mrs. Holt: Mr. Speaker, the minister whom I wanted to question is not in the House.

Some hon. Members: Oh, oh!

An hon. Member: Where are all the ministers?

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NORTHERN AFFAIRS

INVESTIGATION INTO CONDUCT OF CERTAIN YUKON OFFICIALS

Mr. Doug Neil (Moose Jaw): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. In view of the fact that the Stratton inquiry into the conduct of the commissioner and of certain officials of the Yukon was concluded about two weeks ago, could the minister tell me whether or not he has received a copy of the report or whether his commissioner in the Yukon has received a copy?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I have not received a copy of the report and I do not believe the commissioner has either.

Mr. Neil: I wonder if the minister can tell the House when he expects to receive a copy of the report. Also, will he make it public or will it be tabled in the House?

Mr. Faulkner: I expect it will be received shortly, and I expect it will be made public.

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[*Translation*]

FINANCE

PROPOSALS TO QUEBEC ON SALES TAX

Mr. Roch La Salle (Joliette): Mr. Speaker, I would like to direct a question to the Minister of Finance. In view of the fact that he recently presented the budget in the House, and that this budget involved specifically the jurisdiction of the provinces; in view also of the fact that the province of Quebec did not accept the federal government's proposal and that today the minister made a counter-proposal, I believe, to the Quebec government, that he gave a press conference just before—

Mr. Chrétien: No.

Mr. La Salle: No? If the minister did not give—it seems to me that the minister officially made Quebec a counter-proposal. Would the minister be willing, at three o'clock, to make a statement on the counter-proposal he made officially, it would seem, to the Quebec government?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I stated on several occasions that the offer I put in writing for Mr. Parizeau is the same as the Minister of State for Federal-Provincial Relations himself made in his speech last week in the House.

Mr. La Salle: Mr. Speaker, I would like to ask a supplementary question. I understand that the offer he made yesterday to the Quebec government is nevertheless slightly different from the original proposal. Given the circumstances, would the minister make a statement before the House so that opposition members could question him on this matter?

Mr. Chrétien: Mr. Speaker, I will be pleased to forward a copy of the letter I sent to Mr. Parizeau but the proposal I made in writing is more or less the same as the one proposed in the days which followed the budget and which was outlined in more detail by my colleague in the House of Commons.

[*English*]

ADMINISTRATION OF JUSTICE

LIABILITY FOR COSTS OF COURT ACTION INVOLVING PUBLIC SERVANT

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is directed to the Minister of Justice: it concerns the decision of the minister to make the Canadian taxpayer pick up the tab for the Minister of Supply and Services with respect to the libelling of an innocent public servant, Mr. Larry Stopforth.

Yesterday the minister gave a press interview in which he quoted two precedents, one which involved a case which was never brought to trial and the other which involved a case in which the minister in question was successful and the court held that he was acting within the scope of his duties. In neither case did the defendant pay any damages. Will the minister now inform the House whether it is the policy of this government that a minister who unjustly defames a public servant is acting within the terms of reference of his position, and if that is the basis upon which he puts the judgment of the Minister of Supply and Services?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, the question is a little academic or hypothetical because no decision has been made as to whether or not to appeal the decision. That decision will be made very shortly. With regard to the latter part of the question, there are precedents in which the Crown has acted for members of the ministry in their defence against actions for tort of one sort or another. In fact, while the situation is not necessarily the same in Canada as in Great Britain, in Great Britain the Crown Proceedings Act is very clear on the point. Therefore, if we defend someone in the course of their employment in an action for tort, the usual practice and the past practice has been to pay any damages resulting from that action.

• (1442)

Whether damages in fact are paid is a matter for Treasury Board to decide upon application. However, at the moment the matter is purely hypothetical because no decision has been made on whether to appeal or not.

Mr. Hnatyshyn: Mr. Speaker, yesterday the minister was not hypothetical; he indicated that it was the government's intention, if no appeal were taken, to pay for this defamatory action. The minister appears to be "amicus Goyer" in this particular matter. Therefore, does he accept the proposition that the minister's responsibility goes out the window in this particular case?

If he accepts the proposition that defaming a public servant is within the course of the duties of a minister, under the circumstances will he at least take the step of advising, in his capacity as Minister of Justice, the minister to stand in the House and apologize? Will he advise the minister that the person should be reinstated to the position within his depart-

ment which he held prior to this particular, very regrettable incident?

Mr. Basford: Mr. Speaker, that would depend upon whether an appeal is taken and the result of that appeal.

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ROYAL CANADIAN MOUNTED POLICE

PAYMENT OF LEGAL COSTS OF MEMBER OF FORCE

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my supplementary question is directed to the Solicitor General. As the Minister of Justice has said, now that the government has decided, subject to possible appeal, to pay the costs and award against the Minister of Supply and Services for breach of the law on libel and slander, in the name of consistency will the Solicitor General recommend payment of the legal costs of RCMP corporal John Danch who won a very important case in the Federal Court of Canada on November 10, 1977, setting a notable precedent against arbitrary dismissal from the force? He has the discretion to pay these costs. In the name of consistency and appropriateness, I am wondering if he will give his undertaking now to do so.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I will take the hon. member's representations as notice.

Some hon. Members: Oh, oh!

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ADMINISTRATION OF JUSTICE

PRECEDENTS RELIED UPON RESPECTING PAYMENT OF LEGAL COSTS OF PUBLIC SERVANT

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, my question is directed to the Minister of Justice. In view of what he said, which I understand the law to be, that there is no statutory ability in the Government of Canada to pay the costs, and the idea is based on past experience, and in view of the clear indication that the government intends to pay the costs and the damages suffered by the Minister of Supply and Services for a wrongful act defaming a public servant who has been demoted—which is a rather interesting set of facts—would the minister be prepared to table before the House of Commons, not the opinion he was given, if he was given an opinion at all by the Department of Justice, but the precedents upon which he relied?

Will he inform the House whether there is a specific precedent, Canadian or British, relating to the libelling of a public servant and the minister carrying out that libel being entitled to compensation for his wrongful act?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, of course I would not want to table legal opinions; that is a long-standing practice. The two recent precedents which have been mentioned are Roman against Trudeau and Green—

[Mr. Hnatyshyn.]

An hon. Member: Who?

Mr. Basford: —and Holiday Magic versus the CBC, Collins and Basford.

Some hon. Members: Oh, oh!

Mr. Paproski: They both won academy awards.

Mr. Basford: In the latter case, the Department of Justice acted for the CBC and the CBC acted for Collins.

An hon. Member: How about the other one?

Mr. Basford: The Crown selected counsel for me when I was minister of consumer and corporate affairs. There were no damages resulting from that because the action was dismissed for want of prosecution.

With regard to earlier precedents, I am not sure I can supply them to the hon. member. I am sure I can supply him with public statements made by former deputy attorneys general including Mr. Driedger, who is well known to the hon. member, covering the subject.

ABUSE OF LAW BY PUBLIC SERVANTS—COMPENSATION FOR CITIZENS

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, my question is directed to the Minister of Justice. In view of the fact that there are some people in the public service, not elected and not accountable, who are abusing regulations so seriously that they are damaging independent business and private citizens, and in view of the evidence citizens are producing of this to me and other members of parliament, would the Minister of Justice consider preparing a law to make these people liable for damage as a result of abuses which can be related to and proven to be directly responsible for that damage?

Some hon. Members: Hear, hear!

Hon. Ron Basford (Minister of Justice): Mr. Speaker, obviously, if the hon. member—

An hon. Member: The Crown will pay.

Mr. Basford: —has specifics of where regulations are being breached by public servants, they should be brought to the attention of the deputy head or the minister of the department. The hon. member asks whether we will prepare legislation. There is legislation before the House to establish a federal ombudsman whose express purpose will be to deal with citizens' complaints about administrative abuse of regulations.

NATIONAL UNITY

PROPOSED MOVE OF SUN LIFE FROM QUEBEC

Mr. John Gilbert (Broadview): Mr. Speaker, my question is directed to the right hon. Prime Minister. In view of the recent news that at a meeting of the shareholders of Sun Life, 83 per cent voted in favour of the transfer of the head office from Montreal to Toronto, and in view of the commendable, symbolic gesture of the President of the Treasury Board to vote against the transfer, even though it was not persuasive, what steps does the Prime Minister intend to take to prevent the transfer of that head office?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member is aware of the steps taken by the Minister of Finance and by myself when we met with the chairman of the board and the president of the company in an attempt to dissuade them. He is aware of the steps we took as shareholders in voting against the move.

The hon. member is referring to a fact which I understand took place just a few minutes ago. I will consider whether any step can or should be taken by the government. My recollection of the first meeting I had with the Minister of Finance and the officers was that we did not have the legal power to prevent any such move. I can look at the matter again, but I must confess that it is not the inclination of the government to force the shareholders of a private company to do anything they do not want to do.

Mr. Gilbert: Mr. Speaker, in view of the fact that the Government of Canada holds at least ten policies with Sun Life, would the Prime Minister consider either cancelling or transferring those policies as a demonstrative step to show that we mean action, rather than words?

Mr. Trudeau: I take that to be a representation, Mr. Speaker. I will have it studied.

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EXTERNAL AFFAIRS

CONDEMNATION OF ATROCITIES COMMITTED IN CAMBODIA

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, my question is directed to the Acting Secretary of State for External Affairs. It has to do with the motion which was passed unanimously by the House on April 7 in which the Parliament of Canada condemned the genocide now going on in Cambodia, a resolution which was taken note of by President Carter in developing world opinion on this subject.

Over the noon hour a group of members of parliament met to voice their concern again. We want to ask the minister whether the Canadian government has yet raised the issue of genocide with the United Nations, particularly the Security Council, or whether it intends to do so. What instructions has the Canadian government given our ambassador in China to intercede with the Chinese government to have this senseless slaughter in Cambodia stopped?

Hon. Allan J. MacEachen (Acting Secretary of State for External Affairs): Mr. Speaker, as the hon. member knows, the motion passed was a motion by the House itself. In that case the Secretary of State for External Affairs obviously would take whatever steps were necessary to ensure that the motion would reach the people for whom it was intended. I am not certain and I cannot tell the hon. member what other steps the Secretary of State for External Affairs may have taken since then, but I will make inquiries and report later.

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IMMIGRATION

ACCEPTANCE OF CAMBODIAN REFUGEES

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, my supplementary question is directed to the Minister of Employment and Immigration and is on the same subject. Can the minister confirm that Canada intends to take 290 Cambodian refugees who have escaped from that country? Can he inform the House what further instructions he intends to issue to the Canadian ambassador in Bangkok to expedite the processing of applications from Cambodian refugees who wish to come to this country?

Some hon. Members: Hear, hear!

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, we have 7,000 people in that particular quota and that number is almost filled at the present time. I have a representation which I will make to my cabinet colleagues probably on Thursday in connection with this specific problem.

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● (1452)

PUBLIC SERVICE

COMPARISON OF SALARIES WITH THOSE OF PRIVATE SECTOR

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would like to direct a question to the President of the Treasury Board regarding the opinion of the Canadian Human Rights commissioner who indicated that the amendments to the Public Service Staff Relations Act which relate to comparing salaries and wages in the public service to those of the private sector are offensive in that under this legislation we must pursue equal pay for work of equal value. The minister was going to look into this matter.

This is a very important question. Has the Minister of Justice rendered his decision in light of the concern of the chairman of the Canadian Human Rights Commission and does he know in which direction he will now go?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, before and after the letter from the commissioner the Department of Justice confirmed to me their view that this did not breach the Human Rights Act. Nevertheless, I have agreed with the Minister of Justice to make absolutely sure, so there can be no possibility of misinterpretation, that we will make the necessary change to the PSSRA amendment to absolutely, clearly state that the Human Rights Act is paramount.

Mr. Speaker: The hon. member for Fraser Valley East.

Mr. Patterson: Mr. Speaker, I direct—

Mr. Alexander: Mr. Speaker, one supplementary, after a week away?

Mr. Speaker: I do not know how I can award a supplementary when the hon. member obviously got precisely the answer he was looking for in his question. However, I am prepared to be persuaded.

Mr. Alexander: Thank you very much, sir; you have been persuaded. I ask the President of the Treasury Board, in light of the very important position that the chairman has regarding his functions in his own department, can the minister assure the House that if and when he introduces legislation which deals primarily with the public service and, of course, their rights, he will take into consideration the expertise of the chairman of the Canadian Human Rights Commission and his officials in order that we do not have this sort of thing happening periodically? This is a good move and I hope the President of the Treasury Board can give me that assurance.

Mr. Andras: Mr. Speaker, I have already given the assurance that we are quite prepared to ensure that the Public Service Staff Relations Act does not breach the Human Rights Act. I do not know what other comment the hon. member is looking for.

Mr. Alexander: I am talking about the new legislation.

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AGRICULTURE

REQUEST MILK QUOTA BE INCREASED IN BRITISH COLUMBIA

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, I have a question for the Minister of Agriculture. In view of the fact that fluid milk consumption in British Columbia is increasing, and in meeting this demand there will of necessity be an increase in the production of industrial milk, will the minister consider the desirability of recommending the granting to that province of a higher percentage of the provincial market share quota in order that the industry will be permitted to expand, or will he make this possible through some other mechanism?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am sure the hon. member is aware that the national market share quota is divided among the provinces and is in turn divided by the people involved on that committee. They decide how to distribute that quota; I do not.

Mr. Patterson: I would just remind the minister that 3.1 per cent is the share for British Columbia, which is highly inequitable. As surplus milk must be of sufficient volume to allow for the maintenance of an adequate processing facility and trained staff, and all such milk produced on the lower mainland of British Columbia and Vancouver Island is processed by the two Fraser Valley milk producers' plants in Abbotsford and Sardis, will the minister call upon the Canadian Dairy Commission to call a meeting of the national supply management committee at the earliest possible moment to resolve this problem which will seriously affect the B.C. dairy industry?

Mr. Whelan: Mr. Speaker, I am very happy to see that the hon. member recognizes the fact that dairy products are being consumed by more Canadians all the time and that he recognized the success of our national dairy program, because without that there would not be the interest in wanting to produce the product.

* * *

EXTERNAL AFFAIRS

POLICY ON INTERNATIONAL ECONOMIC BOYCOTTS

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a question for the Prime Minister. In his answer to my question yesterday about the Bell-Saudi Arabia agreement, he said he would ask that the matter be looked into. Has he received a report on it from his officials and, if so, can he provide the information he has received to the House?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe the question yesterday dealt with two matters. One was the question of whether Bell Canada was in compliance with our boycott regulations. I am told that their contract has been looked at in detail by the Department of Industry, Trade and Commerce and they state that Bell has been very co-operative in indicating in every way that it would, and has indeed, complied with the boycott regulations.

The other matter had to do with the alleged prohibition of people of Jewish faith going to Saudi Arabia. I am told that there is nothing in the contract to this effect, that indeed such is not the case and that people of Jewish faith can and do go to Saudi Arabia. There is a requirement in their visa formulation for indicating their religion, but there is no prohibition against admitting people of religious faith into Saudi Arabia.

SOUTHWEST AFRICA—AGREEMENT REACHED ON RACIAL PROBLEMS

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is for the right hon. Prime Minister: it relates to the meetings that have been taking place in London and New York over these last three or four days. Since SWAPO, a

movement composed largely of expatriates belonging to one particular tribe with only marginal support in Southwest Africa, has indicated that it is irrevocably opposed to a multiracial régime in Southwest Africa, I wonder, despite the multiracial nature of that country, if the Prime Minister can provide the House with a report confirming or denying news stories to the effect that the Secretary of State for External Affairs within the last three or four days has been seeking to undermine the Turnhalle agreement which was reached on a multiracial basis by a conference which the SWAPO officials, though invited, did not attend.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, far from attempting to undermine the agreement, the Secretary of State for External Affairs has been designated by the four other countries participating with Canada in a proposed solution to the Namibia problems; and the hon. member knows that the Secretary of State for External Affairs is, and has been, at the United Nations putting forth his proposal. I understand that on behalf of Germany, France, the United States, Great Britain and Canada, of course, he has already put forth a proposal which has been accepted by South Africa and an answer is now awaited from SWAPO.

DISCUSSIONS ON RHODESIAN SITUATION

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, in connection with the same conversations that have been going on, and its having been denied in this House within the last week or so that Canada had no initiatives whatsoever to propose in this area—particularly with respect to Rhodesia—could the Prime Minister explain what the Secretary of State for External Affairs is putting forward in terms of policy related to Rhodesia in the current round of discussions taking place in New York and whether, in addition to that, there are any commitments with respect to peacekeeping forces in which Canada would be involved in any such proposals?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, do I understand the hon. member to be now switching from Namibia to Rhodesia, because his first question was on Namibia and that is the question I have answered. I do not know that the Secretary of State for External Affairs, in New York now, is having any particular discussions on Rhodesia.

Mr. Munro (Esquimalt-Saanich): We do not, either.

* * *

HOUSING

IMPROVEMENT PROGRAMS FOR LOW INCOME AREAS

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, my question is to the minister of state for housing. I would ask him if there are going to be any changes in the Neighbourhood Improvement Program for low income areas across Canada this year, and whether there are going to be changes announced in the Residential Rehabilitation Assistance Program.

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, earlier this week I sent telegrams to my provincial counterparts putting forth a series of proposals, not only in relation to the rehabilitation of housing but in relation to joint activities at both levels of government in what we call public housing. As the hon. member knows, the Neighbourhood Improvement Program terminated earlier this month because of a sunset clause in the legislation.

The proposal that I put forth to the provinces is a package by which the federal government will make available funds for municipality infrastructure programs. Therefore, neighbourhood improvement could continue under this approach if the municipalities, with provincial concurrence, want it continued.

* * *

● (1502)

IMMIGRATION

GOVERNMENT ACTION RESPECTING MARRIAGES OF CONVENIENCE

Mr. Jake Epp (Provencher): Mr. Speaker, I have a question for the Minister of Employment and Immigration. Approximately a week ago I referred to a departmental memo sent to the minister which addressed itself to the problem of marriages of convenience. I should like to ask the minister whether he has investigated charges made by his officials in that memo and, if so, what action has he taken or what action is he prepared to take?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, we are conducting investigations at the present time. Our officials are in the field and we are endeavouring to use the avenues available to us to determine whether it is possible to make a subjective decision that a marriage is one of convenience as opposed to a legitimate marriage. Where the marriage takes place in the province of Ontario, for example, and meets the provisions of the act in that province, it is legal. It puts us in a somewhat difficult position to say that although it is legal, it is a marriage of convenience. We have a practical problem which we are endeavouring to deal with.

Mr. Epp: A supplementary question, Mr. Speaker. In view of the detailed documentation included in the memo where specific charges were made of Canadians operating rings of marriages of convenience, I should like to ask the minister if that is also under investigation and if he is planning to lay charges in cases which have been proven to him.

Mr. Cullen: Mr. Speaker, if the law has been broken and charges are to be laid, they would not be laid by my department. In all probability we would bring that matter to the attention of the proper authorities.

Point of Order—Mr. W. Baker

PRIVILEGE

MR. BASFORD—QUESTION ASKED BY HON. MEMBER FOR YORK-SIMCOE

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I rise on a question of privilege relating to a question asked at the beginning of the question period by the hon. member for York-Simcoe (Mr. Stevens). He implied that the legislative division of the Department of Justice was drawing legislation relating to foreign exchange controls or to the amount of capital that an individual could remove from Canada in any given year.

I think it terribly important that I state there is no foundation whatsoever for that question. The legislative division of the Department of Justice or the justice section of the Department of Finance is not drafting any such legislation and has received no instructions to draft such legislation. I think it important that I state that.

I also think it important to state that I think the hon. member's question, the innuendo contained in it, and the possible rumour established by it, are the height of irresponsibility coming from the financial critic of the official opposition.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, on that question of privilege raised by the Minister of Justice (Mr. Basford) I noted that he said no legislation is being drafted. My question was to the effect that legislation had been drafted. In fact a member of his staff has let the word be known that the legislation is drafted and is now in the Prime Minister's office. It was confirmed by an executive assistant to a member of the government.

In no way did I feel it was irresponsible to ask for clarification if that legislation had been drafted and, if so, why did the Minister of Finance (Mr. Chrétien) feel it was needed.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I apparently am drawn into this fictional account by the hon. member for York-Simcoe (Mr. Stevens). I can assure the House there is no such legislation in my hands and that, if the hon. member wants to invoke an unnamed person talking to other unnamed persons who were talking to him, of course he is still compounding his irresponsibility.

Mr. Speaker: Order, please. Hon. members will realize we have a disagreement and not a question of privilege.

* * *

POINTS OF ORDER

MR. BAKER (GRENVILLE-CARLETON)—THE STOPFORTH CASE

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order arising out of a matter dealing with the question period. First of all I want to thank the Secretary of State (Mr. Roberts) for staying, and I see that the Minister of Justice (Mr. Basford) is also here. The point relates to matters involving the Stopforth case.

The Minister of Justice made it clear that he would have no objection to tabling the precedents upon which his department is relying as opposed to a legal opinion. I thought that was quite clear, and I hope that can take care of itself.

There is another matter that I think important, however, and that is the position of the Public Service Commission which reports to the House of Commons through the Secretary of State. There is the unfortunate position of Mr. Stopforth who finds himself defamed, has recovered damages, desires to be reinstated in his old job and who has not been, notwithstanding the fact it was clearly established in a court of law that he was removed for the wrong reasons.

Given the fact that the Public Service Commission reports to this House and the minister is a conduit for that reporting, I think it appropriate that the House be informed at some point and in some way about what the government intends to do, and what the Public Service Commission intends to do with respect to Mr. Stopforth, and whether an investigation is being carried out into the elements of this case.

If the minister would rise in his place and deal with the matter affirmatively he could undo a great injustice to a public servant. This is a blot on the whole Public Service and it has to be removed. I invite the minister to deal with this matter openly in the House, today or at another time.

Hon. John Roberts (Secretary of State): Mr. Speaker, the hon. member has correctly described me as what would in other circumstances be unflattering—he described me as a conduit. That is exactly what I am in relation to the representation he has made. He realizes that my position is not to give direction or do other than communicate to the Public Service Commission the statement he has made today. I undertake to do so and to reply on some other occasion with whatever information it provides to me. I hope that assurance will be acceptable.

Mr. Baker (Grenville-Carleton): Certainly.

MR. STEVENS—TABLING OF COMMITTEE REPORT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise on a point of order arising from a comment made with respect to the question of privilege raised yesterday by the Minister of Transport (Mr. Lang). At page 4782 of *Hansard* the Minister of Finance (Mr. Chrétien) is reported as follows:

> . . . I have something to put on the record so that the people can judge the truth of the matter. It is the second report from the Standing Committee on Finance, Trade and Economic Affairs, and I will table it. It was agreed on April 4, 1978, at 3.20—and the hon. member for York-Simcoe was there—that I was to be in the committee next Tuesday. The hon. member may have said something that was not dishonest, but it was not the truth.

I have inquired whether the Minister of Finance tabled whatever he was referring to and I find out he has not—procedurally he probably could not in any event. But, Mr. Speaker, apparently there is no such report of the Standing

Committee on Finance, Trade and Economic Affairs, or at least it has not been tabled. So the Table informs me.

My point of order is to seek clarification. I would hope that in the tone of the question period yesterday at least the Parliamentary Secretary to the Minister of Finance (Mr. Lumley) would clarify for me what report the minister was referring to. The first I learned of the minister agreeing to come before the Standing Committee on Finance, Trade and Economic Affairs was after I left the chamber on the day I originally raised the point. A notice was in my office for the first time definitively saying he would appear.

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the report the hon. member for York-Simcoe (Mr. Stevens) is referring to is that of the Subcommittee on Agenda and Procedure, dated April 4, 1978, which shows that the Minister of Finance (Mr. Chrétien) was requested to appear twice before the committee, one meeting to be held on April 25, 1978, at 8 p.m., and the other possibly on April 21, 1978, or any other suitable date.

At the meeting the hon. member refers to I specifically stated that the minister would appear on April 25 and, if possible, on April 21.

Mr. Stevens: That is not in the report.

● (1512)

ROUTINE PROCEEDINGS

[*English*]

ANTI-INFLATION ACT

TABLING OF BOARD'S REPORTS

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to subsection 17(2) of the Anti-Inflation Act I wish to table copies of reports sent to the Administrator by the Anti-Inflation Board.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 1,230, 1,373, and 1,409.

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

[*Text*]

FARM IN LAVAL OPERATED BY PENITENTIARY SERVICE

Question No. 1,230—**Mr. Roy (Laval):**

1. Is or was there a farm operated by the Canadian Penitentiary Service for the production of vegetables, milk and pork in the City of Laval and, if so, what was the acreage, the production or the annual estimated value of production of (a) vegetables (b) animals, from 1960 to date?

2. Was the production discontinued and, if so (a) in what year (b) for what reason?

3. (a) What is or was the value of the dairy herd (b) is or was there a herd registered "purebred" involved (c) was the herd sold for breeding or slaughter purposes and, if so, what was the average price per head?

4. Was the equipment and the livestock sold and, if so, was the Crown Assets Disposal Corporation entrusted with the transaction and, if not, for what reason?

5. What are CPS's intentions concerning farming operations in the City of Laval?

Hon. J.-J. Blais (Solicitor General): 1. Yes the Canadian Penitentiary Service has operated a farm for the production of vegetables, milk and pork in the city of Laval. (a) and (b)

Report on Production of Vegetables—Animals—Derivatives

Fiscal Years	Acreage	Vegetables (Pounds)	Grain (Bushel)	Annual Feeding and Bedding (Tons)	Miscellaneous Canned Foods (Gallons)	Eggs (Dozens)	Poultry (Pounds)	Beef and veal (Pounds)	Milk and Cream (Gallons)	Reconstituted Milk 2 per cent (Gallons)	Fresh Pork (Pounds)
1960/61						Records not available					
1961/62						Records not available					
1962/63						Records not available					
1963/64	Records not available	438,891	8,000	970		Records not available					
1964/65	Records not available	353,247	6,000	950		Records not available					
1965/66	Records not available	383,574	4,000	725		Records not available					
1966/67	407	438,891	5,000	960	44,622	32,875	2,639	7,410	41,720	92,495	210,131
1967/68	382	424,430	5,000	1,020	41,370	38,250	6,051	8,230	41,073	88,605	184,458
1968/69	383	295,520	3,500	1,020	37,878	28,770	3,271	7,783	48,075	79,360	187,778
1969/70	369	254,371	3,000	875	23,652	25,925	5,269	9,611	47,732	83,103	150,771
											Product dicontinued September 1969 and finalized during fiscal year 1970/71

Order Paper Questions

Fiscal Years	Acreage	Vegetables (Pounds)	Grain (Bushel)	Annual Feeding and Bedding (Tons)	Miscellaneous Canned Foods (Gallons)	Eggs (Dozens)	Poultry (Pounds)	Beef and veal (Pounds)	Milk and Cream (Gallons)	Reconstituted Milk 2 per cent (Gallons)	Fresh Pork (Pounds)
1970/71	369	82,548	3,700	900	22,224	26,675	3,508	3,200	58,731	65,706	91,645
1971/72	369	28,711 Product discontinued September 1971	2,500	600	Product discontinued September 1970	16,650 Product discontinued September 1971	12,000 Product discontinued September 1971	24,470	60,196	59,563	—
1972/73	368	—	3,500	860	—	—	—	10,277	43,202	83,219	—
1973/74	375	—	1,600	735	—	—	—	14,089	37,200	100,657	—
1974/75	375	—	900	950	—	—	—	14,006	39,105	126,522	—
1975 (April 1 to November 15)		—	1,000	700	—	—	—	10,000	24,975	79,072	—

2. Yes, the production was discontinued in three phases. (a) 1970, cannery, piggery; 1971, hen-coop, vegetables; 1976, milling, dairy and farming. (b) The operations were discontinued as a result of the recommendations made by the "Committee on Farm Operations and Annex Programs" submitted to the Commissioner of Penitentiaries on March 21, 1973.

3. (a) Approximately $40,000. (b) The dairy herd was composed of 82 thoroughbred and ten half-bred. (c) Seventy-one animals were sold for breeding purposes by public auction at an average price of $483 per head—twenty-one animals including pure-bred not recommended for breeding purposes were kept and slaughtered for beef consumption by regional institutions.

4. The equipment was disposed of by transfer to CPS institutions in the Quebec and Ontario regions or through the Crown Assets Disposal Corporation. The livestock was disposed of through an auction firm, pursuant to commissioner's directive No. 129, subparagraph (a) of paragraph 7. The sale of livestock is exempt from the provisions of the Surplus Crown Assets Act.

5. The penitentiary service is at present re-evaluating its policies on farm operations with a view to increasing the number of inmates employed in farm operations, and to reducing food costs.

RCMP—COST OF INVESTIGATIONS

Question No. 1,373—**Mr. Jones:**

What are the costs of R.C.M.P. investigations into political patronage scandals in the province of New Brunswick from 1976 to date?

Hon. J.-J. Blais (Solicitor General): It is not the practice of the RCMP to record its costs on an investigation-by-investigation basis. Moreover, it is not uncommon for an investigator to be tasked with more than one investigation at any given time, and to move from investigation to investigation during any working day. It is, therefore, impractical to arrive at the costs of any particular investigation or investigations.

RCMP—PENSIONS FOR RETIRED MEMBERS

Question No. 1,409—**Mr. Knowles (Winnipeg North Centre):**

1. How many retired Royal Canadian Mounted Police personnel are receiving pensions, including their basic pensions and any supplement or supplements added thereto, of amounts within each of the following brackets (a) less than $20.00 per month (b) $20.00 to $29.99 per month (c) $30.00 to $39.99 per month (d) $40.00 to $49.99 per month (e) $50.00 to $59.99 per month (f) $60.00 to $69.99 per month (g) $70.00 to $79.99 per month (h) $80.00 to $89.99 per month (i) $90.00 to $99.99 per month (j) $100.00 to $149.99 per month (k) $150.00 to $199.99 per month (l) $200.00 to $249.99 per month (m) $250.00 to $299.99 per month (n) $300.00 to $399.99 per month (o) $400.00 to $499.99 per month (p) $500.00 to $599.99 per month (q) $600.00 to $699.99 per month (r) $700.00 to $799.99 per month (s) $800.00 per month and over?

2. How many widows of R.C.M.P. personnel or of retired R.C.M.P. personnel are receiving pensions, including their basic pensions and any supplement or supplements added thereto, of amounts within each of the brackets indicated in the above question?

3. What is the number of R.C.M.P. personnel and also the number of widows of R.C.M.P. personnel or of retired R.C.M.P. personnel presently residing in each province?

4. In respect of how many orphans of R.C.M.P. personnel are pensions being paid and what is the average amount thereof?

Hon. J.-J. Blais (Solicitor General): 1 and 2.

	Amount	Retired Members	Widows
(a)	Less than $20 per month	0	10
(b)	$20 to $29.99 per month	9	5
(c)	$30 to $39.99 per month	44	2
(d)	$40 to $49.99 per month	30	7
(e)	$50 to $59.99 per month	14	8
(f)	$60 to $69.99 per month	7	6
(g)	$70 to $79.99 per month	58	5
(h)	$80 to $89.99 per month	35	9
(i)	$90 to $99.99 per month	14	15
(j)	$100 to $149.99 per month	111	51
(k)	$150 to $199.99 per month	150	43
(l)	$200 to $249.99 per month	204	50
(m)	$250 to $299.99 per month	258	31
(n)	$300 to $399.99 per month	538	69
(o)	$400 to $499.99 per month	492	21
(p)	$500 to $599.99 per month	405	8
(q)	$600 to $699.99 per month	355	8
(r)	$700 to $799.99 per month	311	4
(s)	$800 per month and over	495	10
	Total	3,530	362

3.

Province	Retired Members	Widows
Newfoundland	189	9
Prince Edward Island	23	2
Nova Scotia	262	22
New Brunswick	130	9
Quebec	217	20
Ontario	716	88
Manitoba	169	14
Saskatchewan	184	21
Alberta	513	49
British Columbia	1,028	121
Yukon	14	1
North West Territories	30	2
Outside Canada	55	4
Total	3,530	362

4. 171; $59.29 per month.

[*English*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—TRANSPORTATION POLICY

Mr. Don Mazankowski (Vegreville) moved:

That in the opinion of this House, the Minister of Transport has consistently failed to manage Canadian transportation policy in an efficient and effective manner and implement the promises of the 1974 election campaign, and the House calls upon the government to take positive action:

(a) to abandon the user pay concept and develop overall transportation objectives which will enhance national harmony, reduce regional disparities and promote balanced economic growth;

(b) to develop mechanisms which will encourage the federal government in consultation with all provincial governments to set national and regional transportation priorities;

(c) to clarify the mandate of the Canadian Transport commission to ensure that the regional diversity of the country is taken into consideration in all decisions of the Commission; and

(d) to implement the major recommendations of the Hall commission report on Grain Handling and Transportation in the West.

Mr. Speaker: Hon. members will know that pursuant to Standing Order 32(1)(k) the motion is debatable, and that proceedings on the motion shall expire in accordance with Standing Order 58(11) at the ordinary hour of adjournment.

Mr. Mazankowski: Mr. Speaker, I am pleased on this occasion to present this motion before the House on behalf of my party. I believe the subject matter of the motion is very timely.

It will give the House an opportunity to examine the Trudeau government's record in the important area of transportation. It will give the House an opportunity to examine the reliability of the Liberal government in fulfilling the election promises of 1974. It will give us an opportunity to assess and analyse the effectiveness and the manner in which the current minister is handling the day to day issues which arise. It will provide hon. members an opportunity to consider some new initiatives and new directions in the formulation of goals, objectives, and priorities for a national transportation policy in Canada into the twenty-first century. It will also give us an opportunity to discuss how we might be able to execute such policy. Perhaps what is more important is that as we now head into another election campaign there is no question in the minds of many people that Canadians will again, in all probability, be bombarded with another assortment of transportation goodies, which the Liberals have no intention of implementing even if they were elected.

Some hon. Members: Hear, hear!

Mr. Mazankowski: As a matter of fact that process is well on its way right now, Mr. Speaker. Whole promises are being reactivated. So-called new commitments are being introduced, along with so-called new promises, all of which are politically motivated. I am glad the Minister of Transport (Mr. Lang) is in the House because he is the master of political motivation. I am sure that Canadians this time around will look upon that kind of benevolence and that kind of charity with much disdain.

Let us take a look at some of the highlights of the 1974 election campaign commitments. On June 19, 1974, the man who once proclaimed that Canada's transportation policy was in a mess and who got his reward in the other place, said this in a press release—

An hon. Member: What about the future?

Mr. Mazankowski: Yes, we will get to the future, but we have to review the past before we do that.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Turner): Order, please. Will the hon. member please address the Chair.

Mr. Mazankowski: Mr. Speaker, I will certainly abide by your ruling. I would never insult the Chair, and you know that, sir.

The important issue in the next election campaign which will be the Trudeau government's record, and particularly its record with respect to transportation policy—

An hon. Member: He does not want to run on his record.

Mr. Mazankowski: In a June 19, 1974, press release it was reported:

Transport Minister Jean Marchand today announced sweeping changes in the institutional structures which manage Canadian transportation, a radical departure from past transportation philosophy and a comprehensive set of new transportation programs for Canada. "These changes and these programs are going to move Canada toward world leadership in the use and construction of passenger and freight transportation systems. We are reaching for world leadership in quality equipment and systems," Mr. Marchand said.

That was June, 1974, Mr. Speaker. The hon. member across the way has a short memory. He forgets about these commitments, as do most members across the way, including the Minister of Transport. These commitments were made by a former minister of transport. Let us bear in mind that this is the man who suggested that transportation systems were in a mess. I submit to you, sir, that if clearing up the so-called mess was contingent upon the fulfilment of that lofty statement, then one can only conclude that the mess has become worse.

What radical departure from past transportation philosophy have we seen or heard? What new set of comprehensive transportation programs or proposals have we seen? What

kind of world leadership has been displayed by this government? The fact of the matter is none. Those who are involved in the transportation industry would probably not agree that our systems were all that bad. If there ever was a mess in the transportation industry in Canada, that mess was in the transportation minister's office. I have every reason to believe there has been very little improvement since that infamous statement was made. It is quite obvious the condition still exists.

Let us look at some samples, Mr. Speaker, first of all respecting urban transportation. On June 17, 1974, there was an announcement that some $290 million would be provided in the form of financial aid for urban transportation systems. That never got off the ground. The provinces took the commitment as a good word. They went to work, developed programs, and perhaps even committed the expenditure of those funds.

● (1522)

On February 17, 1977, the then minister of finance, Mr. Macdonald, announced cancellation of the program due to fiscal restraint. He cancelled it in the same city in which it had been announced three years earlier. They used fiscal restraint as an excuse, but it is very interesting to note that inflation was running at something like 11½ per cent during the election campaign of 1974. Restraint was not much of an issue at that time.

When Mr. Macdonald announced cancellation of the program, inflation was running in the order of 8 per cent. It is therefore obvious that the program was announced for political expediency and for political gain. There is no question about that. Even Liberal members of parliament could not stomach the government's about-face. Many of them spoke out on the matter, including the hon. member for Halton (Mr. Philbrook), the hon. member for Scarborough West (Mr. Martin), the hon. member for York East (Mr. Collenette), the Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo), the hon. member for Eglinton (Mr. Sharp), and the hon. member for Laprairie (Mr. Watson). All expressed shock and dismay at the blatancy of the government reneging on what was considered to be a formal and honest commitment. They did garner some votes however.

The minister of transportation in the province of Ontario described it as one of the most unresponsive and disappointing transporation programs put forward by the federal government in years. He stated that over the past three years the federal government indicated it would be willing to support the development of urban public transportation. This was not a casual or "maybe" commitment. They were public statements of the federal government's intent to give full support to this important program. What we have is a broken promise. It can be described as nothing else.

What about ferry service? The Liberal campaign document described that we would have a comprehensive new policy for expanding assistance to the ferry service in Canada. What was the result? A dramatic increase in tolls in our ferry system, reaching almost 70 per cent in the province of British Columbia. It almost caused the Minister of State (Fitness and Amateur Sport) to leave the cabinet.

What about ports? We were to have a comprehensive program to improve railway access to western ports and to Vancouver. This was to be launched immediately. As a matter of fact this launching was to have taken place in 1973 at the WEOC conference in Calgary. That launching is still sputtering. We were to have had new legislation to provide greater autonomy to the port authorities. Bill C-6 which was introduced contravenes that philosophy and principle.

What about freight rates? This is a dandy. It was the major priority of the Liberal government in the election campaign of 1974. They said this:

> The third major priority of these new transportation policies is the removal of regional inequities in freight rates. Mr. Marchand said it has been demonstrated over the past six years that the principle of competition on which Canadian freight rates has been based, that is, competition between different modes of transport supposedly resulting in fair and low rates, has not worked for many areas in Canada. The Liberal government will adopt the principle of consistent and equitable pricing of freight rates rather than the old "what the traffic will bear" principle. This will be a dramatic change—and the government intends to monitor the implementation very carefully to cushion shippers and carriers.

The fact is not one freight rate discrepancy or anomaly has been removed. In fact the disparity has been widened as a result of inflation and other increases. The discrepancy between long and short haul rates still exists, as does the discrepancy in freight rates between raw and processed products. There is also the issue of rapeseed as it applies in the discriminatory application of freight rates in western Canada. My colleagues will deal with that in more detail.

The discrepancy in freight rate groupings still exists. These discrepancies continue to exist, notwithstanding the fact that in 1975 there was an agreement with the then ministers of transport of the western provinces and the then minister of transport, Mr. Marchand. These matters had been agreed upon and initiatives were to be taken. There was a short communique issued in February, 1975, in which it was said in respect of Mr. Marchand:

> —he will propose a legislative amendment to reduce the rate differential anomalies between raw and finished products and in the interim will consult with the provinces and take measures necessary to correct urgent anomalies. Specifically the minister said he will recommend to his colleagues immediate steps within the existing legal structure to reduce the long-standing rapeseed products differential anomaly.

What do we hear today from the Minister of Transport? On October 20, as reported at page 59 of *Hansard*, the minister said:

> On the question of equity, this is a matter of serious concern to us, as we have expressed over the years our belief in the need for greater equity in freight rates between processed and unprocessed products. There are very significant financial implications. We have been discussing this with the provinces in an attempt to reach some rational conclusion about what processing should take place, because the natural advantage in the prairie region does take place there.

That is just more words and more procrastination. Nothing has been done, nothing but more equivocating.

I turn to the question of grain handling where we have a glorious commitment. The commitment in 1974 was that the total grain handling system, from the grainery to the ships in

the harbour, would be revamped, and new systems introduced. What do we have? We have continued congestion in the port of Vancouver. We are now 35 million bushels behind our shipping target for the year. We have continued delays in loading. On any given day, there are an average of 24 ships waiting in the harbour. Elevators on the prairies are congested. Demurrage costs continue to pile up, some as high as $5,000 per ship per day.

An hon. Member: Who pays that?

Mr. Mazankowski: I will tell you who pays that. The farmer pays it, further reducing his income level which has declined by some 54 per cent since 1975, translated in terms of 1975 dollars. The Canadian Federation of Agriculture calls it a horrendous drop. More important, Canada continues to lose its reputation as a reliable supplier of grain in the export market. Its reputation is becoming tarnished and deteriorated. That is the sad fact of the matter.

We were to have had an expansion of the utilization of the port of Churchill. Those initiatives continue to be delayed. Prince Rupert has once again surfaced. It seems to surface during every pre-election campaign. There has been another commitment. However, if we are really honest about it, we will not see any improvement in the utilization of that port for five or six years.

Since 1973 we have heard about the necessity of a rail link to bypass the Fraser Canyon, the Clinton-Ashcroft link. Although it was promised in 1973, nothing has been done.

What about the grain handling system, the great revamping, and the great new system that was supposed to be introduced? It still takes an average of 23 days for a car to be loaded with grain, leave the country elevator point, go to Vancouver, and return. Those are not my statistics but statistics of the Hall report and Snavely report. It takes 23 days for a trainload of grain to get from the country elevator to the harbour and back for another load. I think it is fair to say that even hon. members could probably walk faster than that. We have seen no progress, no improvement in that area whatsoever. What is sad is that this situation continues to prevail in spite of the fact that we have seen a great deal of branch line abandonment on the prairies, a great deal of rationalization of the grain handling system, a great deal of consolidation of the elevator system, all of which have cost the prairie producer more money because he is obliged to deliver his grain further.

• (1532)

Speaking of branch line abandonment and elevator consolidation, it is interesting to recall what the present Minister of Transport had to say during the election campaign of 1974. A report in *The Globe and Mail* of June 10 of that year reads as follows:

> Countering opposition that he is out to close small grain elevators situated close to farms, Mr. Lang declared that the small elevators would remain as long as farmers wanted them.

He went on to say at Lloydminster, as reported in the June 11, 1974, edition of the Winnipeg *Free Press*:

> As long as the Liberal party forms the government and as long as producers wish to continue to deliver to the elevators of their choice not one rail line will be abandoned.

More hollow, shallow, empty promises, Mr. Speaker.

I believe producers are prepared to play their part in improving the grain handling system, but the government, the railways, and the elevator companies all have to do their share. Leadership lies with the federal government. My party recognizes that it is a government responsibility. But the fact remains that the party sitting across the way has failed to deliver. The promises to which I have referred by no means represent the totality of the government's transportation package which was unveiled in 1974. Those vote-catching promises, without any real meaning, uttered without any sincerity, are probably consistent with the Liberal approach.

The party opposite thrives and survives by misleading the people. It is likely that nothing new will emerge from the upcoming campaign. Perhaps there will be a repetition, a rehashing of the old promises. However, I am sure the people will not be fooled for ever because, after all, most of those promises have been floating around ever since the Western Economic Conference of 1973. We all remember that in 1974 leadership was said to be the issue in the election. I submit to you, Mr. Speaker, that the honesty of that leadership will be very much an issue in the minds of most Canadians.

In 1974 Liberal propagandists were saying:

> The issue—the overwhelming issue—is leadership. The answer for anyone who is willing to take a good look at the record is obvious. Prime Minister Trudeau and his team of Liberal candidates are asking for your support July 8th.

But we have to ask this question: who is likely to do the best job of fulfilling the commitments which were made during the election campaign? That is what we have to ask ourselves.

Some hon. Members: Hear, hear!

Mr. Mazankowski: Consider the record when it comes to fulfilling the commitments which were made. What has become of those sweeping plans, those radical departures from past methods, those comprehensive programs we heard so much about? What became of the idea of world leadership in transportation? We can probably summarize all this in one phrase: all we have received following those lofty promises amounts to nothing more than the Otto Lang user-pay concept. What has been done in this field? I will give the House a few examples.

The government tried to eliminate or dismantle the "at and east" rates which are a very important tool of economic development for the Atlantic provinces. The minister tried to do this on three occasions. He doubled the Seaway tolls. He proposed a 533 per cent increase in user fees at airports.

An hon. Member: For most people.

Mr. Mazankowski: For most people, as my hon. friend reminds me. He increased the tolls on the ferries by as much as 70 per cent in some cases—I have in mind the province of British Columbia. The gap in freight rates brought about by discriminatory rates and the anomalies to which I referred

earlier, is ever widening, and the glib promises made during the campaign of 1974 are by now nothing more than a distant ideal—unless, of course, one happens to be the present Minister of Transport—he has a different version of user-pay for himself.

On behalf of my party I say to you, Mr. Speaker, that we reject Otto Lang's concept of the user-pay philosophy.

Some hon. Members: Hear, hear!

Mr. Mazankowski: It has become a symbol of economic and political tension between the federal government and the provinces, between users and carriers, and I submit it is incompatible with the political, social, economic, and geographical dimensions of Canada. Furthermore, it leads to discrimination and decreases opportunities for economic growth and positive regional economic development.

I turn, now, to the Hall report. I say to you, sir, that my party endorses the Hall recommendations not only as a transportation charter for the west but also as an economic manifesto. This being the case, we are deeply disturbed by the minister's foot dragging in implementing the major recommendations of the report. There are some 92 recommendations in all. Six have been implemented, four have been partially implemented, 24 are the subject of further study, and 58 have not yet been acted upon. The Hall report must be viewed as a total package, a total concept for the economic development of western Canada.

The minister acted with great haste in the area of branch line abandonment, but it is interesting to note that he proceeded at a snail's pace when it came to removing the anomalies as between freight rates on raw and processed products. He has failed to make an unequivocal statement with respect to the Crowsnest Pass freight rates and the way in which the government would handle the gap between the Crow rate and that which would be viewed as a fair rate for the movement of grain.

● (1542)

As I understand it, the Minister of Transport has not even invited Mr. Justice Emmett Hall to discuss the implications of his report. That is very disturbing. There are a number of major recommendations in the Hall report which must be implemented, and we as a party would implement them very quickly and work together with Mr. Justice Hall in implementing them. Far too many specific recommendations which would revitalize processing activity in western Canada, broaden and strengthen its economic infrastructure, are in that document to let it sit around and gather dust on the shelf. We feel very strongly about that.

In conclusion, I want to outline some directions and some initiatives which we, as a party, feel are important in terms of developing and implementing a national transportation policy. We believe that transportation is a vital instrument of national unity. We believe it to be key to balanced economic growth, and we believe that it must be a positive tool of regional economic development.

We believe that a new transportation act is needed to serve Canada throughout the eighties and on into the twenty-first century and to reflect the fact that transportation must be a positive tool for regional economic development. Transportation must respond to national, regional, and urban challenges and realities. It must recognize the necessity of further processing and manufacturing of our resources, particularly our renewable resources, in those areas where they are grown, produced or located. We believe that it is the responsibility and the duty of the federal government to define national transportation goals, objectives, and priorities. The federal government must provide leadership in this area. These goals, objectives, and priorities must be developed, however, through meaningful and continuing consultation with the provinces. There must be a permanent mechanism for this to take place because transportation is very important to every region of Canada economically, socially, and politically.

We believe that consideration should be given to the establishment of a council of transport ministers composed of the federal minister and his ten provincial counterparts plus representatives from the Yukon and Northwest Territories. We believe that this would serve not only as a mechanism for development of priorities in national transportation but—

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

Some hon. Members: Agreed.

Mr. Mazankowski: Thank you very much, Mr. Speaker, and I thank hon. members for allowing me additional time. I assure the House that I shall not abuse this privilege. I simply want to confine my remarks to some initiatives and directions which we would like to place before the House at this time in connection with the motion we are debating.

We believe that such a mechanism would be very useful and helpful in developing priorities, goals, and objectives for national transportation but, more important, it would promote understanding and, I believe, would result in national support for any priorities and initiatives which may be taken and which have to be taken in the national interest.

Having defined the goals and objectives, the regulatory body, the Canadian Transport Commission, should have its role very clearly defined. It should be responsible for the implementation and execution of the national policy which is defined, and it should function with a minimum of political interference. We feel that this is needed to provide the degree of stability and certainty which is urgently required at this point in time in the transportation industry, because there has been too much political interference, political manipulation, and ad hoc measures. It is necessary to restore confidence in the transportation industry if we are to improve our productivity, the reliability of our transportation systems, and our technology. It is important to have that climate of stability and confidence in order to attract the kind of capital investment

which will be required to develop and expand the systems we need in this country for the twenty-first century.

We hold in very high regard the importance of the regions of this country, and having regard to the regional needs and the uniqueness of the regions of this country we feel that consideration should be given to the establishment of a western and an Atlantic arm of the Canadian Transport Commission. This would provide an opportunity to respond quickly in meeting the regional needs and demands of users of the various modes. Furthermore, it would serve to speed up the regulatory process, which needs a lot of speeding up. It has become entwined in red tape and over-dominated by bureaucratic devices. That operation clearly has to be streamlined.

The act has to be clearly defined, and there have to be new mechanisms put in place for seeking and obtaining adequate redress for the problems which crop up from time to time. Such a mechanism would ensure that adequate and effective service is provided at a minimum cost, and would monitor and correct such things as freight rates, equipment supply, maintenance and modernization of plant and equipment facilities. We believe that this could be achieved without adding to the size of the existing Canadian Transport Commission. That would basically mean a regionalization of the operation to take into account the regional realities and the diversity of this country.

We feel that consideration should also be given to the establishment of a national advisory council on transportation, and that the users of all modes of transportation should be invited to participate. We feel that this is necessary so that the goals and objectives which are defined in a national transportation policy could be geared to the needs of users. We think that is very important, and it is something which has not been happening.

There has not been enough consultation in the development and administration of transportation policy. I see that the minister is smiling. His version of consultation is perhaps somewhat different from the version of hon. members on this side of the House. To hon. members opposite it is consult and "We will do what we want to do anyway". That is really not the way we describe consultation. We feel that the role of the Ministry of Transport should be reviewed and assessed with a view to reducing the monopolistic role which it now plays. That role often finds itself in a conflict of interest position. It was described adequately and appropriately by the Air Transport Association of Canada, which said that users view themselves as captive tenants of a monopolistic landlord. Airports are built and facilities are established by the MOT without any consultation, and without any advice from the people who use those facilities.

Mr. Lang: You are out of date.

● (1552)

Mr. Mazankowski: If I am outdated, there should be no problem in accepting the amendment to Bill C-4 which would enshrine the kind of consultative process which we think is necessary, and which, incidentally, is supported by all the users involved with the Department of Transport. You have accepted one, sir, and there is another one on the order paper. If the minister is saying they will accept the amendment which is now on the order paper in my name, I can assure him the bill will have speedy passage. The fact is, there is no appeal. Consultation is non-existent.

We think that MOT would do well to work toward divesting itself of its responsibilities in areas which might be better served by the private sector or by other levels of government. When you look at the conflict which arose with regard to the Edmonton International Airport, the desire to have new and better facilities there to accommodate the tremendous number of people who will be visiting that city during the Commonwealth Games, you find that the provincial government wants to help the federal government, but there is no co-operation from the federal government. There has been consultation, but there is no co-operation.

Perhaps other levels of government could involve themselves in supplying this kind of infrastructure, not deviating from the power and authority of MOT to lay down standards and of CTC to ensure that those standards are maintained, but there may well be another area in which we can expedite the development of our transportation infrastructure. We believe that immediate steps should be taken to stimulate innovation and to improve productivity in the transportation sector. The appropriate fiscal policy and incentives are necessary there.

We believe that steps must be taken to increase private investment in our transportation systems. We know that over the next number of years a huge infusion of capital will be required to provide the infrastructure and the equipment necessary to expand and to strengthen the basic transportation network to meet future demands.

Most important of all, what we need to get on with the job of building an efficient and effective transportation system is a climate of openness, a climate of trust, and a climate of co-operation. We have the most secretive government in the history of this country, and that is part and parcel of the problem. It is not only secretive, it refuses to consult, and it fails to co-operate. We believe that if we are to get Canada working again, if we are to get the most of our transportation system, we must do it together and, in order to achieve that, we must work together.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I rise to support the motion moved by my good friend, the hon. member for Vegreville (Mr. Mazankowski). One could think of another ten items at least to add to this motion, but it covers most of the ground.

The preamble to the motion states that the minister has sidetracked promises made by his own party and by his government in 1974. That is true and obviously plain to people all over Canada. They made promises that were glowing and that warmed the hearts of the public when they promised to abandon the outmoded freight rate structure and to remove regional freight inequities. They promised that rates at less than cost of service would apply in special cases, but instead

they are trying to give us the user pay concept. They even tried to enshrine that concept in Bill C-33 in the last session, which, I gather, now is withdrawn as a result of opposition even from government backbenchers. Not only did they renege on those promises, but now they want to do away with the Crowsnest statutory grain rates, about the only benefit left to western Canada. They want to do away with the "at and east" rates on grain and flour shipments through the maritime ports, creating unemployment there, as if there were not already enough.

The federal government, with the capitulation of the Liberal and Conservative provincial governments in the Atlantic provinces, plans to tamper with the Maritime Freight Rates Act assistance. The government promised that not one railway branch line would be abandoned so long as the producers wanted to use it and the elevators continued to operate. What has happened to that promise?

About a month ago, for example, the Prairie Rail Action Committee—a little committee that was set up so that both the minister and the railroads can get their way, sometimes in spite of what the railroads want—recommended the abandonment of two lines, and everyone, including their railroads, the elevator companies, the producers, and the communities concerned, wanted to keep them. The Liberals promised a transportation information act to provide Ottawa with access to all information it needs to formulate freight rate policies, including companies' costs. We still have to rely on the U.S. Securities and Exchange Commission to find out how much the president of CPR is paid.

They promised a national freight car leasing corporation. We did not get it. Every day there are reports of some Canadian commodity unable to reach market because there is a shortage of railway equipment.

The Prime Minister (Mr. Trudeau) promised to abandon the outmoded freight rate structure, one based on the competitive market place. What has happened is a greater reliance on market place competition and profitability, not a lessening of reliance.

The Prime Minister promised that a Liberal government would provide $290 million in urban transit assistance to provinces and municipalities. That promise has not been kept. The actual program announced last fall involves little or no new funding. They juggled the books. It will take $100 million from the commuter services program announced in 1975 but never implemented, and $130 million from the railway relocation and grade crossing fund. That is a program that needs more funds, not funds being taken away from it, but that is how they try to fool people into thinking that that promise of the Prime Minister was kept.

The Prime Minister promised to establish transcontinental excursion trains to supplement existing transcontinental services. That means more trains, not less. Instead, they plan to phase out one of the Montreal to Toronto to Vancouver services, or substantially reduce it.

The Prime Minister promised to bring into service high speed passenger trains to the central corridor. That was four years ago. The minister finally got around to getting some LRC trains ordered just in the past year. These high speed trains are a laugh. The train from Ottawa to Toronto still takes five and three quarter hours. It travels at an average speed of 48 miles an hour. Another train takes six hours and five minutes and travels at an average speed of 46 miles an hour. If that is the vision of the Prime Minister and of the Minister of Transport (Mr. Lang) of high speed intercity trains, we do not need that kind of vision. That will not entice people to get out of their cars or get off short haul plane flights and get on to trains. It will militate even further against them wanting to do so.

VIA Rail, which I think had great plans and great ideas, has been stepped on by the ministry. It wanted to do a good job, but will not be allowed to do it. They will not be provided with the funding that is required to implement the Prime Minister's own promise. They do not intend to provide train service between Edmonton and Calgary. Although the Minister of Transport has announced that some LRC trains are going to operate in the west and in the maritimes, VIA Rail has not provided a commitment that these units will supplement existing passenger train service. We suspect that instead it will replace existing passenger train service in which there is also some reduction.

● (1602)

The motion of the hon. member indicates that the Minister of Transport has failed consistently to manage Canadian transportation policy in an efficient and effective manner. That is true, but also it is true of the old line party administrations which governed previous to this one. As long as pofitability and competition are the cornerstones of transportation policy, we will remain in the same mess with inefficient duplicate systems, energy wasteful systems, further lay-offs in our transportation industry, depressed regional economies, and regional disparities.

I find it passing strange that the official opposition would call upon the government to abandon its user pay policy, when those same hon. members advocate profitability and competition. In order to attain profitability and competition, it is necessary to maintain user pay. One cannot have it both ways. I wish hon. members of the official opposition would stop attempting to work both sides of the street.

The official opposition persuaded the government to amend the legislation to require Air Canada to operate in contemplation of profit. That can mean only one thing: reduced service to Atlantic Canada, the prairies, and outlying regions which do not have the volume of traffic to sustain a commercial enterprise or, in other words, where it is not profitable. My Conservative friends cannot have it both ways on that one either.

The Conservative governments of Newfoundland and New Brunswick not only agreed to allow the federal government to do away with passenger services, but agreed to let the maritime freight assistance act fall by the wayside. Canada does not need Tories. The Alberta Conservative government was

not only opposed to letting rapeseed products qualify for the statutory grain rates, but suggested that domestic shipments of grain be taken off the Crow rate to Thunder Bay. The hon. member for Vegreville and his colleagues from Alberta should attempt to have that straightened out by the Conservative government in that province.

Activities are ongoing in the prairie provinces which cause me to want to move an amendment to the hon. member's motion. I am confident my amendment will receive approval from most members of the House. It is a worth-while addition, and I hope hon. members will agree with it. Therefore I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That the motion be amended by changing the period at the end thereof to a semi-colon, and by adding thereafter an additional paragraph:

(*e*) to reject the Prairie Rail Action Committee recommendations to close down the Liberty to Dilke and Eston to Lacadena rail lines, and to bring forward legislation to set up the Prairie Rail Authority.

The Hall commission made recommendations concerning these two particular instances, as well as a number of others. In the case of the Colonsay subdivision, which is a heavy grain line, the recommendation was that it should be maintained. The Prairie Rail Action Committee, which is a creature of the Minister of Transport, recommends that a significant portion of it should be abandoned. This would accomplish perhaps the aims of the minister, but both railroads feel that it should be maintained, not to mention the producers and the Hall Commission.

The affected communities have been betrayed, as well as the intention of the Hall commission recommendation. When I questioned members of the commission about this particular line I asked them, if this line was so important and should be maintained, why could it not be put into the basic network, instead of having it come under the Prairie Rail Authority. Their response to me was reasonable. They wanted it to come under the Prairie Rail Authority so that it would receive fast rehabilitation and upgrading, and then be transferred to the basic network. That is why the Hall commission recommended that, so that it would receive priority treatment in upgrading and then be returned to the basic network. Instead of that, the minister's committee recommended that a significant portion of it be abandoned, which betrayed those communities as well as the recommendations of the Hall commission.

The Prairie Rail Authority should be an essential tool for the rehabilitation of hundreds of rail lines in the three prairie provinces. Instead of that, the minister has a Prairie Rail Action Committee, which is designed to implement what the railroads and the minister wanted in the first place. After all the hearings, the consultations, and the fine work done by the Hall commission, it is being subverted in this backdoor manner which the minister and his committee chose. The same thing applies to the other subdivisions which were mentioned in my amendment. The people out west are worried that there is more to come. They are worried on good grounds.

The first vice-president of the Saskatchewan Wheat Pool, on April 19, 1978, said the following:

The pool may be forced into a greater degree of rationalization and consolidation than it would like in its country elevator system.

Mr. Donald M. Lockwood, the first vice-president of the Saskatchewan Wheat Pool, made that comment. That organization is the largest farmer-owned grain handling organization in the world. Also he pointed out that the pool projected the reduction of its country elevator system to a network of 600 operating units at 500 locations. Also Mr. Lockwood indicated that PRAC may go further than the pool had projected in rail line abandonment. Their plans for the construction of new, upgraded, and high throughput country elevators have been thrown askew. Now their planning has to wait. Their intentions to build and rebuild country elevators for their members and the grain producers at dozens of shipping points, are in jeopardy. This is because of the recommendations the Prairie Rail Action Committee has come up with already, as well as other ones which we are afraid it will make.

The Minister of Transport should reject those recommendations. Also he should assure us in a concrete manner that the recommendations of the Hall commission, in the main, will be implemented and that he is committed to them. If not, the Minister of Transport, his colleagues, and Liberal candidates will rue that day. Of course that day will be called election day.

If the minister does not provide an irrevocable commitment to maintain the statutory grain rates, we have news for him. I am not only referring to the maintenance of those rates, but also to an extension of them to apply to grain products. It is not a subsidy to western grain producers or the processors of our grain products. It is a benefit to the nation as a whole. It allows us to compete in the markets of central Canada and around the world. Because of our geography and climate, the nation as a whole should share in the cost of moving raw products as well as processed ones. There should be an extension of the statutory grain rate principle to other processors and producers of raw products in the prairie provinces, as well as in the Atlantic provinces and the other outlying regions of Canada. That is only fair, if these regions are to have further economic development. If these regions are to have a fair crack at the markets of central Canada, the United States and other countries around the world, we must not handicap them with a freight rate system which causes their costs to rise to a point where they are unable to compete.

What has the government done instead of that? It helped finance an oil seed processing plant in Windsor, Ontario. They do not even grow it there. What does that do to rapeseed processing in western Canada? I understand that that plant will be capable of processing soybeans, peanuts, sunflower seeds, and palm oil. This will mean that the western Canadian rapeseed producers will be played off against the American soybean producers. It threatens the rapeseed processing industry and the other oil seed processing industries in western Canada.

● (1612)

It is bad enough if the competition comes from other countries, but when it comes from within our own boundaries and harms people in a major portion of our country, it cannot be justified by anybody who would wish to do something about reducing alienation and increasing national unity. There is no reason why we cannot do this. The same should apply to our transportation industry when it comes to moving people as well as goods.

It has long been maintained that transportation companies should be publicly owned and operated. There are many instances in the transportation industry in which competition is taking place and it is not working. Such a position was even maintained by a former minister of transport. If you are going to maintain competition and profitability as a cornerstone, there must be discrimination against people and goods because of where they happen to live or where the goods happen to be produced. Unless we set up a transportation system that both cross subsidizes and directly subsidizes and equalizes transportation costs around this country, then that discrimination that we have been getting all these years is going to continue because the transportation companies will, quite rightly, say "It is not profitable and we are not going to do it." Because of this, another part of the country loses service entirely or has it reduced, and rates and fares go up to a level where the people who must use them cannot afford to do so.

What we need is a rail passenger service of a frequency and quality that will attract people out of automobiles and from short and medium haul plane runs. Those passenger services must be integrated, not only among the railroads but with other modes of travel such as bus and air. This scheme would allow people to buy a package of transportation with fast schedules at a reasonable cost.

I could not believe my eyes when I saw the proposal put forth by VIA Rail. To take one rail trip from Montreal to Regina one of the alternatives was to sit in the railway station in Winnipeg for nearly nine hours to make a connection to another train. That is really no way to improve railway passenger systems, and it will not entice people to get out of their cars and on to the train.

VIA Rail is being started off with a count against it. I believe the minister has already advised VIA Rail that they—

The Acting Speaker (Mr. Turner): Order. I regret to inform the hon. member that his allotted speaking time has expired. He may continue if he has the unanimous consent of the House. Does he have unanimous consent?

Some hon. Members: Agreed.

Mr. Benjamin: Mr. Speaker, as my colleague from Vegreville has done, I too will not abuse the kindness of the House in the few extra minutes that I have been granted.

As I was saying, the minister, his department, and the government have told VIA Rail that they will be unable to operate a rail passenger system across this country to the extent that they proposed. When the transportation committee heard the president of VIA Rail a number of months ago, he made a presentation to us that had us all delighted. We all complimented him and, indeed, we embellished upon it and promised him the support of the committee. Since then, however, there has been a steady erosion and reduction in the plans that VIA Rail has in mind. I would not blame the president, Mr. Roberts, if he resigned in protest tomorrow. In fact I would be willing to applaud him because it may be the kind of hit on the head that the government needs.

If VIA Rail is going to provide the attractive, efficient, safe, comfortable, and fast alternative in travel to the public it was meant to, it is going to require not only re-equipping but extra trains. There is no reason why we cannot be implementing, over the next two or three years, 125-mile an hour passenger trains on runs over 400, 500 and 600 miles in western Canada. It should already be in place between Quebec City and Windsor and it is not. There have been improvements in the Turbo, but it can be improved more and should be, if it is to operate at higher speeds. In a couple of years we should be looking at speeds of 150 miles an hour on the trackage we now have, provided there is some improvement in our signal systems and some curves straightened out on the roadbed. Generally, the trackage is capable now of taking trains at those speeds.

If we are going to reduce automobile travel and put an end to the nonsense of short-haul, commercial aircraft runs, in which money is wasted in the form of energy costs incurred in the use of airports which are in excess of what the public costs would be for high-speed, intercity rail passenger service, and down the road one or two years from now, if we are unfortunate enough to have a Liberal government, it may say, "Well, we tried VIA Rail and passenger business did not go up, so we are going to cancel some more". It is a self-fulfilling wish. If there is no incentive and no attraction for people to ride on the passenger train, then it can be reduced some more. That is the way the minister is setting it up. That is the way this government wants it, which is a tragedy as it does not serve the national interest as well as we think it should.

There are many other ways, Mr. Speaker, of making our transportation system in the area of moving people more efficient. There should be effort directed toward improving the use of ticketing, reservations, and downtown passenger terminals, which all modes of transportation use. The minister is perfectly aware of what we are trying to have implemented in Regina, and I hope we succeed. We hope to have in one terminal the bus service, rail service, the airport ticket office, airport limousines and transit stops all of which would orginate and terminate there. There would be ample taxi stands and private parking.

It is nonsense to have the Air Canada ticket office in the very prestigious Toronto-Dominion Bank building in Regina where there are only two parking places, and they are two-minute zones. The facility is cramped, and neither the public nor the employees like it, but there it sits. Yet, we have the railway station, most of which is unused, centrally located, with lots of parking. This is where Air Canada should be told

to put their downtown ticket office, but instead they want to continue with that elitist attitude of having it in an expensive new bank building, which does not properly serve the people of that city. This is also the case in many other areas of Canada, and I only use Regina as an example. This is another area of deficiency, and I am certain that the bus companies and airlines would be willing to co-operate because it would reduce their costs and eliminate a lot of duplication.

The electrification of railway lines is another area into which we should be moving. I hope to get the figures soon, but I would guess that if you were to electrify the railway lines, the main and secondary lines between Thunder Bay and Rocky Mountain, the amount of diesel fuel saved would be equal to what our farmers in the west use to put in their crops. This would be a sensible innovation, and we have the capacity to produce the electricity for it. The cost of electrification would be approximately $100,000 per mile according to figures I can get from engineers. That is where the profit is—it profits the whole nation and improves our use of energy through a more efficient way to move trains, yet we are not doing anything about it.

● (1622)

We believe this kind of program for a 25,000 volt overhead electrification system on the main lines should be launched immediately, particularly on the prairies and through the mountains to the Pacific coast. That kind of imagination is required for the rebuilding and enlarging of our transportation systems. The present piecemeal, haphazard way of doing it—the continuous effort to make profitability and competition the priorities in transportation—these things are self defeating. They got us into the mess in the first place, yet the government and the Conservative party cling to the nineteenth century concepts in transportation that most other countries, socialist and capitalist, discarded a long time ago. This is the kind of fundamental change required in transportation in this country, but we are not getting it.

Many people thought the election promises made in 1974 by the Prime Minister would move us in that direction, but most of those promises have not been kept and, indeed, in some cases the opposite was done. It was a betrayal, and if the minister thinks the public will trust similar promises in the coming campaign he is just fooling himself. He will not fool Canadians.

Unless and until we have a government with the political will to make this fundamental change in transportation policy, and a more efficient organization, we will make no headway. We need buses that stop at every little town and take people 50 or 100 miles, trains that do not stop so often but travel at 125 miles an hour on 500 mile trips—if that is downtown to downtown it is almost equivalent to flying time. The train from downtown Ottawa to downtown Montreal takes less time than the flight, yet we have this nonsense of three or four engine jets wasting thousands of gallons of fuel on a flight of 120 miles. That is just stupid. The government seems to have no will to do anything about it, however, and I suspect a Conservative government would leave everything to competition and profitability.

This party would make a change. I believe we can provide transportation for people and goods while making the most efficient use of all modes, gaining the confidence of the workers on all modes, and providing a service on a shared pay basis. People will be willing to share the cost with their fellow Canadians—to share the cost of things like statutory rates for grain and grain products and for other primary and natural products from the prairies, the far north, or the Atlantic region. We all share those costs; that is called confederation. It puts an end to alienation and strengthens national unity.

The transportation policies of past years have contributed to the alienation not only of Quebec but of other regions of Canada. Surely this fundamental change must occur in transportation, because it is an essential part of a renewed and lasting confederation. It is an essential tool.

The gentlemen in power in the 1870's and the 1880's had more foresight than governments of recent years. They regarded transportation as a tool of national policy. At least they looked at it in that way in principle. If the Minister of Transport implements that kind of policy, he will have made, and will be applauded for, a real contribution to national unity and a stronger confederation.

The Acting Speaker (Mr. Turner): Order, please. The House has heard the terms of the amendment moved by the hon. member for Regina-Lake Centre (Mr. Benjamin).

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn)—Public Service—Liability for costs of court action; the hon. member for Provencher (Mr. Epp)—Finance—Application of capital gains tax; the hon. member for Edmonton-Strathcona (Mr. Roche)—External Affairs—Canadian participation in UN discussions on disarmament.

Transportation

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—TRANSPORTATION POLICY

The House resumed consideration of the motion of the hon. member for Vegreville (Mr. Mazankowski):

That in the opinion of this House, the Minister of Transport has consistently failed to manage Canadian transportation policy in an efficient and effective manner and implement the promises of the 1974 election campaign, and the House calls upon the government to take positive action:

(a) to abandon the user pay concept and develop overall transportation objectives which will enhance national harmony, reduce regional disparities and promote balanced economic growth;

(b) to develop mechanisms which will encourage the federal government in consultation with all provincial governments to set national and regional transportation priorities;

(c) to clarify the mandate of the Canadian Transport Commission to ensure that the regional diversity of the country is taken into consideration in all decisions of the Commission; and

(d) to implement the major recommendations of the Hall Commission Report on Grain Handling and Transportation in the West.

And of the amendment thereto (Mr. Benjamin):

That the motion be amended by changing the period at the end thereof to a semi-colon, and by adding thereafter an additional paragraph:

"(*e*) to reject the Prairie Rail Action Committee recommendations to close down the Liberty to Dilke and Eston to Lacadena rail lines, and to bring forward legislation to set up the Prairie Rail Authority".

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I think it is apparent from the speeches of the lead spokesmen for the Conservative party and the New Democratic Party how much progress has been made in the field of transportation in the last several years.

The hon. member for Vegreville (Mr. Mazankowski) mentioned that my predecessor said we would be coming forward with a comprehensive statement in regard to transport, and he asked about that. I presume he has forgotten what has been a charter document, issued in June, 1975, and the basis in philosophy and analysis of many of the solutions we have since been applying to problems of transportation. In a few short years, what my predecessor described as a mess in transportation has been put right.

Further evidence is contained in the speeches of hon. members who preceded me. In saying what they would do about transportation they supported in almost every case the positive things we have done. When the hon. member for Regina-Lake Centre (Mr. Benjamin) calls for an integrated, intermodal transfer system, with common usage terminals, he is quoting one of our policy documents. When he says he wants the Crow rate retained he knows that I have made it very clear that any change in regard to that would have to reflect western interests and western analyses of the problems that may be created between grain and beef, and nothing else.

He says he wants to look at electrification. I presume he has forgotten that, just as the Hall commission was completing its report and recommending studies on electrification, we were already producing studies on electrification and that experimental work on it is in progress at the present time.

The hon. member for Vegreville has put his party's views in regard to the field of transportation. I presume he is unveiling his platform. He wants a permanent method of consultation with provincial governments. He has forgotten that we have set up with each region of the country a permanent form of consultation and it is exactly what those regions want, because it recognizes in most cases the problems to be faced are regionally analysed in a superior way. In addition, ministers of transport can meet whenever they want to. He says he wants the Canadian Transport Commission's role defined. The bill he talked out in the last session—he joined in filibustering—

Mr. Mazankowski: I never even spoke on it.

Mr. Lang: He also said that he wanted a western branch of the Canadian Transport Commission, enunciating what apparently is a platform policy he has taken from an announcement I made several months ago. That was our view as to what should be done in relation to the Hall commission recommendation that a prairie rail authority had exactly that kind of function and that kind of authority. We announced that was our intention and we hope to proceed in that way in the near future.

● (1632)

The hon. member for Vegreville wants consultation. Any organization significantly involved in transportation with federal jurisdiction involvement would agree that full consultation about changes we want to make or propose to make has been the order of the day these past several years. In many cases, as in the case of landing fees affecting light aircraft, we responded, and changed the form of the charge being made to meet the wishes of the people, who were, in that way, consulted. That puts the lie to the hon. member's suggestion that our view of consultation is to do what we intended to do originally.

The hon. member for Vegreville did refer to certain proposals that we had which we have not been able to carry out in full. He referred particularly to the urban transportation assistance policy where, instead of the exact program we had intended in the 1974 campaign, we produced an urban transportation assistance program worth $230 million over a five-year period. This includes a significant amount of $100 million of new money.

I recommend to the hon. member that he look at the nature of the program as it portrays our approach to transportation problems with the provinces and municipalities in this area where theirs is the prime responsibility. Under the urban transportation assistance policy we have set up, there is a great deal of flexibility for the provincial interest involved, speaking on behalf of its various municipalities to see its view expressed in terms of direct concrete results. In other words the federal government, in this case, has made available a specific amount of money for each province. It is basically saying that the provincial priorities in the broad field of urban transportation assistance are the ones that will determine how that money is

used. This is an important step in eliminating red tape and the complexity in our assistance to municipalities and provinces.

We have produced, and it is on the order paper, a ports act to revise and completely put into a new framework the ports policy of this country. It is a ports policy which has been generally welcomed across the country, particularly by those who are most involved in ports. It is designed in keeping with our policy and our principles to give as much local autonomy as possible to vital port commissions for each of our great and important ports throughout the country. That would be our intention as soon as we can find the legislative time to go forward with that important piece of legislation. It is there, and it solves an important problem in regard to organization of our ports.

The fact of the legislation being there and not having been dealt with has not stopped us from moving ahead rapidly with major port improvements in Canada. Announcements, sod turnings, and opening of port facilities in Halifax, Saint John, Montreal, Quebec City, Vancouver and Prince Rupert, to name the principal east and west coast ports of Canada, have shown that these improvements have been carried out. These improvements, which total many millions of dollars, are extremely important.

We have moved forward on the issue of freight rates. This is something which a Conservative government only tackled by setting up a Royal commission. This Royal commission recommended certain formulae and an approach to rates that was basically free and competitive rather than controlled. This has not worked. We now intend to put this right by introducing controls on long and short-haul rates so that the short-haul rate cannot exceed the long-haul rate. We intend to put maximum rates in place. These are not just to apply to those who are technically captive shippers but to those who are charged too much in any case and in every case.

When this measure in the form of Bill C-33 was before this House it was clear that the Conservative opposition at least intended to take a long time over it, and we were not able to invest adequate time to see its passage. They made that stand clear to us in private conversation as well as their conduct in the House. I think it is particularly sad that western members were once again stopping an important matter of interest—

An hon. Member: What is his name?

Mr. Lang: —and vital interest to the west, just as they did in the case of stabilization—forcing us to take many more years to accomplish what we need to accomplish for the west.

That will come better after the next election if, as I expect, we will have more western members on this side of the House.

An hon. Member: No; we will be over there.

Mr. Paproski: We will be there and you will be here.

Some hon. Members: Hear, hear!

Mr. Lang: Mr. Speaker, the opposition likes to excite concern about the practical, sensible, financial approach to transportation—

Mr. Hnatyshyn: User-pay.

Mr. Lang: —that in many cases we try to apply. The hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) says user-pay. It is a phrase they like to use to mislead people.

We do not think it is right that those who ride on a bus should pay their whole way while those who fly or go by rail or go by automobile get subsidy support for their way of moving. In areas where we can support these various forms of passenger travel it is better if we leave the system even in terms of the way taxpayers' dollars are used, so that the person choosing a transportation system chooses it according to his own view of how he weighs the value of the privacy of his automobile, the economy of the bus, the additional comfort of the train, or the speed at the great cost of air travel.

What we should not do is abuse the taxpayer by using taxpayers' dollars in one way or another to induce a person to travel in a way he would not travel if he were making the choice on his own. That is what a sensible financing policy in regard to transportation means.

What it has meant in regard to our airport policy is that increasingly we do consult the airlines, and the spokesmen who have to market the service, about what is needed in regard to airport services. We find that when they know they will be accountable for the amounts that are spent, they suddenly become more practical minded in regard to the demands they make concerning facilities which should be put in place.

As long as it was simply the taxpayer paying for an airport facility there was not the same regard as there is now under the new policy. This will be demonstrated step by step, not by airports which were built while the old policy was in place, but those which are being built now. It will explain why we are not moving forward with major changes and rebuilding at the Ottawa airport. We have no present intention to do that on the basis of current indications. Instead we have found a modest way of making improvements which are desirable and sensible but at really very low cost. That is the kind of change which happens when one applies a principle of sense and responsibility to the financing of airport construction—

An hon. Member: What about Mirabel?

Mr. Lang: An hon. member has referred to Mirabel. Mirabel was built before the introduction of this policy. Even at that it is an airport which will prove to be extremely useful, as will the Calgary airport.

Some hon. Members: Hear, hear!

Mr. Lang: We have seen in the last couple of years in regard to two of our great transportation Crown corporations a complete turn-around of a past practice of inefficiency. Instead there has been a move toward effective provision of service. Both Canadian National and Air Canada have report-

ed profits in 1977. Payments of dividends on investments made by Canadians will begin. This is a reversal of the trend as was so often the case in the past when efficiency and good service were unimportant.

● (1642)

We do not intend to look over the shoulder of good management in those corporations, under pressure from spokesmen in this House on the opposition side who will want this or that done in terms of management, as though we should be running those corporations on a day to day basis. We continue to resist that, and produce instead a document in which good and effective service can be provided by Canadian National and Air Canada more and more, in full and complete balance, competitive with other companies in the same or other modes of transportation.

Hon. members have seen what has happened in our policy with regard to rail passenger service. We have announced an intention to give rail passenger service in this country a fair and full trial. To do so, we have made it possible, through our direct purchase and a purchase by VIA Rail, to acquire ten new train sets of the light, rapid, comfortable kind, which will be made in Canada and put in service in Canada to attract more and more passengers to the rail mode throughout this country.

Some hon. Members: Hear, hear!

Mr. Lang: The ten sets will allow us to have that improved service not only between the most populous cities in the country, but on the transcontinental service from ocean to ocean. Under the new management, which is putting together a new form of marketing and a unified ticketing system, we want a rededication to attract passengers back to the rail mode, not with heavy subsidies allowing rail to ride on the back of the bus system, but more and more in a way to attract passengers out of automobiles into public transportation. We believe this is possible and sensible in our revision of service.

Hon. members referred to the movement of freight by rail. The hon. member for Vegreville asked what we are doing in that regard. The railways are ordinarily expected to make the major move with regard to the provision of adequate capacity as movements are projected and foreseen. The railways have been doing a fairly competent job of that. To assist them to assure they would do the job, in each of the last two budgets there have been significant changes and improvements in the capital cost allowance for the railways so that their cash flow might be improved. They responded with plans to expand more rapidly their capacity where they foresaw that freight coming about.

The big exception of the railway's capability to do what is needed for freight has been in the area of grain. There, as the Snavely commission has identified, the railways receive very little for grain movement compared to the cost of moving it. The Hall commission stated there is a call upon the government to do additional things in the way of financing to ensure that the railways have the funds, notwithstanding the continued existence of the longstanding statutory Crow rate on grain.

The government foresaw that before the Hall Commission recommendation. In our 1975 policy statement we made clear that where it is a matter of policy to maintain rates at a level below cost, the government should be willing to identify that policy and its cost, and pay the amount of money to the transportation system expected to bear the burden. Therefore, it would not have to pass the costs of that transportation system on to other people or, indeed, be inadequately provided for.

We responded to that spirit of need of an additional infusion of cash with the provision of 8,000 hopper cars for the movement of grain, at a cost of $255 million. Two western spokesmen speaking on transportation in the House today omitted to mention that very important investment, which was the first real important move toward improving our grain handling system in the way of capital and investment in some 40 years. I remind hon. members, with some dismay, that that includes a period of six years when the Diefenbaker government was in power. That western Prime Minister did not take any steps toward improving that grain handling and transportation system, except setting up one royal commission on transportation as a whole. We set up the Hall commission and the Snavely commission, and have been dedicating ourselves toward implementing their reports. In this moment of fiscal restraint we do not have the ability to move at once to pay to the railways what the Hall commission recommended, the whole of the difference between the Crow rate and what it costs to move grain. That recommendation was consistent with our 1975 policy statement.

What we did was immediate and of fundamental importance. The most important thing was to see that the railways went ahead with investment in those grain lines on the prairies which had been neglected. Within a matter of a few short weeks of the Hall commission report coming down, we transferred to the basic rail network the additional 1,813 miles which the Hall commission identified for that purpose, and we committed the first $100 million for the rail rehabilitation program in the prairie region. That is significant.

As a western member I am particularly pleased that, at a convention here in Ottawa in February, a resolution sponsored by the prairie provinces, under the leadership of Saskatchewan, was passed by that great Liberal convention of people assembled from all over the country.

Within a few short weeks that resolution, which recommended the allocation of $600 million for a further eight-year completion of the upgrading program, had been adopted as government policy. We were able to announce that in Regina at a cabinet meeting held there in March.

Some hon. Members: Hear, hear!

Mr. Lang: After years and years of neglect, years and years of nothing having been done with regard to the grain handling system, we not only had the 8,000 hopper cars, but the commitment of the full amount of money required to put the

basic rail network, all of the branch lines which will be progressively transferred into it, into first class shape, at least for the carrying of the fully loaded aluminum hopper cars, if not in every case the steel ones. That is extremely important.

We also did the engineering almost immediately on the connections of one line to the other, as recommended by the Hall commission. We found those connections are in each case feasible. In several cases, we will be proceeding with them. One particular one in Vegreville is already completed.

The western CTC which the Hall commission recommended is something we will be proceeding with in the next session of parliament. We knew we could not in this session deal with the whole of the issue of the prairie rail authority to which the Hall commission referred. Therefore, we set up its equivalent in the Prairie Rail Action Committee. It is equivalent in so far as the important powers are concerned, which is to identify those pieces of track within the doubtful category where the Hall commission had not identified their future, and where the committee could recommend the permanence of those pieces of track which they think should be permanent.

We have had some of those recommendations. They have given us certainty where uncertainty, as was left by the commission report, would not have sufficed. That is why when setting up the Prairie Rail Action Committee and moving toward resolving these questions, we put our proposals and our action before 30 or more groups representing prairie farmers and prairie municipalities. We have had overwhelming endorsement of what we are doing. Certainty is what was wanted, certainty, and the rebuilding of lines identified as permanent. That is what we have been doing.

I remind hon. members, particularly the hon. member for Regina-Lake Centre, that we have in the Prairie Rail Action Committee recommendations a certain number of rail lines which that committee recommends be transferred to the permanent network. In several of those cases we have acted to move to transfer those lines and put them in our rebuilding programs. We have also moved to begin negotiations on the connections and the interchange of rail lines between CN and CP which was envisaged in the Hall commission report.

● (1652)

I want to remind the hon. member for Regina-Lake Centre, who moved the amendment, that when he speaks of Prairie Rail Action Committee recommendations in regard to the section from Liberty to Dilke, from Eston to Lacadena, these are recommendations only, and would first have to be considered by the Canadian Transport Commission before they could be acted upon, and if, as I propose, we set up a western arm of the Canadian Transport Commission they will be considered and acted upon there, no doubt with further hearings so that the communities concerned can be heard. What we have done on the positive side is something he chooses to ignore.

We have accepted the recommendation to go ahead with the permanence of the line from Watrous to Liberty, the permanence of the line from Wartime to Kyle, and included those lines in the basic network and in the program for rebuilding so that they will not just be lines of steel on a map or on the prairies without the substance to carry cars, but be in solide, first class shape. That, I think, is something the hon. member should recognize at this point in time, rather than leave great concern in the minds of people in the area about what is being done.

The Hall commission recommended action with respect to Churchill and Prince Rupert, and in both cases we have been taking that action. Last week I announced programs of $5 million and more for Churchill in connection with the installation of lighting, dredging, and improvement of facilities at the port and elevator, and the rehabilitation progam, to which I referred earlier, including $1.6 million for additional sidings at Herchmer on the way to Churchill. It is the very thing which is required in order to increase capacity for the carriage of grain to that port.

In the case of Prince Rupert, as hon. members know, we have announced a proposal to spend $28 million on that port to improve grain facilities and to provide additional facilities. A further $11 million or more is to be spent on the improvement of existing elevators so that more grain can be handled there and, of fundamental importance, an investment of $16.5 million is contemplated at Ridley Island in order to prepare the way for private investment by the grain trade, perhaps, I am happy to say, with the co-operation of others. I foresee this happening in a very large way.

We recognize the challenges. We recognize the challenge of continuing to increase our freight capacity through the mountains, for instance, and we have responded with the budget changes to which I have referred, thus allowing some additional double-tracking of rail so that increased capacity will be there. We are responding in that way because we foresee, with what I believe to be realistic optimism, not only the record of grain exports which we have already assured for this year but growth by about 200 million bushels over that amount in the several years to come. That is extremely important news for the prairies and, indeed, for all of Canada.

With the expansion at Prince Rupert we will have additional capacity because, in the opinion of those expert in selling our grain, the Canadian Wheat Board particularly, the bulk of the growth in our exports will be shipped through the west coast ports. We are therefore taking action. We are not simply standing by to see what may happen and see what is needed.

I could go on and on about other subjects. I could refer to air travel which, with our initiative, has moved forward with charter flights and charter competitive fares, initiatives which have led to airlines in this country not just Air Canada but all of them, becoming more efficient. It will result in their having a higher level of seat occupancy for the good of the passengers. I referred to Air Canada's profits, Mr. Speaker. It is significant that this profit reflected directly an improved efficiency of operation. The fare increases which occurred in the period can be shown to reflect only actual increases in the cost of base operations and that profit, instead of loss, has come from the fact that with the same kind of basic operation, and perhaps

even fewer flight operations, Air Canada has been carrying more passengers more passenger miles and is thereby becoming more effective and more efficient and is now able to offer lower fares, as well as showing a profit for the Canadian people.

It is the same with Canadian National. The profit is made by improved efficiency, by doing more things with fewer hands, it is true, and fewer inputs of investment, but still making a profit while carrying more freight more ton miles than in previous years when it showed losses.

The direction in which we are going gives one a sense of flavour of the important changes which have been made in transportation in the last several years and explains why it is that the opposition spokesmen from whom we have heard could only point to the direction in which we are going and say they agree that that is the way to go; their program and platform for the future will, in each case, follow programs and platforms which we have already adopted or implemented, or are well on the way toward implementing. That is why it is possible to say, Mr. Speaker, that transportation in this country is, every day, in better shape. The mess of old is behind us and we look to a brighter future in the air, on rail, on the roads, and in the water. Transportation in this country is in better shape every day, and will be continuing to get better as long as we can put these policies into play.

Some hon. Members: Hear, hear!

Mr. Mazankowski: I wonder whether the minister would be prepared to entertain a question.

Mr. Deputy Speaker: Well, there are two problems. First, the minister would have to accept a question and, second, his time has expired so he would need unanimous consent. Is there unanimous consent for the hon. member to ask a question?

Some hon. Members: Agreed.

Mr. Mazankowski: The minister mentioned the railway rehabilitation program and referred specifically to the link at Vegreville. It is obvious he must know something about this and he may know that the link was built by CPR. Canadian National are going to provide the service but they refuse to put an engine on the track because of deficiencies in its construction. We, therefore, have a situation where CP has discontinued the service, CN refuses to put even an empty locomotive over that piece of track, the elevators have to rely on trucks to remove the grain, and there seems to be no mechanism in place to see to it that the line is put into condition to accommodate the traffic. As he is familiar with these conditions, perhaps the minister would be prepared to outline what mechanism is in place to ensure that the conflict is reconciled?

Mr. Lang: I think the hon. member has misstated the situation. There are complex discussions going on between Canadian National and Canadian Pacific about the appropriate relationships when there is a transfer of some rail sections from one company to the other. There will be larger transfers in cases such as the Gravelbourg line which is to be transferred from CN to CP, and the line at Watrous which is to be transferred in the other direction. In due course we shall be refereeing these matters. But at the moment there is no operating certificate for the connection at Vegreville and that has to be applied for. We shall ask the Canadian Transport Commission to look at that in an urgent way so that we can proceed. I have asked both railways to make arrangements in this regard, and I expect them to come up with a formula for dealing with these transfers. If not, we shall have to deal with them in another way.

[*Translation*]

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, I am very happy that the motion moved by the Progressive Conservative Party concerns our Canadian transportation policy and blames the Minister of Transport (Mr. Lang) for having failed consistently, and I quote:

> ... to manage Canadian transportation policy in an efficient and effective manner and implement the promises of the 1974 election compaign, and the House calls upon the government to take positive action:
>
> (a) to abandon the user pay concept and develop over-all transportation objectives which will enhance national harmony, reduce regional disparities and promote balanced economic growth;

● (1702)

Of course, I shall not have the time in the few minutes allotted to me to talk about our three major transportation modes. I shall therefore speak only about the Canadian National and VIA Rail in the province of Quebec, as I am convinced that hon. members from other provinces can plead their own case easily. Mr. Speaker, in April 1977 we learned that the Canadian National had finally made its first profits in 20 years for the operating year 1976. In its annual report, the Canadian National said that it was optimistic about the future profitability of its business. When the CN management talk about profitability, I always hope they make the distinction between the transport of goods and the transport of passengers. The same report states that the profits of $11.8 million compared with the deficit of $16.4 million in 1975 are attributable to the vitality brought about by re-organizing the company in six operational divisions. It should perhaps be added that more vigorous marketing and the impact of the technological advances of recent years also contributed to this surplus.

We must now look to the future. We must analyse carefully what the future holds since the CN notes that manpower and equipment expenditures will continue to cause problems for some time. The solution suggested by the CN to solve future problems would be to restrict expenditures and boost productivity by increasing rates if need be and maintaining the user pay concept. It is not on this point that we disagree, Mr. Speaker.

We of the Social Credit Party of Canada have always told the government—and we believe this more than ever—that the major cause of deficit is the continuing increase in interest

costs. Then, there is the multiplication of positions at the senior executive level and in all the bureaucratic sectors which are not profitable for the CN. The major cause of the CN deficit is the millions of dollars the company must pay each year for interest on the old accumulated debt and which would not exist if we had a logical financial system. The second cause is personnel that I consider unprofitable for the CN: to many employees behind desks and too few along the tracks to ensure adequate and permanent maintenance of the lines. In the past there were four linemen and one foreman for each eight or ten miles of track. Today two linemen cover 25 or 30 miles of track with three foremen, verificators, inspectors, whatever you want to call them. No wonder then we have so many derailments, which are very costly to the government and are due to a lack of maintenance personnel not to mention the fact that the trains are too long for the capacity of the tracks.

Regarding this subject, I wish to remind the House of the motion moved on November 28, 1974 by the member for Rimouski (Mr. Allard) calling for a royal inquiry commission on national railways safety. This inquiry has still to come and we still witness a doubling in size of the bureaucratic supervisory staff. Let us add to that the overcentralization taking place in Montreal for rolling stock maintenance. I have already mentioned that to the House and nothing has changed since because management keep having their coffee breaks in the comfort of their offices while the army of inspectors drive around in cars; they no longer dare ride in trains and, besides, all their expenses are paid for.

I can believe the report when it says that wages will continue to be an element of the over-all deficit, Mr. Speaker. There are too many senior officials who do not really earn their fat salaries, too few maintenance employees who can barely make ends meet. That is the real tragedy of the CN.

So long as we fail to eradicate the evil at its root, we cannot expect to get cost efficient transportation. How come, I ask you, the CP keeps on showing enormous profits while the CN has recorded nothing but deficits over the past twenty years? Is it due to the competence of the former and the incompetence of the latter? I do not think so, Mr. Speaker. The blame for all that rests squarely on our transportation policy which is solely geared to the cost-efficiency factor first; we are trying to achieve that by excessively inflating the higher echelons of that organization to a point where we actually lose track of its very foundation. In other words, the CN is a clear case of overplanning in the skies while forgetting the fact that the CN is still running down on earth. Could it be also that there is a conflict of interest within the CN management? I am seriously asking myself this question when I notice that some CN managers are also shareholders of or even belong to the CP board of directors.

Mr. Speaker, when someone's interest is outside his home, there are many chances he will neglect his own family by providing certain little advantages to his associates on the outside. How come the CP retains the best roads while enjoying the same financial benefits as the CN which has to serve locations where the CP refuses to go because they are not profitable? The whole population is seriously wondering about it. Most of the important producers of paper, lumber and other commodities such as grains are now complaining about a shortage of railways cars.

Mr. Speaker, for too long the Canadian National has invested billions of dollars in hotel construction, forgetting completely to renew and improve its rolling stock. Today we suffer from the disastrous effects of such an attitude. If the western provinces are complaining, I urge them to visit the province of Quebec where we are 20 years behind.

I think I have said enough about freight trains. I wish now to add a few comments on passenger transportation and more specifically on our new company called VIA Rail. I take this opportunity to salute the first president of VIA Rail, Mr. John Roberts, whom I had the pleasure to meet. I wish to tell him that we from the province of Quebec are expecting much from that new company under his direction and more specifically my area of Saguenay-Lac-Saint-Jean where I have been fighting in the last 15 years to obtain better passenger service.

Mr. Speaker, in recent years we have witnessed the closing of railway stations, public disenchantment caused by an unacceptable service to the extent that we were wondering if those responsible at the time had not sworn to abolish our only rail service between Montreal, Dolbeau and Chicoutimi. They even proposed an impossible day schedule that would be a disincentive to customers because of the late arrival time in Montreal. On February 28, 1977, I proposed a motion pursuant to Standing Order 43 on that matter that read as follows:

Whereas according to the new CN passenger service schedule becoming effective in early April, the only passenger train will be arriving into Montreal at 23:30.

—in the night—

Whereas at that late hour all connections with other trains is impossible.

Whereas according to that new schedule, three days and two nights will be needed to spend one business day in Montreal, that waste of time never having existed previously because the same trip is now made during the night; the implementation of that new schedule will cause serious prejudice to the travelling public in the area to the extent where the clientele will disappear,

I move, seconded by the hon. member for Abitibi: That the Minister of Transport exert immediately the required pressures with the CN president and Mr. Jean-Marie Beaulieu, general superintendent, to delay the implementation of the new schedule for six months, with a view to allowing local organizations to present their suggestions in that regard.

On April 4, 1977, I received the reply of the CN which reads as follows, and I quote:

You must have received a letter from Mr. Levasseur, advising you—

● (1712)

I shall spare you the opening paragraph of the letter in which I am thanked for the two letters I sent, one dated February 25, the other March 1.

You must have received a letter from Mr. Levasseur advising you that we have decided to keep the night train in service. Besides, on Friday, I sent a press release to the newspapers saying among other things: "The Montreal-Chicoutimi and Quebec-Senneterre-Cochrane night trains will be kept in service in both directions after April 24, contrary to what had been previously announced. The decision to substitute day trains for them has therefore been suspended pending further notice, and the present schedule will apply except for a few minor details".

Mr. Speaker, I refer to this specific case. I would have some twenty others because I have a very thick file on this question but I will spare the House because time does not allow me to read more.

I would like to read an article published in the newspaper *La Presse* of Montreal of June 2, 1977. It is about VIA Rail integration with other modes of transport. I quote:

While trying to revive in the mind of the public the use of the train as a mode of mass transport, VIA Rail Canada does not intend to work in an ivory tower. On the contrary, it wants to combine its services with other modes of passenger transport in use in this country.

That is the essence of a speech made by Mr. John Roberts . . . in March 1977.

The basic objective of VIA Rail, Mr. Roberts said, will be to provide high quality service suited to the real needs of Canadians. The tariff structure will have to help make it attractive while ensuring its viability from an economic standpoint.

Mr. Roberts recognizes that railway transportation has been clearly neglected and said that for about a quarter of a century, 95 per cent of federal expenditures for human transportation have gone to aviation and the road infrastructure. But, he says, the mistake of neglecting railway transportation has been recognized, and VIA Rail is precisely one of the means to correct it.

However, any attempt by VIA Rail to develop without taking into consideration the other modes of transport would serve to give official recognition to the fact that what Mr. Roberts calls comprehensive national planning has been neglected. Hence VIA Rail's desire to combine with other passenger services.

Talking about that planning, Mr. Speaker, when in today's motion, the government is being asked to take action to clarify the mandate, paragraph (c) of the motion says about that planning: to clarify the mandate of the Canadian Transport Commission to ensure that the regional diversity of the country is taken into consideration in all decisions of the commission. I wonder, Mr. Speaker, whether the CTC from now on will play its true role. I think that in the final analysis it has already started to play its true role based on the invitation they sent us recently. I would like to quote that invitation which reads as follows:

Find attached to this letter an order of the Railway Transport Committee of the Canadian Transport Commission advising you that public hearings will be held on dates and places yet to be determined concerning trains No. 170, 171, 172, etc., between Quebec City (Sainte-Foy) and Chicoutimi; Montreal and Chicoutimi; Chambord and Dolbeau; and Quebec City (Limoilou) and Rivière-à-Pierre . . .

The commission thus informs you in advance so you will have more time to decide whether you will be making representations and to prepare and submit those representations if you feel that you are a person, corporation or public body interested or likely to be affected.

While reading this, I cannot help wondering if this notice has indeed been sent to all Quebec municipalities, as I had suggested to the department, and to all Quebec towns, chambers of commerce and social organizations to advise them that such a survey would be carried out, because for many years now we have been urging the CN to consult the public. I think this is the first time we receive such an invitation, and I should like to mention here that the commission should send similar invitations to all public organizations involved which must use the railroads.

I see, Mr. Speaker, that the time I have is coming to an end, and I still have something to say about transportation in the province of Quebec. I limited my remarks to my own region, because I had something to say on behalf of my region, but I suggest there remains a lot to be said about the shortcomings of the passenger service throughout the province, in Abitibi as well as in the Gaspé area. I think that the consultations which the Canadian Transport Commission intends to hold will prove useful throughout the province, and we expect a lot from them.

● (1722)

[*English*]

Mr. Jack Murta (Lisgar): Mr. Speaker, I should like to begin my remarks by stating to the House that I want to speak on the entire question of the grain industry and the movement of agricultural products out of western Canada, as well as on some of the things which have taken place under the aegis of the present government.

While listening to the Minister of Transport (Mr. Lang) this afternoon, one thing Canadians must remember is that the present government has been in power since the early 1960's. The government has to accept the blame for what has transpired during that particular time. It cannot wash its hands of any past problems, and just look to the future. The government cannot indicate that it is sorry things are the way they are, and not provide any real solutions.

We must look at what has transpired since the 1974 election and the promises which were made at that time. We will draw the conclusion that very little has happened in terms of over-all transportation in western Canada. Some studies have been conducted, and a few recommendations have been implemented in connection with those studies. I give the government and the minister their dues, but very little concrete results have transpired.

Over the years the government has regulated rates in a fashion which has inhibited economic growth in the prairies, certainly from the point of view of processing and secondary manufacturing. It has allowed the entire rail system in western Canada to deteriorate to the point where it is struggling to keep up with exports at the present time. As a result of this deterioration and mismanagement, which has squandered millions of tax dollars, the government finally was forced into doing something. On April 19, 1975, the Minister of Transport announced the formation of the Hall commission to look at the entire situation of grain transportation in western Canada.

The Hall report was tabled in the House of Commons in May 1977. It contains some 92 major recommendations, ranging in scope from branch line abandonment, freight rates, to port facilities. It is a very comprehensive and carefully thought

out report, designed basically to bring back some sanity to the system, and to attempt to implement the principles that form the basis of the original Crow rate agreement, which is adhered to in western Canada at the present time.

Nearly one year after the publication of this report, the government's response virtually has been to ignore most of the recommendations and the provisions in it. Of the 92 recommendations by Mr. Justice Hall, the government has acted fully on only seven. Another three have been implemented partially, and 24 others have prompted statements to the effect that they wil be studied further. Better than two-thirds of those recommendations have never been acknowledged by the government. Neither the minister nor his senior staff have undertaken to meet with Mr. Justice Hall to discuss his very, very important report. In fact, it is one of the most important reports to ever come out of western Canada.

The minister has so far refused to act upon one of the most important recommendations in the Hall report. I am referring to the recommendation which dealt with the freight rate structure and the principles upon which it is based. I should like to refer to page 534 of the Hall report, where Mr. Justice Hall is reported as saying the following:

> The production and processing of agricultural products should take place in the regions of this country which have a natural geographical advantage for such activities. Freight rates and other transport related policies should not destroy nor hinder these natural advantages.

It continues:

> The flour milling industry in Canada be permitted to enjoy the natural geographic advantage of locating in western Canada.

Virtually this recommendation is repeated word for word later in the report dealing with the rapeseed crushing industry, the livestock processing industry, and the malting industry. Each of these industries would be encouraged to locate in the west to be near the producers of their basic raw materials, if the government's transportation policies effectively did not bar them from being cost effective. In many cases it is the inequities of the freight rate structure which prevent these industries from providing the prairies with needed jobs and the foundation for a healthy economy.

In the area of livestock, one example came to a head in 1976. In that year Alberta effectively lost one of its most thriving industries, hog production. There were many reasons for this loss which left over 8,000 hog farms idle in Alberta, but one of those reasons is surprisingly simple but nevertheless tragic. It is cheaper to ship 800 pounds of feed grain to eastern Canada on which to raise a pig to shipping weight, than it is to ship the 150 pounds of pork which the pig produces. At the present time, Alberta imports a substantial amount of pork products from the United States, and ships pig feed to eastern Canada. Nowhere else in the world is there a country which grows its feed in one region and raises its livestock in another.

Similar situations exist in other sectors which were mentioned by Mr. Justice Hall. As a result of stop-off charges and discriminatory interest and storage charges, it is cheaper to ship wheat east to be milled and import the flour, than it is to produce the flour in the prairies. Similarly, these problems exist in respect of the malting industry. I should like to quote from the report once again, which reads as follows:

> Freight rates on malting barley continue on the statutory basis, and apply to both the malting barley and barley malt.

I emphasize that because one is raw material and the other is processed product. One of the clearest examples of the inequities in the government's transportation policy, if such a policy exists in any recognizable form, can be provided by referring to the case of the rapeseed industry. If ever there was an industry which enjoyed a locational advantage, it should be oilseed production. But that is not the case, in spite of the fact this crop is not really grown outside the prairies.

● (1732)

As recently as 1974 the Rapeseed Association of Canada was looking to the future with bright expectations. However, the rapeseed crushing industry in the prairies was not able to develop as fully as it might, because, once again, it was cheaper to ship the raw material to eastern and foreign markets than it was to ship the finished product, in spite of the substantial reduction in volume. By 1976 producers and processors alike were expressing serious concern about the future of the oilseed crushing industry in the prairies, and the origins of the problem can be traced simply to the fact that the Crow rate applied to the bulk shipment of rapeseed and not to the finished oil product. This fact makes it more economic to export seed than oil or meal, but at the same time thousands of jobs that belong in western Canada are being filled instead by workers in Japanese crushing plants. The federal government has stepped in with an interim subsidy program, but it is not good enough.

A recently published study of the effects of the Crow rate structure on the rapeseed industry by a group of economists in Saskatchewan concluded that the low Crowsnest rate and a high Japanese import tariff were holding back the rapeseed processing industry in western Canada. As partial relief in this area, however, the government would be well advised to take heed of Justice Hall's recommendation at page 536 of his report, namely, that the federal department of transportation and communications devote more effort to export market development for rapeseed meal and oil.

Nevertheless, at least one half of the problem is directly associated with the freight rate inequities between processed oil and meal and the unprocessed seed. The ideal situation would be an extension of the Crow rate to cover processed oil and meal combined with an elimination of the Japanese tariff. Hopefully the tariff question will be settled at the current round of GATT negotiations.

However, the study concluded, using 1974 figures, that if the tariff were maintained and only the Crow rate extended to cover oil and meal, the advantages to producers, processors and westerners in general would have been substantial in 1974. Rapessed oil consumers would have paid approximately $1.3 million more for the product. To offset that, crusher earnings would have risen an extra $907,000; grower earnings would have increased by some $3 million; the rapessed meal consum-

er would have paid nearly $900,000 less; and our foreign exchange earnings would have have risen by a dramatic $3.6 million. This represents a clear benefit of some $7 million but, more importantly, it provides support for the development of an industry natural to the prairie provinces—one that would provide needed jobs and contribute to the evolution of a stable western economy, which in turn would go a long way towards overcoming western dissatisfaction and what is commonly known as western alienation.

The Hall report dealt with a broad range of specifics and general problems relating to grain handling and transportation in the west. It demonstrated two overriding facts. The first is that the grain handling system has deteriorated immensely as a result of this government's misguided attempts at policy formulation. The second relates in many ways to the first, and putting it simply, this sorry excuse for a management team has not been able to devise a national transportation policy which allows for the development of an industrial base and a market system which would promote the processing of agricultural products in the west.

On this side of the House we have continually asserted the need for a rational transportation policy which would support and encourage regional development priorities. We have continually argued that since transportation is one of the most heavily subsidized industries in our economy, the Canadian people are entitled to a meaningful return on their substantial tax dollar investment. That return should be in the form of new and expanded industries which are based on the particular geographical, social and cultural advantages of our various regions.

Our transportation system should be a tool which will help us to build a stronger, healthier and more united Canada. Neither government regulations nor administration of our transportation system should result in road blocks which are placed in the way of progress, but this is exactly what is happening time and time again when one looks at western Canada. The government has allowed the grain transportation system to deteriorate to a point where it threatens the very livelihood of the prairie grain producer, and when it threatens that group it threatens the foundation of the prairie society and, in fact, has a certain spin-off effect on the entire nation.

This government's failure to act in any comprehensive or meaningful way with regard to the over-all transportation system in the west has produced chaos which has significantly retarded growth in the prairies and even in those areas which enjoy a natural advantage. We are at the point at the present time—certainly all of the blame cannot be laid on the transportation system, but it has a great deal to do with it—where we are going to be owing over $12 million in demurrage charges that will ultimately be paid by the farmers in western Canada. The demurrage is there because the grain cannot be moved to the Vancouver port in time to load the particular boats that are waiting.

With the exception of the expansion at Prince Rupert, not one of the seven fully implemented proposals involved any significant expenditures, although some reorganization is implied. The minister has done a good job of undermining the original effectiveness of these proposals. Instead of the prairie rail authority recommended by Justice Hall, for example, we have the Prairie Rail Action Committee, which is a watered down version of the Prairie Rail Authority, and is not what we on this side of the House would have liked to have had. The minister has not moved to implement Justice Hall's recommendation that the railways be compensated for the cost of moving grain by rail. As a result, the responsibility for maintenance and upgrading of those lines already in the network and those to be added still rests with the government through its branch line subsidy.

Shortly after the release of the Hall report, one of the minister's frequent press releases stated that he intended to encourage branch line rehabilitation with an initial "firm commitment of $200 million." This was less than one half of the $450 million recommended by Justice Hall in his report. To compound the confusion, it was not long before the minister had cut the $200 million in half, leaving $100 million earmarked for 1978. During the cabinet's recent roadshow to western Canada, the minister announced that $75 million would be made available for branch line improvement in 1979. So the amounts of money are certainly dropping, and this still does not add up to the minister's firm commitment of some $200 million. In fact, it represents a decrease from that recommended by Justice Hall.

More significantly, the branch line subsidy just is not working. The railroads are receiving too much of the taxpayers' dollars without having to account for the way in which those dollars are spent. The railroads really have the best of both worlds—subsidies plus grants to be spent as they wish. But not one cent of branch line subsidy in recent years has been spent on upgrading branch lines in western Canada.

● (1742)

We on this side believe, with Mr. Justice Hall, that the railroads must be compensated for the difference between the cost of transporting grain and the statutory rates. But then they must be responsible for retaining and upgrading the prairie rail network without further subsidy from Canadian taxpayers.

There is much more I could say about the inequities which have existed over the years and which still exist. They predominate in the minds of many westerners who seek a natural advantage in terms not only of growing the product, which they do so well, but also the processing of that product and shipping it to other parts of North America and the world.

The government must realize that secondary manufacturing is needed very badly in western Canada. Without it we will have alienation and frustration. Proper transportation policies would be a way to alleviate this very troublesome aspect of life in western Canada.

Mr. Cliff McIsaac (Battleford-Kindersley): Mr. Speaker, I was pleased to note that the hon. member for Lisgar (Mr. Murta) agrees that the present branch line subsidy program

that has been in effect for a number of years by virtue of the National Transportation Act passed in 1967 has not really worked. The railroads have taken the money and put it into general operating revenue, but they have not applied it to upgrading the various lines for which the funds were paid. That is one of the reasons for the government's policy—to make sure that a work program in connection with the rehabilitation spending is applied to specific lines. It is for that purpose alone that federal funds go to the railroads. That is one point on which we can agree with the hon. member.

I am sure the hon. member for Lisgar knows very well that the problems he alluded to in his remarks regarding the pork industry in Alberta, the beef industry in western Canada, flour milling, meat packing, rapeseed crushing and other related processing industry problems, are not solely the result of transportation policy or lack of it. Things are a great deal more complex than that. Since we have an 1897 rate that has not been adjusted for the last few years for the raw product, while the other rates have been allowed to change and adapt to the rate of inflation, it is obvious that there will be problems. As usual, my hon. friend opposite did not offer any concrete solutions.

This government shares his concern but I think we have made real progress in implementing the thrust of the Hall Commission report on these and other major issues of importance to western Canada.

The motion before us seeks to keep alive a number of the myths that the opposition continue to propagate in regard to transportation policy. My hon. friend opposite, who is my neighbouring member in the province of Alberta as well as opposition critic and whom I consider to be an excellent member, very knowledgeable about transportation, said some things today that no doubt were due to the over-zealous writing of his caucus research staff. He spoke of the lack of effort by the government in this part of the country. Mr. Speaker, he knows full well that this government has made more progress in the last three or four years than any government in the history of the country in addressing some of the very real problems of Canadian transportation policy.

Dozens of examples can be cited to demonstrate the efforts of the government and the Minister of Transport (Mr. Lang) in that respect. There are the selective freight subsidies paid on commodities moving in and out of the maritimes. These have been worked out with people in the maritimes and have evolved as a result of policies brought forward three or four years ago. Committees of transport ministers exist in the maritimes, western Canada, Quebec and Ontario. The hon. member said he was in favour of approaching these problems on a regional basis. That is what the present federal and provincial committees do—they recognize regional differences. Support is given to ferry services on the east coast and the west coast; air facilities have been improved and expanded; we have developed not only a fully consultative mechanism but a new ports policy, and new container terminals are operating, are under way or have been announced in practically every part of the country. Improvements have been made and issues addressed.

The question of passenger rail service was raised in this House yesterday and again today in this debate. Highway agreements have been developed and are in operation across the country. There are two or three in western Canada. There is the highway strengthening program for the prairie provinces with over $20 million paid to the province of Saskatchewan, more than that to Alberta and a similar amount to Manitoba. The money is given by the federal government at the request of and with the co-operation of the provinces to upgrade the standard of highways so that load limits can be raised and made uniform from British Columbia to Ontario. This will allow highway transportation to develop with greater uniformity across the country.

Another agreement which is of particular interest to me and other members from western Canada is the western northlands agreement. I am sure that hon. member for Vegreville (Mr. Mazankowski) will be familiar with that in general. An agreement has been signed with each of the three western provinces. An interim agreement has been completed with Saskatchewan for an expenditure of $35.6 million for transportation, roads and community access roads in northern Saskatchewan. There is a similar program in Alberta and a larger, more comprehensive program in a long term agreement with Manitoba. These are specific and concrete examples of programs designed to meet regional needs in this country which have been enunciated by members of parliament, provincial spokesmen and other interested groups.

There has been a real need to develop transportation networks and links into isolated communities in Saskatchewan. There was a contribution of $9 million odd dollars in federal funds to Highway No. 2 from Montreal Lake to Lake La Ronge, $2.3 million for Highway No. 155 from Green Lake to Beauval, and $5 million for Highway No. 135 in the Creighton area. These communities have existed in the north for a long time, are out of the main stream, and have been brought in by these programs. The community access road to Stanley Mission, the oldest community in Saskatchewan, received $1.7 million. A community access road was constructed there last year for the first time in its history. Similar programs have been operated throughout a dozen communities across Saskatchewan, including even airstrips.

● (1752)

Toward the end of the remarks made by my hon. friend, the hon. member for Vegreville, he elaborated to some extent on the platform of the Progressive Conservative opposition. As usual that party is anxious to implement the Hall report, being very careful to be non-specific about that, not to spell out what they are going to do and when.

An hon. Member: You will hear about it.

Mr. McIsaac: Secondly, they are anxious to make use of transportation as a tool in rectifying or remedying regional disparities in this country. This is exactly what this govern-

ment has been doing, and it has been succeeding to a much greater degree than has ever been the case before.

If I heard my hon. friend correctly, his party would modify the CTC to establish a western arm, as the minister has already announced. My hon. friend was good enough to enlarge on that by saying that he would like a maritimes arm as well. That is a good concept and he will have no argument from the government in that respect. But, again it is policy which has been announced by this government and by the present Minister of Transport.

The opposition are talking about a huge infusion of funds that will be required. As one listened to the hon. member for Lisgar, particularly it appears it will be a very large infusion. I believe fiscal policy was also mentioned. I am not sure if my hon. friend was here, I think he was, but in the last budget a new policy was introduced providing for a faster write-off of railroad equipment. This is designed to encourage railroad rehabilitation and an updating program which this government has already embarked upon.

An hon. Member: Five to ten years too late.

Mr. McIsaac: After nine years of study by the Progressive Conservative commission of years ago, that still has to be their record in transportation. That is all we can compare it to. We have nothing more than that rusty old record of that royal commission dealing with transportation from the last Conservative government of this country. I am sure, Mr. Speaker, that Canadians both from the east and the west will be looking at that record of theirs as opposed to the record of this government in the field of transportation in the various areas that have been dealt with.

I had to smile at a point made by my hon. friend. The Conservatives wish to generate an attitude of trust and confidence. That has to be a first. That is the one I could certainly endorse. In my short time here, and elsewhere in public life, I have seen the Conservatives excel at generating an attitude of mistrust across this country, whether it concerns transportation or any other issue. I was pleased to hear my hon. friend from Vegreville say that they wished to generate an attitude of trust and confidence. I am sure he would want to see that happen; he has the opportunity to begin now.

He could have begun sooner to implement and generate trust and confidence from one end of this country to the other. That certainly has not been demonstrated in transportation policy, grain policy, fiscal policy, tax policy or any other subject or field one might examine, if one listened to the remarks made inside and outside of this House over the last couple of months. So that is a very welcome change.

I think it is worth noting for the record the achievements of this government with respect to implementing the Hall commission report. I would remind my hon. friend opposite that it was this government, the Department of Transport and the present minister, when he was minister in charge of the grains group and the Canadian Wheat Board, which established the Hall commission to look at and deal with the whole complex question of improvements in the grain handling system of western Canada. That commission did an excellent job throughout western Canada and elsewhere in looking at and assessing the problems and making recommendations. The commission did a great deal to allay the fears and concerns which have been there, and genuinely so, for many years.

What did the government do upon receiving the Hall commission report? Within 11 days—and this has to be something of a record for any government, be it a municipal government, provincial government or otherwise—an order in council had been passed which added 1,813 miles of prairie rail lines. This addition was recommended by the Hall commission to the basic rail network. It increased the total to some 14,000 miles, which was about three-quarters of all prairie rail trackage. In other words, there was no more fear or apprehension about abandonment, of elevators being closed or lines closed, over three-quarters of the prairie network. That was accomplished within 11 days. That certainly has to be the main thrust of that report.

Another 2,344 miles that were suggested should be transferred to the jurisdiction of a prairie rail authority were protected from abandonment until January 1, 1979. Again that portion of the rail lines examined by the Hall commission and sort of left in limbo was set over until such time as it could be assessed, looked at and categorized one way or the other into a permanent network or abandoned.

The question of prairie branch line rehabilitation has been alluded to by both of the hon. members opposite and by the hon. member for Regina-Lake Centre (Mr. Benjamin) as being something which is still a long way off. There is evidence that work has proceeded on a number of rail lines right now in the prairie area and money has been budgeted. The work program is lined up.

Perhaps it might be worth putting on the record of the House of Commons some of the projects that are either under way or scheduled for this particular year. They are: Swan River to Sturgis; Delisle to Beechy; Delisle to Dunblane; Dunblane to Elrose; Glidden to Alsask. I have about four or five pages of these projects covering every part of the three prairie provinces. Vegreville, Alberta, is mentioned; the hon. member referred to problems there. There is another line going out of Vegreville that is scheduled for revamping or new ties. There is another one out of Lloydminster into Alberta which is scheduled for new ties this year. Both the lines from Kerrobert to Rosetown and Lloydminster to Wilkie involve new ties and renovations.

Mr. Deputy Speaker: Order, please. The hon. member still has three minutes left of his allotted time. I suggest that we do not see the clock for that three minutes. We could allow the hon. member that time and then give the floor to the next speaker and call it six o'clock. Is that agreed?

Some hon. Members: Agreed.

Mr. McIssac: Mr. Speaker, I have just a few brief comments in conclusion. The NDP spokesman today, along with other representatives of his party, will have to devise a new

version of a transportation policy for western Canada. For the last good number of years their sole policy in transportation has revolved around the fears and apprehensions of massive rail abandonments across the prairies. The implementation of the Hall commission report and the study itself has put the rest those old fears that have been developed and fanned by harangues from many an NDP spokesman, both federal and provincial, over the years.

The hon. member for Regina-Lake Centre in this debate today resorted to a good ploy from his own point of view; he expressed concern for the line in his own area. There are some lines where there has been and will be abandonment. Above all, there are many lines, many communities over the prairie provinces today, by far the majority of the total geography affected by rail lines, where that uncertainty has been cleared away. There is no longer any uncertainty. That has been the most positive achievement of the Hall commission in my opinion and, indeed, of this government in dealing with that particular question, plus the major commitment to rebuild, upgrade and renovate the entire branch line network.

● (1802)

That is a major beginning and a major part of any transportation improvements in the entire grain handling network, to go along with the various other things that I am sure other hon. members will be referring to in this debate.

Mr. Deputy Speaker: The hon. member for Carleton-Charlotte (Mr. McCain).

Mr. McCain: Thank you for your recognition, Mr. Speaker. May I call it six o'clock?

Mr. Deputy Speaker: It being after six o'clock, I do now leave the chair until eight o'clock tonight.

At 6.03 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, it was interesting to listen to the hon. member for Battleford-Kindersley (Mr. McIsaac) as he outlined the progress, so-called, in the west in the field of transportation. He had the courage, or lack of it, to venture into the Atlantic provinces and tell us how good they had been to him. But, Mr. Speaker, he never rode the rails from Port aux Basques to St. John's, Newfoundland. He never got on the ferry from Cape Breton to Newfoundland. He is not aware that there was a time when the government regulated transportation in such a way that it was possible to ship steel from Sydney pretty well across Canada and make money at it; that there was a time when we could ship a number of products from the maritimes to central Canada. That was the good old time. Nowadays freight rates are so high that we have been obliged to seek other markets.

There is no need to review the position of the steel company on Cape Breton Island to find out how it is doing under this government, because that is done on a regular basis in the House. Among the reasons which have led to the affairs of this company being in very serious shape, along with others, is the level of rates which have been imposed. Contrary to the intention when confederation was entered into, rates have been imposed which have precluded the maritime provinces from the Canadian market.

The hon. member spoke at some length about the moneys the central government had provided to the provinces. But he did not tell the whole story, and unless people read other contributions to this debate they will be seriously misled. What the hon. member did not say was that every time the minister held a lollipop out to the provinces what he said to them, in effect, was: "You can have it if you put another one with it, but if you don't have another lollipop you won't get this one".

One might, for instance, review the $100 million or the $130 million—I was not quite clear as to the amount when he had done garbling it out—which he proposed to give to the Atlantic provinces toward the rationalization of transport services. But when the provinces began to deal with the minister they found the terms were extremely expensive. They found that he would not give the Atlantic provinces anything unless they matched it.

● (2012)

In the field of transportation, and particularly as it relates to highways, on which most of this money will be spent, the Government of Canada was in the habit of offering to provinces in eastern Canada and in certain cases in western Canada a 90-10 federal-provincial program or an 80-20 federal-provincial program; but when the Minister of Transport (Mr. Lang) started to deal it out, he dealt it out to the provinces on a 50-50 basis, and he said, "If you have another lollipop to go with this one, we will give you the one we have, but under our terms and conditions".

This means that by the time a province buys a right-of-way to build certain highway connections which are necessary, under this program the province will spend $60 for every $40 spent by the federal government. I submit that if this Santa Claus pulled off his mask, Jekyll and Hyde would be revealed. The minister did not tell us that the railroad on Prince Edward Island has got to such a state that it is doubtful if five years from now there will be trains moving on it. I am not aware of any grant—and I am sure the minister did not miss any—which is going to be given to P.E.I. to recondition that rail service.

The minister sounded as if he was going through a batch of Liberal promises to local constituents. He sounded as if he was trying to save his own conscience, sweeten the disposition of those scattered across the prairies and other parts of Canada and cajole them into voting for his party. However, when you start describing a situation in which you are putting in new

ties, you are talking about railroad maintenance, and that goes on every month of every year under every government. The minister certainly got down to the nit-picking level when he started to brag about that.

The transportation structure as it exists in Canada has been getting some attention as election year approaches. Whether the election is this year or next only one man knows, but as it approaches there are ad hoc solutions to the transportation problems of Canada. Some specific problems have been attacked, but basically it has been an ad hoc program without rationalization. The government has chosen to buy many rail cars for the west. I do not quarrel with that, if that is the right approach, but why has there not been a rationalized program to examine equipment shortages which exist across Canada and not just in the area of Canada in which the minister lives? That is not good enough.

I would like to cite another example to which perhaps the hon. member for Battleford-Kindersley should have paid a little attention. The minister has been giving much attention to the new ports policy. The hon. member for Battleford-Kindersley said that the government is looking at the east and the west and having meetings here and there, but what happened? All at once the east and the west met without the minister, and they found that the minister had gone to the west and said that the eastern provinces agreed with the government's ports policy. When the east got out west and heard what the west had to say, the east found that there were ten provinces in Canada, none of which agreed with the ports package.

They all disagreed with it because they felt that they should have a voice in their own destinies with regard to the ports of Canada. They pleaded with the minister to be represented on the various ports boards which would be appointed, and he said no. The premiers of Atlantic Canada then sent a letter to the Prime Minister (Mr. Trudeau) telling him that they wanted to be represented on the boards which are to be appointed and to have a say in the management of the ports of eastern Canada, but the Prime Minister said no.

The destiny of Canada and of particular provinces rests with the decision-making process with regard to ports policy, and the provinces will have no say. The provinces have had no say about rates and little, if any, about VIA Rail. There has been practically no consultation, but much dictating, with respect to expenditures of so-called joint moneys by Ottawa, and we just do not have a transportation policy. This government has not been capable of analyzing either the needs of shippers or the capabilities of carriers.

Does the government know that when a certain commodity group met with the railroads it found that it took 24 to 28 days for a round trip of less than 500 miles for one car? Why should the Government of Canada buy cars for a railroad which cannot make a round trip of 500 miles in less than 24 to 28 days for one car? Why should the government buy cars to transport any commodity when a railroad as a competitor takes 18 to 20 days for a 400 mile round trip journey for one car? If we buy cars for this outfit, we are buying cars for the outfit to park without knowing the substance of the problem with which we are trying to deal. We are trying to deal with it from the wrong end. Under this man's policy we do not know what it costs the railroads to carry a car of potatoes from Prince Edward Island, a car of fish from Newfoundland or a car of wood pulp from New Brunswick to any destination.

If the minister has this information, it is secret and will not be divulged. These questions have been asked in the Standing Committee on Transport and Communications, but we in Atlantic Canada do not know whether we are being charged what the tariff will bear or a fair rate; and neither does anybody else in Canada because the CPR does not have to account, as Bell Canada does. The CNR does not have to account for its charges, as does NB Tel. We pour subsidies into an operation, the mechanics of which we do not understand. That is not a policy. There has to be service, and at the moment we are not getting it.

I remind the House that we have been having problems at the port of Saint John. The only way the ports of Saint John and Halifax can be expanded is if the provinces and municipalities put money into federal works which they will never own. The provinces will never own them, but they have to put money in. I do not want to be misunderstood by any member of this House. I do not begrudge the St. Lawrence Valley the policy that the Government of Canada is exercising, but I want the same policy in New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

Some hon. Members: Hear, hear!

Mr. McCain: The government is selecting its political plums and spending its money in an unjust fashion, which brings about disunity in this nation. That is discrimination of the rankest kind. We are talking about the CNR and its recapitalization. We are going to double track through the Rockies, fix tracks across the prairies and examine tracks from Quebec City to Windsor; but when the president was asked what is scheduled for the maritime provinces, he said that everything is great down there and that we do not need anything in Prince Edward Island, Newfoundland, New Brunswick or Nova Scotia. He told us there are no plans for that area.

That is the policy which the hon. member for Battleford-Kindersley praised to the sky. That is the Santa Claus of the Jekyll and Hyde type. When the minister wears his beard, he is the true Santa; but when he pulls off his beard, we see the other discriminatory personality. That is typical of this government.

There is another matter which must be rationalized. We must operate on a competitive basis. Let me give an example. In the last five years the freight rate on grains from Thunder Bay to Woodstock, Ontario, has gone up 30 per cent. Members opposite from Quebec should be interested in this. I think they were present when it was discussed. To Sherbrooke, Quebec, it has gone 80 per cent, and to Moncton, New Brunswick, it has gone 90 per cent. And this from the minister who claims he has a transportation policy for Canada! When the rates from Thunder Bay to Woodstock, Ontario, are raised up to 30 per cent and from Thunder Bay to Moncton up to 90 per cent, is

that a good transportation policy for this country? It is discrimination, lack of judgment and lack of understanding. I suggest it is ignorance of the things that are going on.

● (2022)

In the Atlantic area we have a regional air carrier which served in good faith points which were not economically viable on the advice of and with aid and direction from the government. They were assured that a certain subsidy would be paid them if they would serve these particular points of interest to the Government of Canada, and to all of Canada for that matter. What did they find? Inflation came along, the subsidy remained constant, there was no indexing of it, no increment in it, the company lost money. On top of this there was lack of rationalization again, because in those routes which were then profitable for Eastern Provincial Airways, Air Canada paralleled and inconvenienced them. They did everything they could to take the business away from them.

It is no use improving the tracks in the prairies, it is no use improving the tracks from Quebec to Windsor, and it is no use improving the tracks from Quebec to Saint John, for that matter, if you do not understand the problem. What is wrong with this government's transportation structure is that they do not understand the problem, and I want to tell the House why. You cannot approach a subject as complex, complicated and meaningful to all of Canada as is transportation to this country, by pulling people out of a hat or from the Prime Minister's office to lay down policies for Atlantic Canada, how much subsidies you will give to the prairie provinces, and say that this should be a good plum for this area or that area, and it should make them happy politically so they will vote for you. Whether it is land, sea or air transportation, there must be rationalization.

For example, you cannot have recapitalization of the CNR when it can be established, in spite of evidence which was presented to the Standing Committee on Transport and Communications, that the trucking companies owned by CNR are getting advantages in the piggyback service which are not extended to their competitors. This can be established, contrary to the evidence which was given. I do not think we should recapitalize that structure until we are guaranteed in an unqualified way that the competitive structures will not be placed in a position of disadvantage because we forgive the debt of $808 million to the CNR.

I have to say to you, Mr. Speaker, that I do not believe there is anybody in the House at present who, in spite of the Hall report, the work which the committees have done and the time which the minister and other hon. members have spent, really knows just how a proper transportation program from eastern Canada to western Canada and all the points in between can be put in place. But I can tell you that we are not shipping lumber products out of New Brunswick by Canadian National Railways; we are trucking them from the mills to the U.S. railroad companies, which are taking them to markets in New England and farther down into the states because our rails, which are beside the mills, have a subsidiary just across the border which will take the products to the New England states and to other American points at a price that is lower than the price at the mill, a price that is so much lower that you can truck them to a main point and put it aboard the U.S. railroad.

I said this in the House on another occasion and somebody across the floor yelled that the U.S. railways are subsidized so they can do this. Let me point out that Mr. Bandeen, president of CNR which owns three subsidiaries in the United States, told the Standing Committee on Transport and Communications that he is not aware that any of his subsidiaries are receiving any subsidies whatsoever for the normal service which they provide in the United States. So this shoots down that balloon.

Atlantic Canada wants to know why rates in Atlantic Canada are not competitive with rates in Maine. We want to know why rates to Atlantic Canada have gone up by 90 per cent while they have gone up by only 30 per cent to Woodstock, Ontario. We want to know why, when you take the beard off Santa Claus, you find Jekyll and Hyde. We think we deserve a reasonable break in the ferry service to Newfoundland, for the transportation of potatoes to central Canadian and other markets and for the transportation of potatoes to export markets, for fair competition within the competitive structure in transportation which exists between rail and road, for an open policy, an open rate structure, a known quantity with which we can deal and with which we can come to an understanding. The hon. member for Battleford-Kindersley should take off the blindfold and go back to the veterinary service which he understands so well and about which I know nothing.

Mr. William Rompkey (Grand Falls-White Bay-Labrador): Mr. Speaker, I am quite happy to follow my colleague the hon. member for Carleton-Charlotte (Mr. McCain), who has given us the down side of transport in Atlantic Canada. Possibly I can balance the record on that score for that particular region.

Some hon. Members: Hear, hear!

An hon. Member: Bring back the Newfie Bullet.

Mr. Rompkey: We have new highways and new buses to replace the Newfie Bullet. The Newfie Bullets are on this side.

An hon. Member: Bunch of duds!

Mr. Rompkey: I am quite happy to speak on this motion in one sense, but in another sense it seems to be a waste of debating time because this motion is quite erroneous as it applies to Atlantic Canada. I do not know if it is intended to apply to Atlantic Canada because I notice that towards the end it says:

> . . . to implement the major recommendations of the Hall commission report on grain handling and transportation in the west.

A couple of studies have been carried out in the east also. I do not know if the opposition is aware of them, but they are certainly not mentioned in the motion. If the opposition is concentrating on the west rather than on the Atlantic area,

that is understandable because, after reading Charles Lynch's columns and having come back from the west, I know that there is a great need for the opposition parties to pay attention to the west. They certainly cannot take the west for granted and they need to come up with some policies for western Canada.

Mr. Paproski: Yes, keep on listening to Charles Lynch.

Mr. Rompkey: I suggest to opposition members that they should start developing some policies for Atlantic Canada also.

I also want to point out what might be a pattern of development for such a policy. The motion states that the government failed to implement the promises of the 1974 election campaign. I invite opposition members to examine the Atlantic Liberal manifesto of the 1974 election campaign. I do not have it with me. Do you know why? I filed it away far back because we in Atlantic Canada know that it has been dealt with.

An hon. Member: Empty promises.

Mr. Rompkey: Eighty per cent to 90 per cent of the commitments made in that Atlantic Liberal manifesto of the 1974 campaign have been dealt with. If hon. members opposite have a copy of it, I invite them to spread it around to their colleagues because the facts speak for themselves.

The second part of the motion refers to the abandonment of the user-pay concept and the development of transportation objectives which will enhance national harmony, reduce regional disparity and promote balanced economic growth. I want to set on the record some of the policies that this government has carried out in Atlantic Canada to achieve those aims and objectives. I will have to read because I cannot remember all the facts and figures. There are a myriad of them, and they are substantial. I want to refer to the government's record in transportation in Atlantic Canada.

● (2032)

Last year the Minister of Transport (Mr. Lang) announced a $125 million transportation program aimed at improving services and facilities over the next three years. Approximately $100 million will be spent by the federal government to improve highways in the four provinces. Only last week the federal government and the province of Newfoundland announced a formal agreement on a three-year $60 million highway improvement program in that province. We have been scored because it is 50/50 and not 90/10. How many 90/10 agreements can there be?

There is much to be done in Atlantic Canada. I do not think the federal government has been niggardly in its agreements in the past. In addition to the $60 million, which was formalized in Newfoundland last week, I suspect the total is something between $60 million and $70 million of DREE money which has gone into the establishment of trunk roads and major highway building programs in Newfoundland. If that is added together, the total amount is over $100 million in one province alone, most of which was 90/10. That is a record the government can be proud of.

We have not built all the highways that should be built. I will not be satisfied until there is a highway across Labrador. Last week the Minister of Transport was in Labrador to talk about that very subject. I hope some funds are found in the future to aid the province of Newfoundland in carrying out that project. Is a 90/10 agreement user-pay? It is not. It is the taxpayers all across Canada providing the funds for the federal government to assist provinces which are less able to pay. It is not a user-pay concept. It is the spending of money on transportation in a region which needs it, without regard for the payback on the part of those using the transport system.

In addition to the highway program, there has been new airport construction at a total cost of $21 million. It will provide valuable links to areas at some distance from major New Brunswick and Newfoundland centres.

Mr. Whittaker: Is that pork-barrelling?

Mr. Rompkey: That is looking after transportation needs.

Mr. Whittaker: It sounds like pork-barrelling.

The Acting Speaker (Mr. Turner): The hon. member for Grand Falls-White Bay-Labrador (Mr. Rompkey) listened to all the other speeches. I suggest we listen to his.

Some hon. Members: Hear, hear!

Mr. Rompkey: Hon. members opposite do not want to hear the facts. They do not want to hear the truth. They want to preach doom and gloom. This new airport construction will provide for fast and efficient transport of equipment and supplies to valuable resource areas in New Brunswick. In New Brunswick, $6.4 million will be spent over the next three years to complete the development of Charlo airport. A new airport at St. Léonard, on which work was already begun, will be built at a total cost of $3.8 million over the next two years. In addition, funds have been budgeted for the construction of an air strip at Grand Manan, at an estimated cost of $1 million.

Improvements to airports in Newfoundland and Labrador also are part of this program, with a total of $10.8 million allocated for Wabush, which is in my riding. A new air terminal and operations building is being built at Wabush, as well as a maintenance garage, fire hall, aircraft parking ramp, taxiway, air cargo site, parking lot and access road. In 1978 airstrips will be at Nain and Makkovik on the Labrador coast, at a total cost of $1 million for each site. Studies are under way for similar facilities at Marys Harbour and Hopedale. Also there is a master plan for 13 airstrips along the Labrador coast, which will revolutionize transportation in that eastern extremity of Canada. With that airstrip pattern, we will be able to institute a Twin Otter service, or perhaps a Dash-7 service. That will revolutionize transportation in that area.

The hon. member for Carleton-Charlotte referred to the good old days when things could be transferred from the east to the west. The government has been studying the Maritime

Freight Rates Act and the Atlantic Region Freight Assistance Act which cover the Atlantic region and the Gaspé coast. Following consultation with the provincial governments, the government determined that existing subsidy for movements within the region did not provide the maximum possible economic benefit for the region, and in turn agreed a subsidy should be paid on selected regionally produced goods moving on all means of transportation. There will be a subsidy on selected goods manufactured and processed within the Atlantic area. The subsidy will not apply to those goods which come from other parts of Canada to be processed in the east and shipped back out again. The hon. member for Carleton-Charlotte said that the rates are higher coming from Thunder Bay to New Brunswick. So what? It is a chance for the people in New Brunswick to produce their own goods and to become self-sufficient. I do not see that being a bad thing. We are changing the freight rate pattern and the levels of freight rates in Atlantic Canada in the interests of Atlantic Canada.

This subsidy will be implemented by September 1 on a selected list of commodities worked out by federal and provincial officials. I am convinced the revisions to the blanket 15 per cent subsidy program will have a positive economic effect on the entire region by making goods produced in Atlantic Canada more competitive and by improving competition in various forms of transportation.

Another program which affects all four Atlantic provinces is the urban transportation assistance program. It was designed to tackle a number of transportation problems affecting major cities. Each province would receive an amount for urban transportation projects which require attention. In the Atlantic region, New Brunswick will receive $6.8 million; Nova Scotia, $8.2 million; Newfoundland, $5.6 million; and Prince Edward Island, $1.2 million. As a result of these programs, I hope areas in my constituency, such as Grand Falls and Windsor, are provided with much needed arterial roads for the expansion of industrial parks and housing areas.

The province of Newfoundland has special transportation difficulties. In an attempt to solve them, the government formed a commission of inquiry to assess a wide range of factors affecting present and future transportation needs. I mention that in the beginning, because the Hall commission was referred to and the Sullivan commission was not mentioned. I draw the attention of hon. members opposite to that commission. The commission is charged with studying economic, social and geographic conditions in Newfoundland. It will provide us with an excellent framework through which we can work with the provincial government to achieve the best possible transportation system for that province. In other words, we are rationalizing transportation.

Marine coastal service has been subsidized over the years to the tune of tens of millions of dollars. The same amount of money can be put into transportation, a variety of modes, so that transportation in that province will be rationalized. The Sullivan commission has just about finished its work. Either the minister has a copy of its report in his possession or he will be provided with one soon. It will provide us with a policy line for the future of Newfoundland.

Also the government has been investigating the distribution system for potatoes from New Brunswick and Prince Edward Island. Working with provincial governments, potato producers and distributors, some significant improvements to the distribution system have been made, including revisions to potato freight rates, some improvements to port facilities in several places in Atlantic Canada, and a new operational planning system.

An important segment of the economy of Atlantic Canada centres around the shipbuilding industry. I am sure the hon. member for Carleton-Charlotte will be interested in knowing that there are several projects which could mean a significant boost if a shipyard is the successful bidder. The design and construction of a hybrid nuclear gas-turbine polar icebreaker has been estimated at $310 million. If hydro-carbon development in the high Arctic continues, there is little doubt the government will need a polar icebreaker by the early 1980's. We hope that construction can be done in Atlantic Canada. We do not want absolute guarantees, but we do want to compete on a fair basis and we are hoping that that work can be done in a shipyard in Atlantic Canada.

● (2042)

Apart from the government's general programs, it has begun a number of specific improvements to transportation facilities throughout Atlantic Canada that will have a significant effect on both passenger and freight transportation in the area. For example, one project is the building of a new container handling terminal in Fairview Cove off Halifax harbour at a cost to the federal government of $2.1 million. The construction of this facility is already providing additional employment in the area, and following completion in 1980 more than 100 jobs will be created to operate the facility. The significant project in Prince Edward Island is the redevelopment of the Charlottetown airport to include a new terminal building, maintenance garage, fire hall and eventually a new 5,000 foot runway. This project, developed in consultation with provincial and municipal authorities, will cost more than $21 million, and work is expected to begin in the summer of 1978.

Some hon. Members: Oh, oh!

Mr. Rompkey: They do not want to hear the facts, Mr. Speaker. They do not want the record set straight; they only want to preach doom and gloom.

Other improvements at Charlottetown airport include a new maintenance garage, aircraft apron, carpark, access road system and taxiways. Gander airport in Newfoundland will also be receiving a new air control centre, expansion of its air terminal building and improvements to the north runway. The complete project will cost $18 million, and that is in addition to the movement by the federal government of the search and rescue centre to Gander, which is not only providing facilities and protection for our fishermen, but employment for people in Gander.

Let me go on with the record.

An hon. Member: It must be election time.

Mr. Rompkey: This is not going to do any harm for the election either.

The construction of one shed of the forest products terminal in Saint John, New Brunswick, was completed last year, and an additional shed will be completed shortly at a cost of $3.5 million. This new terminal is a major improvement in the handling of forest products at the port since they were previously handled at a number of diverse harbour facilities. The new specialized terminal ensures more efficient handling of all forest products, a major export of the province.

Although there is no funding involved, a major step towards streamlining the management of east coast ferry and coastal service was taken in December with the establishment of CN Marine, based in Moncton. The new corporation will function as a subsidiary to Canadian National Railways to provide incentives for efficient ferry operation, and help to control costing and deficits in providing these services. The previous method of offsetting operations deficits with federal funding created an ineffective management system and provided no incentives for operating efficiently. This new arrangement in no way diminishes the federal government's constitutional obligations, nor its responsibility for maintaining levels of service for those vital shipping links. We will continue to control rate setting and all major decisions affecting the services.

In addition to that movement of the centre of operation of east coast marine, new ferry services have been instituted in the Atlantic area. In my own riding, for example, they received a $500,000 subsidy last year to provide a new service across the Strait of Belle Isle between Newfoundland and Quebec and southern Labrador. There was an announcement just a week ago on the *Sir Robert Bond*—

An hon. Member: What have you done for the west coast?

Mr. Rompkey: Listen; just pay attention to the facts.

An hon. Member: What about the ferries in B.C.?

Mr. Rompkey: There was a $4 million grant for the conversion of the *Sir Robert Bond* which links Louisport with Labrador. There has been a new truck carrying ferry inaugurated between Yarmouth, Nova Scotia and New England in addition to the *Bluenose* on that run.

These are substantial ferry improvements in eastern Canada and just some of the examples that this government has been concerned with, illustrating the fact that it has been doing something.

An hon. Member: What did you do on the west coast?

An hon. Member: What about the unemployment rate?

[Mr. Rompkey.]

The Acting Speaker (Mr. Turner): Order, please. The rules state that a member should be entitled to speak without interruption. I suggest we listen.

Some hon. Members: Hear, hear!

Mr. Rompkey: I welcome the interruptions, Mr. Speaker, from across the way because it shows their frame of mind. They do not have any real facts to put on the table, but are simply shouting and bawling to make themselves heard.

The opposition is talking about federal government consultation. Two years ago the Department of Transport created a directive to establish sound lines of communication between the department, provincial governments and industry. With respect to liaison with the provinces, this directive provides an effective channel for consultation and communication and ensures that the provincial point of view on transportation issues is known and understood by Transport Canada policy-makers and given an objective and fair hearing. There are mechanisms within the department that we have set up to ensure that the provinces are consulted. Apart from these mechanisms, the Minister of Transport has had adequate consultation with all four Atlantic provinces—

An hon. Member: Take Newfoundland, for example.

Mr. Rompkey: With Newfoundland as well. Before bringing in his policies this minister consulted with his counterparts. The record of this government in Atlantic Canada is clear, and the record of this Minister of Transport is also clear. Members on this side of the House from Atlantic Canada will agree with me that this is a minister that has been responsive and responsible.

When the hon. member for Carleton-Charlotte says that policies are made by somebody pulled out of the PMO who has to go to work on transportation in Atlantic Canada, I want to inform him that we have had the Minister of Transport come to an Atlantic caucus. The improvements that have come about have been a result of this caucus. My caucus colleagues from Atlantic Canada will agree that this is one of the best ministers of transport that we have had, and certainly one that is—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I would like to make a contribution to this most important debate initiated by my distinguished colleague from Vegreville (Mr. Mazankowski). I would like to put into proper perspective some of the things mentioned by the Minister of Transport (Mr. Lang), particularly as they relate to western Canada. One thing that has really concerned and amazed me in this whole debate about transportation policy—particularly with a minister who comes from western Canada—is that when this minister is discussing the Hall commission report, which is so important to the future of western Canada and its buoyancy, I can come to no other conclusion than that he either has not

read the report, does not understand it, or cares not to understand it one whit.

I hope to demonstrate today by some of the points that I make that the minister completely misreads the importance of this particular commission report or completely misreads the very important and most germane portions of it.

Mr. Benjamin: He is trying to head it off.

Mr. Hnatyshyn: My colleague from Regina-Lake Centre (Mr. Benjamin) says that he is trying to head it off. One can come to no other conclusion except that the minister is in a position where he does not want to embrace the recommendations contained in this report and, in fact, is dragging his feet on some of the very important recommendations mentioned in it.

It has been pointed out on a number of occasions that of the recommendations made in the Hall commission report, there were something in the vicinity of—

Mr. Benjamin: Two recommendations.

Mr. Hnatyshyn: —six—I am being generous—of these recommendations which have been acted upon, notwithstanding the protestations of the minister. There are five others that have been partially acted upon but no action has been taken on the rest. The minister misunderstands the purport of the Hall commission report. He misunderstands this report which must be taken as a whole. Unless the recommendations are taken as such and implemented as a package, the results that are hoped to be gained from this particular report will not be attained.

● (2052)

It is interesting to see the minister's attitude toward this report. He takes a portion of it and indicates that he considers it the most important. He does not look at the report as a whole. Of the 92 recommendations he decides that number 91, say, is less important than number 90 and so on. In a letter to the Gravelbourg *Star* in Saskatchewan the minister indicated that he approached the report in that way when he wrote:

> Since last May 16 when the Hall commission report was tabled in the House of Commons, the government has taken a swift but methodical approach to its implementation. On May 27 the most important recommendation in the Hall Report was implemented when some 1800 miles of prairie rail line was added to the basic network guaranteed to the year 2000.

The minister regards this report as one that merely deals either with the retention or the abandonment of rail lines in western Canada. That is a narrow approach. In his beneficence he announced, during the course of the debate, a number of very large grants for the improvement of rail lines in western Canada. Just after the report was presented the *Western Producer* carried the following report:

> The elimination of some 2160 miles of branch line railways in Western Canada will save the Canadian taxpayers about $400 million annually, Chief Commissioner Emmett Hall told a May 16 press conference.

Referring to the minister's suggestion that the proposal for additional hopper cars would be a great asset to western Canada, the report went on:

> Regarding the federal government's proposal to build an additional 2000 grain hopper cars at a cost of $80 million, Mr. Hall said while these may be needed some time in future, they are only "make work" projects for Eastern industries and do not represent one additional dollar of revenue for Western Canada.

That is what Mr. Hall said about the minister's claims that he is paying great amounts of money to western Canada. Through rail line abandonment the government is saving something like $400 million annually, but the minister would suggest that he is giving about $100 million to western Canada for rail line improvement. People in western Canada understand what is happening, Mr. Speaker, and will not be fooled by such financial transactions. It has been pointed out that something like $55 million of that money will be spent in central Canada on rail and other supplies necessary for the improvement of rail lines.

I was somewhat amused during the debate when the minister accused the opposition of filibustering Bill C-33, introduced in his name. I think I should put some facts on the record with respect to that legislation. The minister said it was impossible to get the bill through because of the Conservative party. Mr. Speaker, I checked the record and I find that of seventeen speakers eight and a half were Liberals, two were NDP and six and a half were Conservatives. Hon. members may wonder about the two halves. One of the speakers was the Minister of Industry, Trade and Commerce (Mr. Horner), so I apportioned one half of him to each side. If there was any filibustering I suggest the government should look within their own ranks.

The Minister of Transport said that Bill C-33 was a wonderful piece of legislation and would solve our national transportation problems. The Minister of Industry, Trade and Commerce had other ideas, however, and I think it would be interesting to see what he said about it. Since the minister is not in the House tonight and there is no member present on the government side from western Canada, I shall put this on the record and they can read it tomorrow. I see the parliamentary secretary is here. Indeed, he is always here and does a good job. He stays in the House and listens.

The Minister of Transport thought this bill so important that he had the Minister of Justice (Mr. Basford) introduce it and read his speech. This was supposed to be an important breakthrough in transportation policy but that is what happened.

The Minister of Industry, Trade and Commerce, then an ordinary member like the rest of us, chastised the Minister of Transport for not being in the chamber. At page 3530 of *Hansard* for March 1, 1977 he is reported as follows:

> . . . he has lost favour with the Liberal backbenchers, so the government has demoted him and sent him out west because they do not want the backbenchers of the Liberal party to enter this debate, and they felt that if he was here initiating the debate he would antagonize his own members and provoke a discussion.

The Minister of Transport has accused us of holding up the bill and filibustering, but here is what the Minister of Industry, Trade and Commerce said a little later.

> I believe that this legislation takes the government from the mess it was in and puts it in another mess.

What words of commendation for this wonderful legislation that the Minister of Transport says is essential to the future of transportation in Canada!

I could go on and on Mr. Speaker, but I have underlined portions of the speech and would be glad to send it to any member of the government who wants to know what the Minister of Industry, Trade and Commerce thought of Bill C-33. March 1977 was a critical period in his political life; that was when it became crystal clear to him that the time had come to accept a portfolio under the right hon. Prime Minister (Mr. Trudeau).

I want to deal with the Hall commission report because it is so very important to western Canada, although in its ramifications it affects all of Canada. Because the grain handling system in western Canada is being improved, we tend to take it for granted that any assistance given or changes made will fill the pockets of western Canadians. Nothing could be further from the truth, Mr. Speaker. If we consider the importance of grain exports to the balance of trade and consider the amount of money spent on goods and equipment from other parts of Canada, we realize that the agricultural industry, and the grain industry in particular, must be seen as essential to the future well-being of the country.

The minister seems to think he is moving fast enough on the recommendations of the Hall commission. Although he pays lip service to those recommendations, only five have been implemented and there is ample evidence to suggest that the minister has no interest in the total package. I am sorry to report that the Minister of Transport has not approached Mr. Justice Hall or called him in since his report was presented to discuss the ramifications of it.

● (2102)

What a peculiar situation we are in. The minister said that we are going to go ahead with the report. But what they forgot to do was to ask the person who was the head of this important commission for his advice and interpretation of the recommendations contained in the commission's report. As I say, not once has the government got together with Mr. Justice Hall. Not once has the government sought an explanation or a clarification or asked him for his assistance in bringing forward meaningful implementation of this most important report.

What have the government done? They have set up what they call a Prairie Rail Action Committee. In Saskatoon we know what action committees are all about. It is a political motto used by the Minister of Transport. It is a convenient kind of spin-off between what has been going on politically on one side and what is going on now with this commission. We have some serious reservations with respect to this action committee. In my opinion the creation of this committee is merely another form of stall for the purpose of avoiding the implementation of these worth-while recommendations of the Hall commission. The effect of it will be to put the control of transportation and grain handling, in particular transportation, back into the hands of the Canadian Transport Commission which is now a central and eastern dominated commission.

I want to briefly go over some of the points which must be taken in the total context as far as the Hall commission report is concerned. It has to be taken as a package. One recommendation cannot be isolated and expected to solve the whole problem. Concerning the grain handling system in western Canada there were something like 5,758 elevators in the prairie region in 1938. In 1976 the number of elevators had been reduced to about 3,964. The Saskatchewan Wheat Pool, one of the largest grain elevator companies in western Canada, say that it is their intention to rationalize the number of elevators down to something like 550. There are presently just over 1,000. If elevators on a line are removed, then there is nothing left to justify retaining a railway in that particular area.

The Hall commission could not get specific information from the Saskatchewan Wheat Pool as to which elevators would be retained and which elevators would not be retained. As a result they recommended the creation of a prairie rail authority. The commission could see that some 2,000 miles of railway would have no grain to carry if these elevators were closed down. Therefore, they directed abandonment of roughly 1,800 miles. This left about 2,343 miles in doubt. The commission indicated that nothing could be done with respect to decisions on these lines until the grain companies had made up their minds regarding these elevators.

In his brief, Mr. Runciman of the United Grain Growers pointed out that decisions made in this connection in 1976 could be wrong in 1986. As I mentioned, the commission recommended a prairie rail authority. It was felt that money should be spent to keep these doubtful lines operational, but that no money should be spent to upgrade them.

I suggest to you, sir, that the government has ignored the recommendations of the commission in setting up this Prairie Rail Action Committee. It has been stated by my colleagues on this side, the hon. member for Vegreville and the hon. member for Lisgar (Mr. Murta), that the concept of a western component of the CTC should be kept alive and should be implemented. Notwithstanding the statements of the government that they would do this at some time, I suggest it is something which should be looked at as an immediate priority. The decisions that will be made by the Prairie Rail Action Committee will be made before decisions are made by grain companies as to which elevators will be abandoned. This, I suggest to you, sir, could result in very high costs to the country.

It is also important to understand in terms of western Canada, central Canada and so on, that central Canada benefits from the grain industry and derives substantial benefits with respect to the price paid for grain, flour and ultimately bread. The commission has pointed out that eastern millers get the benefit of the Crow rate which is so often attacked and which was brought into question by none other than the Minister of Transport on a number of occasions. Wheat is stored along the seaway. With western grain produc-

ers—that is, the Canadian Wheat Board—paying, storage charges were originally one-thirtieth of a cent per day and I believe it has now been moved up to one-twentieth of a cent per day. This is paid for out of the pockets of the western farmer. There is no question that the Minister of Transport and this government have abandoned the prairie rail authority concept by having named the Prairie Rail Action Committee—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I have been waiting for a long time for this opposition day on the transportation policy in Canada. I was naïve enough to believe that opposition members might suggest some measures and concrete solutions to the admittedly important problems we must face when drawing up a national policy in this very important area of our economy and the life of this country, because that policy has an impact on national unity.

So, Mr. Speaker, I admit that I am very disappointed, after listening to this debate from the start, to have heard for hours on end all about what the government failed to do, that the transportation policy should provide for advisory groups with the provinces, that it should be based or oriented toward a better economic development of Canada, that there should be a western arm, and an eastern arm of the Canadian Transport Commission, when all those points, Mr. Speaker, were made repeatedly by the government, and more particularly in the 1975 transportation policy statement.

I should like, Mr. Speaker, to deal more specifically with the achievements in the area of transportation, particularly in the province of Quebec. During this debate and in previous ones, we did not often have the opportunity to hear from members opposite about what is being done by Transport Canada in Quebec. Every time they deal with transportation issues pertaining to the province, all they can say is that the government is spending too much money in Mirabel, that freight rates in the province of Quebec are too favourable in relation with the rates in the Maritimes, or that the aircraft maintenance facilities in Dorval should be moved to Toronto.

I am aware that our hon. friends opposite are sadly lacking as far as their representation in the province of Quebec is concerned, and that is why I am so glad, Mr. Speaker, to be able to enlighten them a little about the great accomplishments of Transport Canada in that province.

Most hon. members opposite have complained with a lot of energy and concern about the great problems we are facing in the rail passenger service in Canada. Unfortunately all of them have touched very lightly on this great achievement of this government, namely the creation of VIA Rail. And I should like to deal briefly about this new Crown corporation which is especially beneficial to the province of Quebec. Everyone knows that historically railways originated in the Montreal area and that Montreal is also the site of Canadian National and Canadian Pacific head offices, therefore it was only logical in my opinion that the headquarters of VIA Rail should be located in Montreal as they have been.

Mr. Speaker, it will be recalled that in 1967, under the National Transportation Act, the government had committed itself to pay 80 per cent of passenger service deficits of both railways, the Canadian National and the Canadian Pacific. It became obvious in 1974 that that policy had fallen short of the expected results for there was a $167 million deficit and the projected deficit for 1980 would have reached $400 million. So in 1977 the government decided to set up a new corporation called VIA Rail and to merge the services of both the Canadian National and the Canadian Pacific railways in order to give a boost to that important mode of transportation.

Mr. Speaker, the challenge faced by VIA Rail is to establish an efficient passenger rail transportation system at reasonable cost. They must also aim at a significant reduction of the subsidy and launch an innovative marketing program to regain public trust in this means of transportation. We are convinced that the income will increase in the long term. Of course they are not expected to report profits in the first years of operation, but I am quite confident in the management and in the chairman of VIA Rail who I know are all doing their best so this new service will earn the share of the Canadian market it deserves in the field of transportation.

In order to allay the concern of our friends of the New Democratic Party who often complain that we tried to deprive Canadians of services for the sake of profit, they must be reminded that in the terms of reference of VIA Rail as in the legislation passed last fall on Air Canada—and this also applies to the CN bill we are now examining—in each of those acts there is always a provision allowing the government to decide that, in a given underdeveloped area of the country that is either underpopulated or lacks a good industrial infrastructure, a service can continue to be given through government subsidies whether it be passager trains, air service or freight trains.

Mr. Speaker, as we know also, in order to help VIA Rail, Transport Canada has entrusted a Montreal company, after calling for tenders right across the land, of course, with the care of redecorating passenger cars that will be transferred by the CP to the CN. Those cars will first be used on the lines running in the Quebec City-Windsor corridor and on the continental run and allow passengers to travel by train in greater comfort. The minister has also asked the Montreal company, Bombardier M.L.W., to build ten LRC trains; that new material will include 22 locomotives and 50 cars bought jointly by the federal government and VIA Rail at an approximate cost of $90 million.

Mr. Speaker, I feel all hon. members must rejoice in the fact that a Montreal company managed to get that contract; when those new trains go into service in 1980, we will prove to the whole world how technologically advanced we are in the field of railway transport, which will surely help us export and sell Quebec and Canadian technology in world markets.

● (2112)

This $90 million project will create 1,500 man-years of employment over a three-year period. Many Canadian companies, including Alcan and Dofasco, are partly responsible for developing this new LRC train and will be the main suppliers of Bombardier M.L.W., which means Mr. Speaker, and this should be emphasized, that the Canadian content as concerns manpower, material and engineering will be 80 per cent for the engines and 96 per cent for the cars.

Still in the railway field, Mr. Speaker, MOT has just purchased 488 cars for moving grain at a cost of $18.5 million from Marine Industries Ltd. of Sorel, and these will be added to the 150 other cars which are now being manufactured at a cost of $6 million under the Prairie branch line rehabilitation program. By the way, Mr. Speaker, I would like to note that while the previous speaker complained about the government's delay in implementing the recommendations of the Hall report, he should remember, as one of my colleagues on this side of the House said earlier, that 11 days after the publication of this report, about 1,800 miles of lines were transferred to the basic railway network of western Canada, and that since then, we have spent $175 million to rehabilitate the lines and that the government is also committed to an eight-year program to rehabilitate all western lines at an approximate cost of $600 million. This is not doing nothing, Mr. Speaker, and I feel that we should not worry but rather keep going in this direction, because I believe that our transportation policy is very useful to all Canadians, both from eastern and western Canada.

Mr. Speaker, after speaking briefly about railways, I should now like to go on to another area, that of the automobile. I am happy to note that the work done at the car testing center in Blainville which has cost us $20 million will soon be completed. The center will provide various tests this summer. It will undertake research and investigations on the defects and the compliance to Canadian standards of the various car models. This center will also make its equipment available to the government, private industry and private research organisations. There is another area, Mr. Speaker, where great progress was made by MOT in 1977 in Quebec, namely shipping. I should like to recall briefly the extensive investments made in Montreal harbour which have already started and the announcement made during a cabinet meeting held in Montreal last December, namely that the government will try to develop Montreal harbour so as to increase considerably the handling of containers which is important for our economy, and to give a new economic impetus to the Montreal area by creating new jobs there. The National Harbours Board will invest $37.5 million in this project. One of the aspects of the project is the upgrading of the Racine container terminal, at a cost of $26 million, which will be of tremendous benefit to the economy of the Montreal area.

Along the same lines, Mr. Speaker, this terminal will create 80 permanent jobs and 500 man-years of employment in the four years of construction work. The other group of projects concerns the $11.5 million program for the upgrading of grain elevators. This amount does not include the demolition of centres 1 and 2 but it covers the old harbour modernization project and provides for the automation of weighing facilities and for the improvement of both the electrical system and the grain-loading facilities for trucks at elevator No. 3. Other changes will be made under the form of interconnected galleries and so on, at elevators No. 4 and 5. Those extensive works, Mr. Speaker, will enable Montreal harbour to maintain its strategic and competitive position and to continue to serve efficiently the agricultural food industry in Quebec and the Canadian export market.

Mr. Speaker, another harbour where we have tried to improve conditions is obviously the Quebec City harbour where, under a federal project of $42 million to refit the old harbour, an amount of $8 million will be allotted to the reconstruction of piers along the shores of the St. Lawrence, that is piers 21 to 8 and their extension up to the western limit of the federal property. Those works will provide 300 jobs and will accommodate visiting ships as well as freighters at anchor. Also in the Quebec harbour, Mr. Speaker, the Department of Transport has approved an investment of $3 million for the renovation of a grain elevator. That elevator is owned by the National Harbours Board and has been rented to Bunge of Canada Limited since 1967. This company will provide the other $6 million required to carry out this program. Again in the Quebec City area, Mr. Speaker, the National Harbours Board is working in co-operation with l'Administration du port de Québec on a development plan that would create an industrial harbour zone on the sandbanks of Beauport. Their objectives are the following: minimize the development costs, provide functional and harmoniously integrated development and finally secure the development of management techniques suited to the efficient application of such a plan. The Beauport sandbanks cover approximately 1,065 acres, including 450 mainly from embankments made up from the dredging of the river.

We have also discussed at length, Mr. Speaker, the adverse effects that the move of CP Navigation will have on Quebec harbour. To offset this loss of tonnage, Quebec harbour authorities joined with l'Association des producteurs de bois de sciage and the province of Quebec to carry out an important study of the viability of a forest product terminal in Quebec City. This study will deal with transport, distribution, marketing and organization of that undertaking. The cost of the

study, that is some $73,000, will be shared by the three parties involved and we expect the study to be published by late May or early June.

I could give many more examples of investments, such as the $3 million invested in the Chicoutimi dock to make it a tanker dock open to ships carrying oil products for the Saguenay region. I could also refer to a plan for improving the use of Trois-Rivières harbour, but I could not leave unmentioned the $12.5 million investment at Gros-Cacouna for the establishment of a general cargo harbour. Also, Mr. Speaker, as concerns Sept-Îles, the second most important harbour in Canada, the department will soon publish a long range development plan which will give this harbour the tools necessary for its development. It will therefore be necessary to develop an implementation strategy as soon as possible. The provincial and municipal authorities have already recognized the importance of Sept-Îles harbour and of its development, and are willing to offer us all the support necessary for its achievement.

Those, Mr. Speaker, are some of our achievements in the maritime field in Quebec for 1977. I did not want to go back to 1974 or 1970, for fear of frightening my colleagues opposite. Despite all these investments in 1977, there are others to be made, and the minister himself as well as his officials are conscious of the fact that maritime development is a major asset in the economy of Quebec which is the door to the rest of Canada. As far as other future projects are concerned, and which are under consideration at the moment, I think we must look into regional development, for example the development of a harbour in Pointe-au-Pic, in Charlevoix county, which would complement the harbours in Quebec City and Baie-Comeau which serve a more important purpose.

In the few minutes I have left, Mr. Speaker, I also wish to refer briefly to air transportation. I should mention that in 1975-76, 13,000 people in Quebec were working in air transportation in the private sector or in the public sector. And this excludes employees working for provincial or municipal governments or for local carriers. In addition to that direct effect on employment, the air transportation industry has significant economic fall-outs in distribution and manufacturing throughout Quebec. Suffice to recall the production by Canadair of the Challenger aircraft which is one of the outstanding achievements of modern aviation on international markets. Or again the numerous contracts awarded to the firm Pratt and Whitney to meet the requirements of the Department of National Defence; in its Quebec plant that firm will receive $140 million in Department of National Defence contracts out of a total of $250 million.

In October 1976, the federal government authorized Canadair to build a total of 250 Challenger aircraft which represent, Mr. Speaker, an injection of $1.2 billion into the economy of the province of Quebec. To date, 120 aircraft have been sold which represents an inflow of $600 million. The total number of employment created only by that aircraft is 1,900.

As concerns airport facilities, everybody knows that Montreal has two major airports, Mirabel and Dorval. We are now studying a development plan for Mirabel airport that should be implemented at the beginning of 1980. This plan will include the development of Dorval airport. I shall not mention the many investments in air transportation at Sept-Îles, Mont-Joli and Quebec City, but there is still much to do in that field and within a limited budget, we are still working to find answers to the problems of the people in Magdalen Islands, Gaspé, Bonaventure, Havre-Saint-Pierre and other communities.

So, Mr. Speaker, I insisted on mentioning a few figures and a few accomplishments to make it clear that the motion introduced by hon. members opposite has no ground whatsoever when you compare the unfounded statements it contains with the facts and the achievements of Transport Canada.

• (2122)

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, at the outset of his speech, the Parliamentary Secretary to the Minister of Transport (Mr. Lapointe) said he hoped to hear positive suggestions from this side of the House. From what he said, it is obvious he would not acknowledge a positive suggestion coming from the opposition, because the contributions of opposition members did contain a great many positive proposals in the area of transport. I will do the same, although with some concern I must admit, because this government is well known and famous throughout Canada for their policy which is to borrow ideas from the opposition. Government members just might appropriate the ideas I will submit tonight and convert them into electoral promises.

[*English*]

Because, after all, they were only electoral promises. Some may have noticed how many of the projects contained in that long catalogue recited by the hon. member for Grand Falls-White Bay-Labrador (Mr. Rompkey) were cast in the future tense—the government was about to do this or that; it was about to build a road up into Labrador, it was about to do something at Wabush. Why, after ten years, has the government decided so late in the day to put forward this enormous catalogue? Why did it decide to wait until now before bringing these proposals forward? All it was, was a catalogue of goodies, an attempt to get votes.

Indeed, I was afraid, when my hon. friend from Vegreville (Mr. Mazankowski) was referring to certain aspects of the need for reform in prairie transportation policies, that the government would be prompted to issue still more election promises between now and election day. I say, let Canadians beware.

● (2132)

I do not remember too much Latin, but there is one thing I do remember. I will not say it in Latin, but the English translation is: "I fear the Greeks when they come with gifts in their hands". I would like to update that quotation from Virgil. I think it should read like this, and I put it in the exhortative: "Mistrust the Liberals, especially when they come with gifts on their tongues". With all these misgivings I intend to take a risk and deal with a problem on which an election promise might very well be made. I will just have to take the risk, but once again I go back to that old expression which we see so often, and I will translate that to the occasion and say, "Cave, Canada,"—"beware, Canada". I will come back to that.

There are two problems about which I would like to speak tonight. One of them has to do with a railroad on Vancouver Island which has a long history of being shut down by the Canadian Transport Commission, started up again and shortened, and I think it may very well be lengthened. I suppose it goes back to 1905 when a grant was made to the CPR or to another company to establish a railway between Esquimalt and Nanaimo.

The E and N Railway had been in service in one form or another running from Esquimalt right up to Courtenay, and for some reason there was an interruption. The CPR claimed it would not be able to carry on the service any longer, and it asked if it could be discharged of its responsibility to run that particular service. Hearings were called by the CTC in Victoria. I, for one, made a submission to that hearing on March 8, 1976.

I had a variety of reasons for arguing against the closing of that particular service. My first reason for opposing the CPR petition stemmed from the legal obligation accepted by the CPR when it applied in the first instance to operate the railway, which it was prepared to accept in return for proprietary rights and a substantial grant of land by the Crown amounting to 1.9 million acres. That was what the CPR was granted in return for building and operating the railway. I thought that was a sufficient argument for it to go on operating the railway. It was supplemented, actually, by a rather philosophic argument connected with the relationship between the acceptance of a privilege, that is, the right to make use of the 1.9 million acres, and the performance of a service undertaken as a result of that acceptance.

There was a variety of other reasons which I brought forward, and I submitted them to the Railway Transport Committee. That was on March 8, 1976, and in July, the Railway Transport Committee ordered that the CPR reconstruct two bridges located at certain mileages in accordance with an annexed order, and so on. That was promptly done. The date of that order was July 28, 1976.

Then came the next step in the proceedings. The CPR finished the job. It built the bridges and prepared the railway for operation. Then, having heard from the CPR that in the year 1972 there was a loss attributable to the operations of the passenger train service of the order $176,000, in 1973, $190,000 and in 1974, $231,000, the Canadian Transport Commission ordered that, as of January 31, 1978, the CPR should discontinue the operation of the passenger train service, having previously instructed the CPR to build bridges and put the railway back into operating condition.

That, of course, was quite an extraordinary order. Freight was being transported on that line twice a week. It was carried throughout the whole service, but the transport of passengers was to cease. That caused the province of British Columbia to give notice that it was going to appeal that ruling. A letter to that effect was sent on December 27, 1977 to the chairman of the Canadian Transport Commission.

I too felt that that was not quite the way things should be, but with a little bit of pressure from the provincial government and letters from a variety of people, including several members of parliament from that part of the country, we managed, on January 20, 1978, to get the CTC to agree that the date should be changed to June 30. We are fast approaching June 30. June 30 may be a very important date, and this is why I have some fear about the conversion of this suggestion into an electoral promise, but there has been more pressure built up suggesting that this railway is required. The Regional District of Greater Victoria, for example, submitted a telegram to the CTC on January 18, 1978 indicating that the railway should continue. I too argued for that.

I was not aware yesterday when I was working in my office that I would be taking part in this debate, but I received a submission from one of my constituents, and last night I dictated a letter which I sent to the Minister of Transport (Mr. Lang), a copy of which was sent to the chairman of the Canadian Transport Commission, arguing that the June 30 date should be erased from the record and that the CPR should be ordered to maintain the service through the summer months until there is opportunity to have another look at this matter. I have this letter in front of me now.

I was puzzled as to why June 30 should be chosen as the date to close the railway. June 30 is just the beginning of the tourist season.

Mr. Symes: Election.

Mr. Munro (Esquimalt-Saanich): I do not think it was known back in January when the extension to June 30 was discussed that there might be an election in or around June, but it is beginning to smell a little bit like that now.

Mr. Benjamin: They still don't know.

Mr. Munro (Esquimalt-Saanich): That is true.

One of the arguments I advanced then—and I advance it again now—is that the timetable for the running of this particular railway should be more in tune with the needs of the communities up island so that people can come down to Victoria and go back on the same day. People from Victoria who wish to have a day's outing on the railway are able to leave in the morning and come back in the evening. That is not the way it works for people up island. The train leaves from

Victoria and comes back to Victoria at night so that people up island have to stay in Victoria overnight and go back the following morning.

● (2142)

As I have said, there is some danger that between now and election day a promise will be made that an order will go out to the Canadian Transport Commission to continue this service at least through the summer months. If that happens, I think that by now the Canadian public will be aware that it is an election promise and will look at it for what it is worth.

One other matter that could well become an election promise—because the Minister of Transport has been reminded of it often enough within the last three or four weeks or months—is the provision of radar at Victoria International Airport. I remember when I raised this question that I spoke of the incident which really prompted the question. It was on January 21, 1977, and I made a note about seeing an aircraft go by the port windows as we made a swift bank to starboard. I looked into the matter and found out what had happened.

There are a few statistics here which I think are worth putting on the record to indicate the place of Victoria International Airport among other airports across Canada. I will give the rank of these airports according to the traffic using the airport. I will be happy to see this information on the record.

In fifth rank is Vancouver International Airport. In 1977 there were 235,825 flights in and out of the airport. Edmonton is eighth in rank with 231,060. Calgary is ninth, with 208,170. Victoria is thirteenth with 178,707. Then I will mention two important and interesting ones. Number 16 is Dorval International with 159,361, as compared with Victoria which has 178,707 flights. I have a funny feeling in the pit of my stomach that there is radar at the Dorval International Airport but there is not at Victoria. I would like to bet that there is not a member in the House who could guess where Mirabel ranks on the list of airports used. It is forty-seventh, with 50,447 flights a year.

An hon. Member: That is not so.

Mr. Munro (Esquimalt-Saanich): Mais si. This is the report here.

An hon. Member: Which year?

Mr. Munro (Esquimalt-Saanich): Gander is fifty-fifth in rank with 36,686 flights. I have a reason for making this selection. I suspect that Edmonton and Calgary both have radar. I do not know for sure, but I suspect they do because I am always being told that the traffic coming into Victoria is being directed from Vancouver. What about Dorval and Mirabel? Are hon. members going to suggest that only Dorval or only Mirabel has radar? Mirabel needs it to bring aircraft in from overseas, I agree, but does it control the traffic to Dorval as well?

I would like to mention why I have picked Gander as No. 55 with only 36,686 flights, about 3,000 a month. The old radar that was taken out of Vancouver airport was hurriedly put on a train and shipped out to Gander so that there could not be a movement afoot in Victoria to have it shipped 80 miles across the water and mounted at Victoria International Airport.

The figures I mentioned are impressive and I do not need to repeat them. They will appear in tomorrow's *Hansard* and they can be checked and rechecked against the statistics put out in the annual report of aircraft movements by Transport Canada. It is simple and straightforward.

I warn everybody that if a promise is made between now and election day that radar will be placed in Victoria International Airport, we will all be grateful but we will know why it is being done.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I welcome the opportunity to say a few words in this special debate on transportation because those of us who live in northern Ontario have suffered from the inadequacy of every national transportation policy that this Liberal government has designed.

I have made speeches in the past outlining the concerns of those of us in the north about the need for a rational transportation policy. I do not have time to go into that again this evening, but I would like to reiterate our concern that if we allow the present Minister of Transport (Mr. Lang) to implement fully his concept of profit oriented and user-pay modes of transport to override the concept of service, then in areas of sparse population, such as northern Ontario and elsewhere in Canada, we will suffer because we just do not have the population or the usage on the various modes of transport to make them always pay their own way. Surely if we are serious about national unity, service at times must come before profit.

We in northern Ontario know what it is to have discriminatory freight rates, how this has inhibited the development of secondary manufacturing in our part of the province and how it has perpetuated the export of resources because it is always cheaper to ship out the nickel, the iron ore or the pulp and paper than to have them processed, developed and manufactured in northern Ontario. Until we solve the transportation freight rate problem, we are not going to solve the problem of unemployment. Only by developing manufacturing industry will we be able to provide jobs for young people living in northern Ontario.

I do not want to go into details on that aspect because I have talked about it in the past. What I would like to focus on is some discriminatory policies of this government as they affect my constituency of Sault Ste. Marie. We have witnessed over the past decade or so, as I have said, discrimination in terms of the freight rate policy on rail, lack of air service and bad highways and roads. But recently, under the present Minister of Transport, we have suffered another blow, in fact two blows, the first being the ending of the passenger rail service between Sault Ste. Marie and Sudbury in the name of economy. This government, which subsidized passenger rail service, decided that it could save some money by ending that subsidy, and therefore the CTC was allowed to let CPR discontinue

that passenger rail service. Many communities along that route suffered, making the transportation problem even harder. People were forced to rely on buses and other modes of transport, to the detriment of their travel schedules.

That was the first blow that we received only about a year and a half ago. More recently, in fact a couple of weeks ago, the Minister of Transport dealt us another blow by announcing a cut-back in the operation of the ship canal or lock at Sault Ste. Marie. We have only one Canadian lock to bring vessels from Lake Superior to the lower Great Lakes. The rest of the locks are owned by the United States. Our lock was an old one that had not been upgraded or enlarged over the years and was indeed allowed to deteriorate.

The first rumour was that the government was going to close the lock at Sault Ste. Marie by 1982. It was based on the erroneous argument that the lock was no longer commercially viable, that tonnage was being reduced, and therefore, the government could not afford the $1 million annual expenditure to keep the lock open. Representations were made by myself, the union involved, the city council of Sault Ste. Marie and the hon. member for Algoma (Mr. Foster). Our arguments were in favour of increasing the usage of the lock by upgrading and indeed building a larger lock. Those arguments fell on deaf ears.

● (2152)

I should like to examine the minister's argument in favour of cutting back the service provided by the lock. He has cut out the night shift, which means the lock no longer operates on a 24-hour basis. The inevitable result of that is a reduction of the tonnage going through that lock. Thus, this time next year the Minister of Transport will be in a position to produce figures indicating that the tonnage is down even more, and that therefore the lock is not commercially viable and must be closed.

When the announcement was first made regarding the closure of that lock, I made immediate representations to the minister as to why I felt the lock should remain open and indeed should be improved. The Minister of Transport sent a letter to me dated February 15, 1978, dealing with the prospect for growth in traffic and whether the lock should remain open. In part the letter reads as follows:

> Nevertheless, when I look at projections of traffic through the Canadian-American lock system at Sault Ste. Marie, I note that no capacity problems are envisaged until some time after 1995. In these times of financial restraint for the federal government, I am doubtful that there would be much merit in Transport Canada undertaking a cost-benefit analysis of a new super lock, since there would be very few benefits in terms of a more efficient transportation system until after that date.

The minister has erred by not doing a cost-benefit analysis. He has not taken into account some recent developments. That is the reason I appeal to the Minister of Transport to reconsider his argument that he does not foresee any problems concerning growth in the system and the need for building a new and larger lock at Sault Ste. Marie.

The minister has not taken into account some recent figures concerning projected coal shipments from western Canada to Thunder Bay, and then through the St. Lawrence seaway system, in order to fulfil Ontario Hydro contracts. By 1980, 3.9 million tons of coal will be delivered annually to Thunder Bay, and then trans-shipped by water to various points in the Great Lakes. That represents a 12 per cent increase in total Canadian coal production. It means that increased tonnage will go through that lock system, carrying coal to various parts of Canada. In light of that increased tonnage projection, there is a strong argument in favour of that lock's hours of operation not being reduced. The 24 hour operation should be maintained, and indeed the size of the lock should be expanded, or a new one should be built.

This would ensure a Canadian presence and a Canadian option at this important junction in the Great Lakes. Of course, that is important in terms of future bargaining on the seaway, but also it would help our failing shipping industry. New vessels will have to be built to trans-ship the coal. They will be larger vessels. Thus, the expansion of the lock would encourage the Canadian shipbuilding industry to make use of this new movement of goods.

Also I am discouraged that the federal government has not taken into account, aside from the need for a Canadian presence at the lock and the need for a fully operative lock at that point, the fact that this lock provides annually an infusion of $1 million into the local economy of Sault Ste. Marie in terms of wages, repair work and other contracts let in conjunction with the operation of the lock. That is not an insignificant sum, especially considering the repressed state of much of the economy in northern Ontario.

As an alternative, the minister proposes building an historic park in the area and infusing $170,000 a year for the maintenance of that park. That falls far short of the revenues which would be generated locally by maintaining the full operation of the lock. We should not be backed into an "either/or" situation. An historic park in the area is compatible with a full-time commercial operation of the lock. Indeed, it is important for our tourist industry. Some 80,000 visitors are attracted each year to the lock to watch its operations. The Americans attract over one million visitors a year who view the operations of their lock. The reason the Americans are able to attract more people is because larger vessels can be handled by their lock. By upgrading our lock, a shot in the arm would be given to the tourist industry in the area.

Also I am disturbed by the information which the minister has been given by officials in his department concerning the actual tonnage going through the lock. His figures indicate that in 1972, 1,120,570 tons went through the lock; by 1976 it had declined to 564,350 tons. The figures I have obtained from the union involved, which are the figures of the lock itself, indicate that in 1972 the tonnage was 1,523,754; in 1976, 1,288,903; and declining in 1977 to 709,890 tons.

Those figures are very different from the figures of the minister. They do not indicate as dramatic a drop as his figures do. The factor which has not been taken into account, as far as the drop in 1977 is concerned, is the summer-long strike in 1977 of the iron mining industry in Minnesota. Also,

the fact that the average water level on that system of the lakes had dropped from 20 feet to 17 feet 10 inches was not taken into account. That prohibited many ships from making use of the facility.

We cannot allow the kind of discrimination practised by this minister to continue. That system is important to Sault Ste. Marie. The workers want to continue working there under the jurisdiction of the St. Lawrence Seaway Authority. I appeal to the minister to reconsider this very regressive decision.

Mr. Deputy Speaker: Order, please. It being 10 p.m., it is my duty to inform the House, pursuant to Standing Order 58(11), that proceedings on the motion have expired.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

PUBLIC SERVICE—LIABILITY FOR COSTS OF COURT ACTION

Mr. Benjamin: What is your problem?

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, the problem I have to raise tonight is not my problem but one of the government's. The government misinterprets the attitude of the people of Canada with respect to the kind of activity and mentality that would lead the Minister of Justice (Mr. Basford), in responding to questions by me in this House yesterday and today, to indicate, in the event no appeal is taken with respect to an action commenced by Mr. Larry Stopforth, a former senior official of the Department of Supply and Services, against the Minister of Supply and Services (Mr. Goyer) relating to alleged defamation and libel to his character, an action in which the Supreme Court of Ontario awarded substantial damages in the amount of $10,000, whether or not the award and costs with respect to this libel action is to be paid out of the public purse.

● (2202)

Very briefly, I would like to put the facts and the contentions that I have with respect to this matter before the House to determine whether or not there is any justification whatsoever that the parliamentary secretary can give to this kind of circumstance. Let me start by saying that I do not think that anyone seriously disputes the fact that, in the ordinary course of carrying out one's responsibilities as a member of cabinet, there should be indemnification to ministers of the Crown.

We have a very unusual and different situation before us in this particular case. We have a situation where a minister of the Crown has stood in the House of Commons and blamed a senior official within his department for misinformation and incompetence; and the innuendo was there very clearly that it was the fault of Mr. Larry Stopforth and literally millions of dollars were put in jeopardy and a great financial loss was suffered by the Government of Canada. We have privilege in the House of Commons, and the minister was not able to be sued for that statement, wrong as it turned out to be according to the judgment of Mr. Justice Lieff. Subsequently, the minister took it upon himself to go outside the House of Commons and repeat, in effect, those statements with respect to Mr. Stopforth's competence, blaming him again for the loss that was sustained by the Government of Canada.

By virtue of this particular action the minister took a positive step outside the scope of his formal duties as Minister of Supply and Services. He said to the world, without the protection afforded to him as a parliamentarian within the House, that this man was the cause of a loss of money by the Government of Canada and that it was really no fault of the minister that it occured. The judgment laid that particular contention to rest. It in fact, exonerated Mr. Stopforth and said there was no basis upon which the minister could make that statement. The minister was therefore found to have libelled and defamed a public servant.

The result of this whole situation is that Mr. Stopforth has suffered serious damage as a result of the actions of the minister. Not only has he suffered the ignominy of being publicly singled out by the Minister of Supply and Services, but he has in effect been demoted within the department and is now in a position of having to go to the courts to collect money for this defamation. The Minister of Justice then stands in the House and informs us that it is the intention of the government, on the basis of precedents, to pay this particular judgment.

In acts of commission or omission by a minister in the ordinary course of carrying out his duties, it is understandable that there be indemnification. However, in this particular case it is going, if we accept the answer of the Minister of Justice, to set the precedent that in all future cases if something goes wrong within a department the whole concept and parliamentary tradition of ministerial responsibility is thrown out of the window.

● (2207)

Now, apparently, the minister can say that someone in his department has given him bad advice, that a certain segment of the public service has given him wrong and incompetent advice. The government will not have to worry about such a statement because the Minister of Justice says that precedents show that a judgment incurred as a result of wrongful accusation will be paid out of the public purse. Imagine the precedent that will set and the relationship that will be developed with the public service. No public servant will feel secure about giving advice in the performance of his duties when he can apparently be singled out with impunity, be subjected to vicious statements by a minister made outside the House, and face a reversal in his career as a result, the public purse, in the

final analysis, protecting the minister and paying any damages and court costs.

Even if this were an isolated instance we would have a very strong case for chastising the government for its actions. I would point out, however, that the same minister was involved in the infamous blacklist incident, circulating a list to the cabinet of people in the extra-parliamentary opposition—people who are enemies of the government. It is the same minister who, in effect, blamed his executive assistant in the "Habourgate" matter when a controller from Hamilton came to his office to tell him about the situation. In committee he said, "My executive assistant received the message and did not pass it on to me." He has a record of blaming other people.

This has to stop both in the interests of the public service of this country and in the interests of maintaining the concept and the fine tradition of ministerial responsibility.

Some hon. Members: Hear, hear!

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I am rather surprised in the first instance that the hon. member persists in pushing a question which is entirely premature and hypothetical.

Second, I am rather surprised that one trained in the law, as he is, would expect a defendant in this issue to compromise his legal right to an appeal.

Third, I am somewhat surprised to hear the veiled suggestion that the Supreme Court of Ontario judgment, with all due respect to Mr. Justice Lieff, should bind this House, which has always been the final arbiter and has been looked upon as the final court. Such would conceivably lead to a blurring of the principle of separation of powers and the separation of the judicial and legislative functions in this country.

There are three points which must be understood. The first is that the question of payment of costs or damages is academic pending the decision on appeal. Second, any decision to pay damages cannot be made until the Treasury Board has first approved them. Third, the decision to appeal is one that is mutually arrived at, in this case between the defendant, his counsel and the Minister of Justice (Mr. Basford).

It is the generally accepted principle that ministers are servants of the Crown and that therefore any damages incurred by them would be paid by the Crown if the act in question arose during the course of their duties.

FINANCE—APPLICATION OF CAPITAL GAINS TAX

Mr. Jake Epp (Provencher): Mr. Speaker, on April 5 I asked the Minister of Finance (Mr. Chrétien) to spell out clearly the provisions of the capital gains turn over for farmers and small business. In 1971 this government imposed the capital gains tax and in two subsequent budgets, on March 31 last year and on April 10 this year, they started pulling back on capital gains. They told the Canadian people that they were reducing the tax load, but the fact remains that it was this government that imposed the capital gains tax in the first place.

The issue has been surrounded by confusion from the beginning. For example, valuation day was back in 1971. It still concerns Canadians as to how a valuation made in 1971 will relate to the amount of capital gains assessed when farms are disposed of. Someone has said that this capital gains tax is the greatest single assault on small pools of capital which were held formerly in the hands of farmers and owners of small businesses.

● (2212)

Many members of parliament lobbied that a change be made in the capital gains provisions whereby a farmer or owner of a small business would have the right to roll over his business or sell it and use that capital to buy another business or farm.

In the March 31 budget of last year we thought that we had won a major victory. The budget of that day states the following:

> Taxes are to be deferred on any capital gain that arises from voluntary sales in cases where a farmer or small businessman sells his farm for business, providing the funds received are re-invested in the same type of business.

Members on both sides of the House welcomed that change. They again welcomed the change when corporate farms were included in this last budget. But once more we have been misled by this government. It is not important that members of parliament have been misled, but that the wrong impression has been left with the Canadian taxpayer. What was thought to be the case, namely that a farmer could sell his or her farm and use the proceeds of that farm to roll over and buy a larger unit, in fact now is not the case. The regulation, now hidden in a department of Revenue Canada, is that a farmer, for example, who has a dairy farm and sells it, and who uses the total proceeds to buy a grain farm, is liable to capital gains tax. In other words, it is only if that gentleman sells his dairy farm and buys a larger dairy farm that in fact capital gains tax is deferred.

That was never the impression on March 31 last year. As we talked about this provision in the budget the government never indicated at any point that what was meant, for example, was that a farmer would have to sell his farm, specifically a dairy farm, and could only have a deferment of tax if he bought another dairy farm. If a farmer sold his farm and remained in farming—and I would think a grain farmer is as much a farmer as a dairy farmer—capital gains tax would be deferred. But, Mr. Speaker, that is not to be the case. It is important that farmers and owners of small businesses recognize that this government, having said one thing, is doing another thing through regulations that have not been passed by this House of Commons.

Incidentally I raised a case during my intervention in the budget debate last week concerning an example in my riding. In a letter sent to a gentleman in Alberta dated April 6, 1978 by the Director of Rulings Division of Revenue Canada it says:

For example, the replacement of farmland used in a wheat farming business with farmland used in a dairy farming business would not qualify under the new provisions of the Act dealing with property dispositions; consequently, capital gains tax would not be deferred.

I asked the government, if they knew this on March 31 last year, why did they leave the impression that if a farmer sold his farm and stayed in farming he could defer capital gains? Why was it never said to the House, never said to members, but more important, never said to farmers and owners of small business, that in fact they could only have a roll over if they stayed in the same operation?

● (2217)

I guess we now have to interpret that budgetary provision in this way. For example, if a businessman who owns a shoe store sells it and buys a clothing store, he will have to pay capital gains tax. That was never the impression that was left.

I say to the parliamentary secretary that the pool of capital that is in the hands of Canadians, owners of small business and farmers, is being eroded rapidly. This provision was going to change that and bring back some equity. Surely this regulation is not in keeping with the spirit of the budget, and I ask the government to change it.

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, as the hon. member for Provencher (Mr. Epp) pointed out, Bill C-11, introduced in 1977, included a provision that allows farmers and other businessmen to defer tax on certain sales of business property where the proceeds are reinvested in replacement properties. A number of questions have arisen in the House concerning the availability of this rollover, particularly as it affects farmers.

Technically, the words in the Income Tax Act require that the replacement property must be for the same purpose and for use in the same business as the property sold. This raises the question: What is the same business when, for example, a farmer who has been growing crops decides to sell his property and go into livestock?

Officials in the Department of Finance have had extensive discussions with officials in Revenue Canada to determine the most appropriate way of ensuring that a tax-free rollover will be available for farmers, so long as they stay in the farming business. This is what the government intended when the law was introduced.

The most appropriate way of ensuring the rollover is available for all farmers would be to amend the income tax legislation. Accordingly, consideration is being given to incorporating in the bill to implement the April 10 budget measures an amendment to the Income Tax Act, to ensure that rollover provisions will be available to farmers even though they change the nature of their farming business. Any such amendment would be made effective March 31, 1977, the date on which the original rollover was introduced.

Adjournment Debate

EXTERNAL AFFAIRS—CANADIAN PARTICIPATION IN UN DISCUSSIONS ON DISARMAMENT

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, we have been hearing a lot in the past few days about the TV show "Holocaust". I want to spend a moment tonight talking about another kind of holocaust, a nuclear holocaust that is very possible to be visited upon the world. The neutron bomb controversy merely highlights the unbelievable escalation of the arms race that has come about in the world. World-wide military expenditures have now reached $400 billion per year. That figure is 26 times more than governments spent on international development.

The focus of my question concerns the special session of the United Nations General Assembly which will be held in New York beginning May 23. The complaint I bring to the government is that very few Canadians know anything about this special session that is going to take place.

In the words of the United Nations Secretary General, Kurt Waldheim, this session may well be the largest and most representative gathering ever convened on disarmament. He hopes it will become a turning point in our search for peace.

Today there is a great escalation of nuclear warheads in the world from divers countries producing the capacity for "first strike" defensive strikes. Half a dozen other countries are now on the threshold of this horrendous capacity. At long last we have at least reached the point where the United Nations is going to devote a special session to this problem.

● (2222)

We find not only a lack of information, a lack of public opinion on the subject throughout our country, but that whatever opinion there is tends to be skeptical of what the United Nations session might be capable of achieving. This skepticism is not unfounded when one considers the Soviet arms build up, for example, or when one considers the presence of Cuban troops in Africa. All this tends to make us uncaring, even in terms of the effort which must be made and the steps which must be taken at this special session far beyond simple rhetoric. This special session is attempting to focus world attention upon the tremendous danger into which we are all being thrust and to consider whether certain steps can be taken to alleviate this danger.

Project Ploughshare was set up by some 18 non-governmental organizations in Canada including the Canadian Council of Churches and the Canadian Catholic Organization for Development and Peace. I want to commend Project Ploughshare for playing its part in the development of public opinion and pointing out certain things which could be done—for example, holding this special session—with the participation of the Canadian government, and highlighting the need to eliminate weapons of mass destruction by asking the super powers to suspend production of all new weapons of mass destruction—for example, the Cruise and Trident missile systems in the U.S. and the SS 18, 19 and 20 in the U.S.S.R.

Further, those engaged in Project Ploughshare, and I in support of them tonight, ask that Canadian initiatives be taken

to secure a comprehensive test ban treaty banning underground nuclear tests of any size.

Third, Project Ploughshare urges that all proposals to prevent the spread of nuclear weapons be coupled with guarantees from the nuclear weapons states to begin the reduction and eventual elimination of their nuclear stockpiles. Then we must consider curbing the growth and use of conventional weapons, halting the international trade in arms and the linking of disarmament with development which, in itself, is a whole theme worthy of development.

Consider what only 5 per cent of the enormous world military budget would do if it were properly spent upon the social development of mankind today. So far, the Standing Committee on External Affairs and National Defence has devoted only one meeting to the subject of disarmament, and when we asked that there be a special sub-committee set up on disarmament the government dragged its heels, with the result that now, on the eve of this conference, Canada is going to the United Nations with hardly any knowledge of its importance among the public generally and without the benefit of discussion in this chamber.

Could the spokesman for the government tonight tell us, even at this late hour, whether something special might not be done to develop Canadian public opinion so as to strengthen the government's hand when it goes to the United Nations for this important session?

[*Translation*]

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, on April 5 last, the hon. member for Edmonton-Strathcona (Mr. Roche) asked the Secretary of State for External Affairs to specify what stand the Canadian government will take at the special session of the United Nations General Assembly on disarmament which will start in New York on May 23, 1978. I am pleased to be able to provide additional information on behalf of the minister.

Even during the preliminary stage, the Canadian delegation played a leading role by submitting a series of specific and constructive proposals designed to stop the arms race and to backtrack in the matter of conventional as well as nuclear weapons. The proposals have been submitted either on behalf of Canada or jointly with a group of western countries which take the same position.

On April 27th 1977, Canada released to the Secretary General of the United Nations the essence of the recommendations and the content of the closing document which the Extraordinary Session will have to submit. In that same line of action, in January and February of this year, Canada co-sponsored the presentation of three papers on the following themes: a declaration on disarmament, a program of action for disarmament and international mechanism for disarmament. Canada presides over the western group caucus of the UN members and a great many members of that group have co-sponsored these papers with us. Canada also played a major role in the preparation of these important contributions to the success of the Extraordinary Session.

Mr. Speaker, these documents are bulky and exhaustive and can be made available to my hon. colleagues and to the hon. member for Edmonton-Strathcona. If he wishes to get a copy, I will be willing to let him have one. As the hon. minister already stated in this House, the Department of External Affairs is at present carrying on a thorough study of the proposals and supplementary initiatives which could be put forward on the occasion of representation by Canada during the Extraordinary Session of May 25 in keeping with the government's objective of not sparing any efforts during that session to bring a new input to the international proposals for armament control and disarmament.

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

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

HOUSE OF COMMONS

Wednesday, April 26, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

ESTIMATES

EXAMINATION BY COMMITTEE—MOTION UNDER S.O. 43

Mr. Jake Epp (Provencher): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the main estimates of the Department of Labour, the Department of Employment and Immigration and the Unemployment Insurance Commission have not been examined in the Standing Committee on Labour, Manpower and Immigration, and in view of the fact that the chairman has refused to schedule sittings of the said committee in order to examine the estimates, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House instruct the chairman of the Standing Committee on Labour, Manpower and Immigration to schedule meetings of the standing committee for the express purpose of examination of the estimates.

Mr. Speaker: Pursuant to Standing Order 43, such a motion can be presented for debate only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL SECURITY

SURVEILLANCE REPORTS OF RCMP—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, under the provisions of the same order I rise on a matter of urgent and pressing necessity. In view of the CBC news today that 24 monthly reports made by the RCMP to the Solicitor General concerning the force's surveillance operations are missing, and in view of the fact that the reports concern the period 1971-72, a period when Jean-Pierre Goyer was solicitor general, I would move, seconded by the hon. member for Cape Breton-East Richmond (Mr. Hogan):

That Mr. Goyer be requested to check his brief case to see if he has inadvertently removed them from his office, and if he finds them would he please return them so that we can get the commission of inquiry under way.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL REVENUE

REGULATIONS PERTAINING TO CHARITABLE ORGANIZATIONS—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity I raise the following matter based on information circular 78.3 of the Department of National Revenue. According to the circular, its purpose as noted in paragraph 1 is to explain to registered charities and to charities seeking registration the consequences of carrying on activities that are political in nature. On page 3, point 2, under the title—

An hon. Member: Order.

Mr. Speaker: If the hon. member has a motion, would he put it, please.

Mr. Hogan: Mr. Speaker, my motion is that the information in this circular that was put out by the former minister of revenue—

An hon. Member: Order.

Mr. Hogan: Let me finish the motion, please. I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That this House deplores the regressive, undemocratic and idiotic nature of some of the rulings pertaining to charitable organizations that occur in the revenue department's information circular 78.3.

This circular is important reading for you people over there.

Mr. Speaker: Presentation of such a motion for discussion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

INDUSTRY

REQUEST FOR TAX CONCESSIONS FOR MINING INDUSTRY—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on an urgent and important matter.

Since the Canadian mining industry, more particularly asbestos and copper, which represent an investment of $18.1 billion a year, is faced with a lack of export orders on world markets and is strangled by taxes, with a view to making it more competitive on the external market, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the House urge the government to grant immediate tax concessions for the Canadian mining industry and to undertake discussions with other countries to promote our mineral exports.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*English*]

NORTHERN AFFAIRS

SUGGESTED SEPARATION OF NCPC OPERATIONS—MOTION UNDER S.O. 43

Mr. Wally Firth (Northwest Territories): Mr. Speaker, in view of the fact that people living in the Northwest Territories, particularly those in isolated communities, experience the highest cost of living in the country, given the very high cost of housing for northern residents, and in view of the fact that all government consumers and domestic consumers in the communities of Yellowknife, Fort Smith, Pine Point and Fort Resolution have been subjected to yet another rate increase by the Northern Canada Power Commission of the order of 10.5 per cent, I move, seconded by the hon. member for New Westminster (Mr. Leggatt):

That the Northern Canada Power Commission be divided into two separate operations and that the responsibility for each be given to the territorial councils of the Yukon and the Northwest Territories.

Mr. Speaker: Presentation of such a motion for discussion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

CANADIAN NATIONAL RAILWAYS

PROTESTED REMOVAL OF SERVICE FROM KAMSACK, SASK.—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): I rise under the same Standing Order, Mr. Speaker. The CNR has proposed to remove its agent and station from the town of Kamsack. Since the CNR has benefited tremendously by the long service provided by the town and residents of Kamsack, and since the CNR is now attempting to escape its historic and statutory obligations rather than providing better service, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House condemns the CNR's proposal to remove its agent and station from the town of Kamsack, and that this House calls upon the Minister of Transport to instruct the CNR to honour its historic obligations by retaining and improving the service provided by both agent and station to the town of Kamsack.

Mr. Speaker: Presentation of such a motion at this time requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

NATIONAL SECURITY

SURVEILLANCE REPORTS OF RCMP

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is to the Solicitor General. The McDonald commission has been informed that there are missing, or have been destroyed, 24 monthly surveillance reports prepared for the Solicitor General covering the period of time during which the present Minister of Supply and Services was solicitor general, and also covering a period of time that is very crucial in terms of the McDonald commission's investigation.

Is it a fact that these 24 reports, covering two years, are missing? Were they destroyed? If so, under whose authority did the destruction take place?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, first of all, I would like to indicate to the hon. gentleman that we are dealing with files relating to the criminal investigation branch and not the security service. Evidence was indeed adduced before the McDonald inquiry to the effect that certain files which contained reports on surveillance installations were destroyed. Those were destroyed with reference to the principles on records, administration and maintenance within the RCMP which provide that certain files and reports can be destroyed three years next after their date of operation. However, all the installations and files relating to the specific installations which are referred to in those reports are still in

existence. Therefore, the McDonald inquiry is not at all hindered in its investigation.

To make it precise once more, there was a process whereby certain installations were reported on a monthly basis. The reports which referred to the original installations were destroyed in accordance with administration policy. However, the records relating to the specific installations were not destroyed and are still available.

Mr. Jarvis: Mr. Speaker, on one hand we have uncontradicted allegations that 58 copies of a document marked "Top Secret. For Canadian eyes only" were distributed all over Parliament Hill, the national capital, and likely to foreign countries as well. On the other hand, we now have evidence from the Solicitor General that this particular series of reports covering two years was destroyed according to normal procedures.

Is the Solicitor General telling us that the reports prepared monthly for the Solicitor General were prepared in one copy only; that that copy has now been destroyed and that no other copies were maintained of what presumably was an extremely important monthly report to the chief law enforcement officer of the Crown?

● (1417)

Mr. Blais: Again, Mr. Speaker, the report related to specific installations. The records of those installations are still available. As I understand it, they have been used by counsel in the preparation of evidence to be laid before the inquiry. I do not see what the hon. gentleman's point is at all.

Mr. Jarvis: The issue is one of credibility. Surely the Solicitor General must understand how it tests one's credibility to learn that the missing or destroyed reports cover exactly the period of time during which the present Minister of Supply and Services was solicitor general and cover exactly the period during which activities took place which formed the main subject matter of the McDonald commission hearings.

Will the hon. gentleman be precise in telling us when the destruction of those documents took place, and under whose authority, and when did their destruction first come to his notice or to the notice of his predecessor?

Mr. Blais: First of all, if you recall, initially when I commenced my reply I said we were dealing with criminal investigation branch reports; we were not dealing with national security. The reports which were submitted to the Solicitor General in relation to national security are still available. I am dealing now with reports relating to installations and involving electronic surveillance, which have nothing at all to do with the security service. Therefore, the allegation advanced by the hon. gentleman does not hold water.

RCMP SURVEILLANCE OF POLITICAL CANDIDATES

Hon. Robert L. Stanfield (Halifax): Knowing what an eager beaver the Solicitor General is, I am sure he has already checked out the accuracy of a report with regard to documents purported to be copies of RCMP instructions to certain personnel relating to the surveillance of political candidates. Can the Solicitor General tell us whether the document is a valid copy and, if so, whether those instructions were modified in any way by the instructions the government issued, I think it was in 1975, telling the RCMP and the security force to stop exercising surveillance over political parties; or is the instruction relating to the surveillance of political candidates still in place?

Hon. J.-J. Blais (Solicitor General): I thank the hon. gentleman for the compliment he has paid me. In accordance with his evaluation of my activities, I have indeed ascertained certain facts. I want to say to the hon. gentleman, because I think this is the first question he has asked in the House in relation to the McDonald inquiry for some time, that he is well aware of the terms of reference of that commission and one of the terms of reference is to study all procedures within the RCMP.

He will be the first to recognize that the manuals are essential in the study of those procedures. As a consequence the manuals of the RCMP, past and current, have been made available to the McDonald inquiry. In terms of the contents of the manuals, I would call the hon. gentleman's attention to the fact that under the terms of reference of the inquiry certain hearings are to be held in camera to protect the security service and our national security. In terms of methodology or procedures which affect investigations related to national security, those hearings are to be held in camera and it would not be proper at this time to comment as to the accuracy of the contents.

● (1422)

Mr. Stanfield: With all due respect to the Solicitor General, whom I know is not only an eager beaver but also a great democrat in his heart, would he not agree that it is of fundamental interest to hon. members of this House to know whether the RCMP were exercising surveillance over political candidates in the manner indicated in this report, and also of fundamental interest to us to know whether this has continued since the government's instructions to the RCMP to discontinue the surveillance of political parties, because they are not the same thing? Is it too much for me to insist on a straight answer from my friend the Solicitor General?

Some hon. Members: Hear, hear!

Mr. Blais: Mr. Speaker, the hon. gentleman and hon. members of his party who have been briefed on security service operations know that because an individual belongs to an organization, whatever organization it may be, that does not make that individual impervious to investigation or surveillance by the security service, because the criterion relating to the exercise of surveillance or investigation is conduct which goes against the provisions of section 16(2) of the Official Secrets Act. The security service is indeed charged with effecting surveillance of individuals who could be a threat or

who may be a threat to Canada's security. Surely it is not the position of the hon. gentleman that that surveillance ought not to take place.

Mr. Dick: Answer the question for a change.

Mr. Stanfield: Mr. Speaker, I would have thought that the best way, if I may suggest this to the Solicitor General, to be fair to the RCMP and to discharge his obligations to this House would be to give a straight answer to the question. I think it was the Prime Minister who told us some months ago that in 1975 the government asked the RCMP to stop exercising surveillance on legitimate democratic political parties.

Can the Solicitor General tell me whether those instructions from the government referred to by the Prime Minister—instructions such as those also referred to in the *Globe and Mail*—are no longer in effect? I think the House is entitled to an answer to this kind of question, and any reference to the McDonald Commission is quite beside the point.

Mr. Blais: Mr. Speaker, that was the first specific question the hon. gentleman has asked.

Some hon. Members: No.

Mr. Blais: The directives which were issued by the Prime Minister of Canada relating to the surveillance of any legitimate political organization are being complied with in full by the RCMP.

ALLEGED DESTRUCTION OF RCMP SURVEILLANCE REPORTS

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I would like to take the Solicitor General back to the question of the 24 documents which are reported to be missing. I am trying to get the Solicitor General's answer clear in my mind. Is it correct that those reports were not only destroyed but any exact duplicates were also destroyed, and all we have now is some summary of those reports? Are those reports available to the McDonald commission in full and in total as full exhibits, so that the commission can inquire into them?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the reply I have already made relating to those 24 reports was that they cannot presently be located, that they refer to existing files relating to installations, that all the files are complete and that the sequence of those files is ascertainable and complete. Therefore, there are no files—which is really the subject matter of any investigation by the McDonald inquiry—which could be missing.

In terms of whether the 24 documents to which the hon. gentleman is referring were destroyed, I can say to the hon. gentleman that those documents are not there, they have not been found and they are presumed destroyed. I suggest to the hon. gentleman that the destruction took place in accordance—

● (1427)

Some hon. Members: Oh, oh!

[Mr. Blais.]

Mr. Blais: Those documents could have been destroyed in accordance with the procedures that have been followed and approved internally by the RCMP.

Mr. Leggatt: The Solicitor General still has not advised the House as to the date of the destruction of those particular documents, which I am assuming now—that was his evidence before the House—are not available as documents to be inquired into. My question is: Will he now confirm the date of the destruction of those documents, will he also confirm that they were destroyed subsequent to the revelations of the break-in at the APLQ, and can he also advise us whether they were destroyed under the instructions of any of the solicitors general?

Mr. Blais: First of all, the hon. gentleman presumes that the documents have been destroyed. I suggested to the hon. gentleman—

Some hon. Members: Oh, oh!

Mr. Blais: —there is no specific record that the documents have been destroyed. If I inadvertently misled the hon. gentleman, I apologize. Indeed, the documents are not there.

Some hon. Members: Oh, oh!

Mr. Blais: Evidence was laid before the McDonald inquiry to the effect that the reports referring to the electronic installations were destroyed—

Some hon. Members: Oh, oh!

Mr. Blais: —or at least not available, and there is a presumption—

An hon. Member: You've got to be kidding.

Mr. Blais: There is a presumption that the documents may have been destroyed because it is the internal administrative policy of the RCMP relating to that sort of report, which is a monthly report, that it may be destroyed three years following the date of the issuance of the report.

However, the documents to which the reports refer, namely, the installations themselves, are still available. I will reiterate for the hon. gentleman, who has not been mindful of that fact in his question, that the documents relating to the installations are available and have been made available to the McDonald inquiry.

Mr. Leggatt: I have a final supplementary question for the Solicitor General.

An hon. Member: That buffoon.

Mr. Leggatt: The Solicitor General has some experience with the courts of this country and he knows that evidence is evidence and documents are documents, and that summaries of documents are a very different thing. My question is this: In terms of the alleged mislaying or destruction, somehow the documents are missing—we have had confirmation of that

today—I want to know from the Solicitor General whether he or his predecessors have inquired as to what happened to those particular documents. What study has he done to determine whether any solicitor general has had any responsibility for seeing that those possibly inculpatory documents are now missing and are not available to the McDonald inquiry?

Mr. Blais: The hon. gentleman is not being fair in making suppositions in questions of that nature. I can guarantee to the hon. gentleman that neither myself nor my predecessor nor, indeed, any solicitor general has had anything to do with mislaying of any document or documents.

Mr. Stanfield: How do you know?

Mr. Blais: I will say, further, that indeed the documents themselves could have been destroyed because the three years during which they were being retained, according to the internal procedures of the RCMP, had expired and in accordance with the usual methods and measures the documents could have been destroyed. The fact is that the hon. gentleman recognizes very well that if he were to keep files eternally in any internal administration, the cost of storing them would be prohibitive indeed.

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[*Translation*]

NATIONAL DEFENCE

INQUIRY WHETHER SHIP CONSTRUCTION CONTRACTS AWARDED TO LAUZON SHIPYARDS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I wish to direct a question to the Minister of National Defence.

Not long ago I asked the minister in the House whether his department has finalized ship construction plans and the minister replied that he would soon have good news for us about this.

In view of the fact that unemployment is rising in Lévis and along the south shore, could the minister indicate to the House whether his department has reached a decision and whether contracts will be awarded to the Lauzon shipyards to ease the unemployment situation?

● (1432)

[*English*]

Hon. Barney Danson (Minister of National Defence): Yes, Mr. Speaker, I have been pursuing this with the hon. member for Lévis as well. The hon. member raised a question in the House before, with the hon. member for Lévis, and also with my colleague the Minister of Transport in an attempt to speed up work so that those shipyards can be busy and the people well employed. The Minister of Transport may wish to add to this answer today or in the very near future.

[*Translation*]

TRANSPORT

REQUEST FOR REPORT ON SHIPBUILDING IN LAUZON, QUEBEC

Mr. Adrien Lambert (Bellechasse): I have a supplementary question, Mr. Speaker.

Since the Minister of National Defence is referring me to the Minister of Transport, has the latter good news to communicate to the House on this subject and could he confirm the date on which the work might start on the job he wants the Lauzon shipyards to do for him?

[*English*]

Hon. Otto E. Lang (Minister of Transport): Yes, Mr. Speaker, some arrangements are in the final process of being made and the work involved would follow immediately.

* * *

ENVIRONMENTAL AFFAIRS

LAKE ONTARIO—DAMAGE TO SHORE PROPERTIES DUE TO HIGH WATER LEVELS

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, my question is directed to the Minister of State for the Environment. I gave him notice of this question yesterday. It deals with a matter which I have discussed with him and his department over several weeks.

As water flowing into Lake Ontario at a rate in excess of 400,000 cubic feet per minute and flowing out at a rate of only 300,000 cubic feet per minute has caused the level of the lake to rise one foot above the average level for this time of year, which is continuing to rise rapidly and has already caused extensive damage to properties on the shores of the lake, would the minister advise the House what steps he and his department are taking first of all to stop the water from rising and then to bring the level of the lake back to normal?

Some hon. Members: Oh, oh!

Mr. Hees: We used to do it when the Conservatives were in power.

An hon. Member: How long ago was that?

Hon. Len Marchand (Minister of State (Environment)): We are getting into pretty deep water, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Marchand: The present level of Lake Ontario is 246 feet which, despite the spring rise, is still within the International Joint Commission orders of approval. The St. Lawrence board of control is continuing to discharge the maximum possible under existing conditions. The present rate of discharge is 308,000 cubic feet, which is just a little more than what the hon. member said.

I want to assure the hon. member that we are watching the situation very closely and doing everything we can within the means that we have to manage these levels. As the hon. member knows, there is no way of managing the water coming in from Lake Erie. It causes us some concern. Perhaps the Minister of Agriculture prayed a little too much last fall. The water levels from last fall were a problem also.

The hon. member will appreciate that if we allow too much water to escape from Lake Ontario there could be trouble at the other end at Lac Saint-Louis in the Montreal area. I assure the hon. member that we are watching the situation very closely.

Mr. Hees: Mr. Speaker, I am sure the hon. minister knows that watching the lake very carefully is not going to stop it from rising, as it is doing every minute at the present time. As this situation was brought about by catering solely to the wishes of the shipping companies which use the St. Lawrence Seaway, will the government start now to look after the needs of those living and working on the shores of Lake Ontario, instead of only paying attention to the wishes of the shipping companies which contribute so generously to Liberal campaign funds?

Mr. Speaker: Order, please.

* * *

FISHERIES

IRISH MOSS FISHERY IN MARITIMES

Mr. David MacDonald (Egmont): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment. More than a year ago, in January, 1977, the minister made an announcement regarding changes in the Irish moss fishery in the maritimes. These changes referred to deficiency payments, new regulations, active exploration of new markets and stabilization of markets with respect to Irish moss.

I know the minister has received representations recently, specifically from the Prince County Fishermen's Association and perhaps other groups, with regard to the very difficult year which they experienced last year. They requested an extension of the deficiency payments and inquired as to how much success the minister has had in attempting to stabilize and improve the market situation for Irish moss. Has the minister responded to those urgent requests? Can he give a brief reply to the House?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I will have to check the record. I know representations were made to my office. As the hon. member knows, a decision on possible assistance to those fishermen would depend on the Fisheries Prices Support Board. I will check with the chairman and inform the hon. member.

[Mr. Marchand.]

CONSUMER AFFAIRS

PRICE-FIXING ARRANGEMENT RESPECTING IRISH MOSS

Mr. David MacDonald (Egmont): Mr. Speaker, I am not sure if the Minister of Consumer and Corporate Affairs is aware of a recent report which I sent to the Minister of Fisheries and the Environment on the Irish moss fishery. I should like to direct my supplementary question to the Minister of Consumer and Corporate Affairs, if I can have his attention.

Some hon. Members: Oh, oh!

Mr. MacDonald (Egmont): I do not mean to disturb him during question period when he is reading his fan mail. A recent report released by the Social Action Commission of the diocese of Charlottetown on the state of the Irish moss fishery in Prince Edward Island cited the testimony of a former vice-president of one of the major foreign buyers of Irish moss, Marine Colloids Ltd. It concerned an arrangement made among three multinational companies in 1975 to fix buying practices in a way which would drive the newly-formed co-operative, the P.E.I. Marine Plants Co-op, out of business.

Is the minister aware of these serious charges? Has he initiated, or is he aware of any investigation within his department on attempting to fix prices in this manner? These three companies virtually control the Irish moss market, nationally and internationally. Is he prepared to refer this matter, if it has not been investigated, to the Combines Investigation Branch for investigation and possible prosecution?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, this is the first time I have heard about this problem. I do not recall receiving any letter similar to the one referred to by the hon. member. I would be pleased to look into it and refer the matter to the director, if that is appropriate.

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FEDERAL-PROVINCIAL RELATIONS

HOUSING—PROGRESS REPORT ON NEGOTIATIONS WITH PROVINCES

Mr. Dean Whiteway (Selkirk): Mr. Speaker, in the absence of the hon. Minister of State for Urban Affairs, I should like to direct my question to the Minister of State for Federal-Provincial Relations. It has to do with the announcements made yesterday by the Minister of State for Urban Affairs regarding the new initiatives by the federal government in the area of housing, and specifically with regard to RRAP and NIP.

Because the minister obviously has been part of the negotiations with the provinces, can he tell the House whether any consensus has been reached with the provinces in the area of housing, which is clearly within the jurisdiction of the provinces?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, actually, I have not been part of the negotiations but I have been involved indirectly in the process over the past few months. I should like to inform the hon. member that, indeed, there was a federal-provincial conference in Edmonton a few months ago on the question of housing as part of the preparatory conference leading to the first ministers' conference. At that conference there was a general review of the proposals announced by the minister. At the time, those proposals were very well received by all the provinces.

Mr. Hees: No, they were not; that is not my information.

Mr. Lalonde: Since then there have been telephone conversations between the minister responsible for housing and the minister responsible for housing in each province. I understand these conversations led to positive results, hence the announcement which was made by the minister which I think represents a very, very significant and major improvement in our housing program and which I think will benefit Canadians from all provinces.

Mr. Paproski: Order.

Mr. Lalonde: Also, it will increase the flexibility of our programs in terms of provincial participation.

Some hon. Members: Hear, hear!

Mr. Whiteway: Mr. Speaker, my supplementary question is directed to the same minister. "In the broad area of housing, consultation has been virtually non-existent." That is a quote from page 34 of the Western Premiers' Task Force on Constitutional Trends. In light of that which is found in the report of the four western premiers, can the minister assure the House that consultation and agreement will be sought with all provinces before any new federal initiatives are undertaken by the government and the minister?

Mr. Lalonde: Mr. Speaker, first of all, I should like to mention to the hon. member that he is referring to a report which is several months old; as a matter of fact, it is a report from last year. I have had an opportunity of discussing that report extensively with the western premiers. They recognized that in many respects, having studied the report with their officials, there were certain allegations contained in it which were not quite accurate, and they have been corrected since. Others were correct. Steps have been taken to remedy the situation. I have had very fruitful meetings with the western ministers concerned in this whole area. I think major improvements have been made in that respect.

● (1442)

As far as the latter question is concerned, I can only repeat to the hon. member that there have been extensive consultations on the proposals or decisions announced by the minister responsible for housing. All provinces have been consulted. If the hon. member wants to imply that in the field of housing the federal government cannot move unless it has the unanimous agreement of each and every province, then I think he is going rather far and it will be the Canadian people who will suffer from the lack of funds for housing in many provinces. I am not ready to subscribe to the notion that every province should have a veto.

HOUSING—ALLEGED LACK OF CONSULTATION

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I should like to direct a question to the minister responsible for housing.

Some hon. Members: Oh, oh!

Mr. Paproski: I will get to my question if they will be quiet for one minute. I should like the minister to know that because of lack of consultation, the hon. minister for housing in Alberta, Bill Yurko, is running as a PC candidate against this government.

Some hon. Members: Hear, hear!

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): I can think of very many reasons, Mr. Speaker, why anybody else would like to run instead of some of the PC members from Alberta at the present time.

* * *

NORTHERN AFFAIRS

REQUEST NCPC RATES BE SET TO COVER COST OF OPERATIONS

Mr. Wally Firth (Northwest Territories): Mr. Speaker, I should like to direct a question to the Solicitor General in his capacity as Acting Minister for Indian Affairs and Northern Development. The subject matter is the extremely high cost of electricity in the Northwest Territories. The people have been subjected to yet another increase by the Northern Canada Power Commission in the order of 10.5 per cent.

In view of the fact that some power bills now received by home owners exceed the cost of the mortgage payments, I would ask the minister whether he will consider seeking an amendment to the Northern Canada Power Commission Act which stipulates that the power commission must set its rates to cover the cost of operations in each of its two zones; and would the minister consider turning over responsibility for the Northern Canada Power Commission to the two territorial councils of the Yukon and Northwest Territories?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I will be pleased to take notice of the representations by the hon. gentleman.

Oral Questions

AGRICULTURE

PRICE OF HERBICIDES—STEPS TO ASSIST FARMERS

Mr. Jake Epp (Provencher): Mr. Speaker, I would like to direct my question to the Minister of Agriculture. In view of the fact that certain herbicides are priced much lower in the United States than in Canada, even if one takes into account the discounting of the Canadian dollar against the U.S. dollar, in view of the fact that the Canadian farmer must compete in the international market and get international prices as the return for his products; and in view of the overwhelming evidence that the price of certain herbicides is much higher, will he reconsider his position, opening the border to allow Canadian farmers to purchase herbicides in the U.S. if that is the best deal they can get?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the hon. member makes it all sound very simple. I do not agree with everything he said. Many herbicides in Canada are cheaper than they are in the United States. No American farmer has ever been allowed to come into Canada and purchase herbicides to take back into the United States for his own use. It is against the law in their country to do that because the registration in respect of quality may not be the same here as in the United States.

The same thing is true in reverse. We have adopted the same law here because some products do not meet out registration demands and qualifications. There are many herbicides, as I said, which are much cheaper in Canada than in the United States. In addition, the United States has a 14 per cent tariff in respect of chemicals going into that country even if they are manufactured here in Canada where there is no tariff on their coming into Canada if brought in legitimately.

Mr. Epp: Mr. Speaker, there are tariffs, but even with those and the discounted Canadian dollar certain products are priced much lower in the United States, and Canadian farmers can only obtain an income from selling on international markets. In view of the overwhelming evidence possessed by farm groups, individual farmers and members of parliament, if the evidence is given to the minister once again will he consider changing the policy relating to herbicides in respect of which Canadian farmers are now being penalized severely?

Mr. Whelan: Mr. Speaker, Canadian farmers are not being penalized. I am the Minister of Agriculture for all of Canada—

Some hon. Members: Hear, hear!

Mr. Whelan: —and I have to consider the picture as a whole scene in respect of herbicides. I can go into the maritimes, for example, and find that with regard to potato herbicides the price is lower there than it is in Maine. I can go into Alberta and find that herbicides there are cheaper than they are in Montana. Neither the people from Montana nor from Maine can import those herbicides because it is against the law, in addition to which there is a tariff. However, there is no tariff on herbicides coming into Canada, as the hon. member has indicated.

[Mr. Blais.]

SPECIAL IMPORT PERMITS FOR AGRICULTURAL CHEMICALS

Mr. Jack Murta (Lisgar): Mr. Speaker, I have a question for the Minister of Agriculture along the same lines. Since the Canada-United States border will not be opened to the free flow of chemicals, which some of us on this side of the House have advocated, let me refer to committee proceedings dated Tuesday, March 21, where the minister, in reply to a question I asked, stated:

> We are considering doing some other things that I am not free to make public at this time—suggestions by some farm organizations on how we import chemicals.

Has the minister given any consideration to allowing specific or special import permits for agricultural chemicals which are in some cases between 60 per cent and 100 per cent cheaper in the United States than in Canada? Would the minister give consideration to this request?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am perfectly willing to look at any evidence the hon. member may have. I have an advisory group that is appointed from the industry, farm organizations, which reviews prices in the United States and in Canada. I am sure that the hon. member realizes if we had fixed prices the Minister of Consumer and Corporate Affairs would be after me in relation to a combine, particularly if we allowed that kind of situation to exist. There is competition in respect of these chemicals among distributors in Canada.

If the hon. member has real evidence, I will consider it. But no evidence has been presented to me by anyone, which I am aware of at the present time, that indicates a 100 per cent discrepancy. If the hon. member can come forward with that kind of fact, I certainly will consider some different action to what we have taken in the past.

* * *

TRADE

EFFECT OF GATT NEGOTIATIONS ON TEXTILES

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I want to address a question to the Deputy Prime Minister: it relates to questions asked last week regarding textiles and GATT. In view of the fact that the United States protects and maintains 90 per cent of the U.S. textile market for U.S. textile producers, and that similarly the European Economic Community protects and maintains 85 per cent of that textile market for its own domestic producers, what percentage of the Canadian textile market will be maintained for the domestic textile industry in Canada after the cuts which the minister referred to last week are made at GATT?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I think I can repeat with even greater certainty what I said last week, that there is

little prospect that big or major cuts will take place in the textile or clothing sectors as a result of negotiations at Geneva. For reasons that are well known, the textile industry is not the most robust in any of the industrialized countries and all negotiating partners are aware of the difficulties in undertaking substantial cuts in that area.

● (1452)

Mr. Dick: A supplementary question, Mr. Speaker. Considering that under this government the domestic share of the textile market has gone from 64 per cent in 1966 to 40 per cent in 1978, may I ask what the government intends to do to reverse this trend? If we had a 64 per cent share of the market, we would have another 80,000 jobs today and 80,000 fewer persons on unemployment insurance.

Mr. Basford: Ask him where he got that French tie.

Mr. MacEachen: Mr. Speaker, from time to time the government has taken steps to provide protection for the textile and shoe industries. Whatever steps are under contemplation will be announced in the usual way.

Mr. Dick: Why does the Minister of Justice call this a French tie? Is he upset about it? Doesn't he like French ties?

* * *

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

LAY-OFFS IN QUEBEC—REQUEST GOVERNMENT RECONSIDERS SALES TAX PROPOSALS OF PROVINCE

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of State for Federal-Provincial Relations. I have here a report put out by the Minister of Industry, Trade and Commerce from which I should like to quote a brief paragraph. Quebec was the first victim of the recent increase in unemployment—

Mr. Speaker: Order. If the hon. member has a question to put, he should do so immediately.

Mr. Grafftey: As the report claims that of the jobs lost in Canada over the last two years 30,000 to 36,000 in the manufacturing sector were lost in the province of Quebec, specifically in textiles, clothing, furniture and footwear, can the government now give the House the assurance that, because of the conditions mentioned in the report, it is now seriously considering the proposal of the Quebec minister of finance with regard to the sales tax?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, the hon. member should refer to the report put out in the last few weeks on the state of the footwear, textile and furniture industries in particular; he would then realize that it is above all thanks to the measures adopted by the government, the Minister of Industry, Trade and Commerce, and the Minister of Finance, who imposed quotas and reductions on imports, that those industries are now in a better position than they have been in several years. In fact, some of them are doing so well that one has to wait from six to eight months before getting delivery of their goods.

The federal government took steps in the last two years which have led to a considerably improved situation in those industries. As for the general state of the manufacturig industry in Quebec, the hon. member knows full well that the constitutional policy adopted by the Quebec government at the present time has not been conducive to the creation of jobs in the province. Finally, with regard to the sales tax, my colleague, the Minister of Finance, made a reasonable offer to his Quebec counterpart. The latter turned it down, suggesting he had another proposal to make. We shall wait and see what that proposal is. My colleague made it very clear that he would be quite willing to pursue discussions further on the matter.

Mr. Grafftey: I would like to ask a supplementary question.

I would like to know if the federal government is preparing another proposal for the province of Quebec regarding the sales tax. In view of the fact, Mr. Speaker, that in another federal government report the Minister of Industry, Trade and Commerce said that the adoption of the proposal put forth by the Quebec minister of finance would even help job creation and the economy of other provinces, as Quebec imports a good deal of clothing, footwear, furniture, and the like, will the confrontation with Quebec continue or will we seriously consider the Quebec finance minister's proposal?

Mr. Lalonde: Mr. Speaker, there has never been any question of confrontation on that level. The federal Minister of Finance consulted with all his colleagues, including his Quebec counterpart. In fact, consultations with the Quebec minister of finance started 18 days prior to the presentation of the budget, around March 23 I believe, and there have been continued consultations between Mr. Parizeau and the federal Minister of Finance, as well as between the officials concerned. So the government did not seek a climate of confrontation, quite the opposite; this was done in an attempt to come to a solution of co-operation on that level. Unfortunately the Quebec government decided not to co-operate and afterwards came up with a proposal of its own, which created problems. We have no objection to the Quebec government eliminating the sales tax. We have in fact proposed to extend the federal contribution.

[*English*]

RETURN OF GRANT MADE TO QUEBEC CANADA MOVEMENT

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the Minister of State for Federal-Provincial Relations. Has the Quebec Canada movement returned the $265,-520 grant that the federal government gave, as the other unity groups had declared their opposition to this donation?

[*Translation*]

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): I regret to see that the hon. member seems ill-informed, Mr. Speaker. Perhaps I should ask him to verify his facts. As far as I know, the groups involved in the question of national unity did not express their opposition to the granting of federal funds. This is true for all groups throughout Canada which receive such funds, including those operating in Quebec. I do not know of groups or organizations in Quebec or elsewhere which raised objections in this regard. I would be very happy to hear the additional information the hon. member may have on this subject.

[*English*]

Mr. Ritchie: Does the minister feel that this grant can be justified in a moral sense and with due regard for a difficult democratic process?

[*Translation*]

Mr. Lalonde: Frankly, I think the hon. member is still more confused in his second question than in the first one. Funds are made available to all kinds of groups throughout Canada which are interested in an extremely important matter, namely national unity. Not only do I think that it is in accordance with the democratic process but also I hope with the wishes of all parties in the House which want this country to remain a united country, and I think it is the responsibility of the government of Canada to contribute to this matter in an extremely positive way.

[*English*]

Mr. Speaker, I am amazed that a member of the opposition would be scandalized by the fact that the federal government would contribute to groups working in the area of national unity.

* * *

MANPOWER

PERMITS ISSUED TO FOREIGNERS TO WORK IN CANADA

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Minister of Manpower and Immigration. In view of the fact that a Japanese firm, Fujitsu, is working on a contract to instal certain communications equipment for Teleglobe, a Crown corporation, at its offices on Pharmacy Avenue in Toronto, and in view of the fact that this work is being done by Japanese installers employed by Teleglobe brought into Canada to do that work and that more are expected, and in view of the fact that the minister's department has issued special work permits to these people, can the minister tell the House why his government is issuing special work permits to foreign nations to do work which could be done by unemployed, skilled Canadian labour?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I am not familiar with the particular case to which the hon. member refers. In the ordinary course of events, we issue work permits or visas to individuals who have particular or special skills. This often results in more work for Canadians, not less. Because the Japanese bring in this particular skill, others who participate in the assembly process have jobs that they would not have if the skill was not available.

Mr. Rodriguez: A supplementary question, Mr. Speaker. I never heard such hogwash in all my life. In view of the fact that Teleglobe is a Crown corporation, and at the present time has placed this order with a Japanese company and has Japanese workers at this plant, and in view of the fact that we have Canadian installers and Canadian manufacturers who can make this equipment, can the minister tell the House why a Crown corporation placed an order with a foreign installer, with foreign help, when Canadian firms are available to provide the equipment and service?

Mr. Cullen: Mr. Speaker, if the hon. member had a genuine interest in this particular problem, he could have given advance notice of a particular contract. He is more interested in bombast and rhetoric. I will check into it and find out the real answers, not those we have been hearing from the hon. member.

* * *

PRIVILEGE

MR. JARVIS—ANSWERS GIVEN BY SOLICITOR GENERAL DURING QUESTION PERIOD

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I rise on a question of privilege which relates to the questions I put to the Solicitor General (Mr. Blais) at the beginning of the question period. Subsequently similar questions were put to him by the hon. member for New Westminster (Mr. Leggatt). These questions related to 24 monthly reports prepared for and delivered to the then solicitor general in 1971, he now being the Minister of Supply and Services (Mr. Goyer). As a result of the answers given by the Solicitor General one thing appears clear, that these reports are no longer available. At least they are not available according to the present Solicitor General.

● (1502)

In my first question regarding these documents I understood the Solicitor General to say that they had been destroyed in the normal course because they were dated more than three years ago. Subsequently, when questions were put by the hon. member for New Westminster, the Solicitor General said, and I thank him for saying so, that he may have inadvertently been misleading in replying to my first question in that he presumed they may have been destroyed because this was the normal course of events.

The issue in my question of privilege is whether the Solicitor General did inadvertently mislead the House in terms of the destruction of these documents. What is difficult for me, sir,

and I presume for all members of this House, is to believe that documents dated 1971 and 1972 may have been destroyed in the normal course of events, when subsequent documents of exactly the same nature, dated 1973 and 1974, were not destroyed but were adduced as evidence before the McDonald Commission. If I am not mistaken that evidence was adduced by Assistant Commissioner Venner. On the basis of the answers given today by the Solicitor General it is very difficult to understand whether documents dated 1971 and 1972 might have been destroyed in the normal course of events but subsequent documents of exactly the same nature were not.

I cannot stress too much the importance of these documents. The documents relate directly to the basis of knowledge of the then solicitor general about electronic surveillance activities. I did not say that it related to security service surveillance, not at all. I did not mention the words security services in any of my questions that I am aware of, but it is extremely important when one realizes the nature of the documents.

It is a monthly report to the Solicitor General which presumably he must initial receipt of, and presumably he may make notations on it instructing members of the RCMP as to his wishes with respect to this important part of law enforcement activities. The report goes directly to the Solicitor General of the day. Presumably instructions or notations may be added by the Solicitor General to those monthly documents. It goes to the very heart of the Solicitor General's knowledge of activities of the day. It has nothing to do with the infringement upon the rights of the McDonald Commission in the normal course of their inquiry. It is also inconceivable—

Mr. Speaker: Order, please. The hon. member has made the point that the Solicitor General (Mr. Blais) may have misled the House during the course of his response to questions. That was the purpose for which he was given the floor. I do not want to restrict him unduly, but I do not think he ought to go on to argue the importance of the question.

Mr. Jarvis: Mr. Speaker, I apologize if I have infringed upon you. The destruction of documents is the issue upon which I raised my question of privilege. May I reserve my right to make the appropriate motion once I have had a chance to check the record, which is not available to me as yet? I think the important answer was the answer to the first question I put to the Solicitor General at the start of the question period today.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, on that point I simply indicate to the hon. gentleman that I did point out subsequently that in the event that I did say they had been destroyed in categorical fashion, perhaps that could have been misleading to the hon. gentleman. I did correct that, Mr. Speaker, by indicating that I presumed they had been destroyed because that was the current procedure being followed within the RCMP, and that documents older than three years may have been destroyed. However, in order to answer the hon. gentleman, I would be pleased to check and find out if the documents might in some way be mislaid. I indicated to the hon. gentleman that the matter came to my attention this morning in the same way that it did to him.

[*Translation*]

Hon. Jean-Pierre Goyer (Minister of Supply and Services): Mr. Speaker, I should like to make a point and I would like to make it clear for all hon. members. It regards some reports concerning electronic surveillance that may have been submitted to me by the RCMP. Those reports have never been in my files, have never been stored in my filing cabinets, have always remained in the hands of the RCMP. And if such reports have been destroyed, I have never given instructions to that effect and I have not been involved in their destruction.

[*English*]

Mr. Speaker: The hon. member for Perth-Wilmot (Mr. Jarvis) raised by way of a question of privilege answers which may have been misleading in some way to the House. That was the gist of his question of privilege. He requested an opportunity to examine the record to determine that. The Solicitor General has indicated in response that he will re-examine the problem to see if there is any matter which needs to be further clarified. This issue will remain in abeyance until those two steps have been taken.

MR. STANFIELD—SURVEILLANCE OF CANDIDATES SEEKING PUBLIC OFFICE

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, I would like to raise a question of privilege. This afternoon I raised questions with the Solicitor General (Mr. Blais) which I think touch on matters of fundamental concern to members of this House respecting possible surveillance of candidates for election to this House as well as to other political offices in the country, on grounds which are admittedly set forth in a document.

I do not question and I do not rise in my place, after being in this House for ten years, to dispute the right of the Solicitor General to refuse to answer a question. I am not arguing that ordinarily he must answer my question. My question of privilege is that he did not simply refuse to answer the question, but that he took the position that this matter was in the hands of the McDonald Commission and will be dealt with, as I understood him, perhaps secretly. I took it that he was telling me that there was no way in which the Government of Canada would give me the information I was seeking as to whether these instructions have gone out, or whether members or candidates for election to this House are in fact subjected to this kind of surveillance under the very loose and broad terms as set forth in this document.

I suggest to you, sir, that it is a violation of the privileges of this House for a minister of the government not simply to say that he is not going to answer that question but for him to say that this is the business of the McDonald Commission and that this is really none of the business of members of this House.

I do not wish to take more time, but it is a matter about which I feel most strongly. The Prime Minister (Mr. Trudeau)

told us that in 1975, for example, the government had instructed the security forces to discontinue surveillance of legitimate political parties in the country. I presume the Prime Minister made that statement to the House because he recognized that this is a matter of fundamental concern to members of this House. I submit in all seriousness that it is a breach of the privileges of this House for the Solicitor General, the chief minister responsible in this area of government in stating government policy, to tell me, as the member for Halifax, that it is none of my business, that this concerns security and it is not the business of any member of this House as to what kind of surveillance is exercised on candidates for this House.

Some hon. Members: Hear, hear!

● (1512)

Mr. Stanfield: I emphasize again, so there will be no confusion, that I am not disputing the right of the minister in the question period to refuse to answer my questions. He went far beyond that, I submit. If Your Honour believes I have a prima facie question of privilege, I will at the first opportunity submit a motion to this effect.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the document to which the hon. member refers, was, as he well knows, the subject of a newspaper report this morning. I like the hon. gentleman and I would like him to be assured that it is my preoccupation and main concern to ensure there is never any breach of the privileges of any of the members of this House.

I would indicate to the hon. member that it is well recognized in matters affecting national security, and the operations of the security service are one of the areas affecting national security, that those matters are not made public in the House. That is the reason why the government, by order in council, created the McDonald inquiry. That inquiry is reviewing the procedures of the security service of the RCMP.

That has been the practice not only in this House and in Canada, but in all jurisdictions that owe their traditions to the Mother of Parliaments in Great Britain. When we are dealing with an article relating to documents that could well involve matters of national security, I suggest to the hon. member that the proper course of action is to keep those matters in confidence. If those matters need examination, then they are being examined now by the McDonald inquiry.

Relating to the surveillance of members of this House, the Prime Minister (Mr. Trudeau) has written to the Leader of the Opposition (Mr. Clark), and the same evidence has been made available to the Leader of the New Democratic Party (Mr. Broadbent), to the effect that there is not surveillance of the members of this House and there has not been while he has been Prime Minister of Canada.

Relating to the surveillance of the legitimate political parties, I replied to the hon. member very specifically to a specific inquiry, indicating that the Prime Minister had issued directives and that the security service of Canada is abiding by those directives.

In terms of surveillance of individuals who may be acting contrary to Section 16(2) of the Official Secrets Act, a section passed by this House, that is a matter of proper investigation by the security service of this country.

Mr. Speaker: The hon. member for New Westminster (Mr. Leggatt) seeks the floor on a separate question of privilege. The hon. member for Greenwood (Mr. Brewin).

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I want to say that we feel the hon. member for Halifax (Mr. Stanfield) has made a most important and valuable point, and that the privileges of this House are indeed concerned with the matter that he has raised.

First, it is said that because the McDonald Commission is making inquiries, the result of these inquiries may be postponed from month after month, that somehow or other that diminishes the powers of this House. I deny that proposition. This House is the supreme court of the land. There is no way in which the rights and privileges of this parliament can be curtailed merely by reason of the fact that some other tribunal is inquiring into some aspects of the fact.

We go from there to the same old thing which we have heard again and again, namely, reference to national security. If there are documents that throw light upon whether the members of this House are or have been subjected to surveillance, then no question of national security arises with regard to that matter. This is a matter which mainly affects the members of this House. I think we are entitled to the fullest answers from the minister. Let him give up these weak-kneed, foolish, misleading, and thoroughly unsound suggestions that, because it affects national security, this House is not to get the information to which it is clearly entitled.

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I wish to continue briefly on the same question of privilege, further to the remarks of the hon. member who has just spoken.

The Solicitor General (Mr. Blais) in dealing with this general question ought to say to this House whether he in fact is satisfied with the attitudes and truthfulness of some of the top officials of the RCMP on whom he has to depend for information, which in turn he has to give to the House. I say this in view of the answer given by Superintendent J. P. Nowlan to counsel named Bruno Pateras when he was questioning an operation which he considered typical of illegal activities. He asked Superintendent Nowlan, "To what limit will you go, if there is a limit, in giving information that is false?" Superintendent Nowlan said, if this newspaper report is correct, that "it depended on the situation."

The Solicitor General owes the House a clear and definitive statement as to what length he will go before he will take action, keeping in mind what the hon. member for Greenwood (Mr. Brewin) has said about the tendency to put all the responsibility on the McDonald Royal Commission. The Solicitor General should definitively say if there is a point to what limit he will go in apologizing, covering up, or condoning

lack of information which surely he must know he, as minister, was entitled to receive before this time.

Mr. Speaker: The hon. member for Halifax (Mr. Stanfield) has raised, by way of a question of privilege, questions and answers that may have a fundamental relationship to the ability of persons to campaign for membership in this House free from any interference. That was the purpose of the matter raised by the hon. member for Halifax and certainly the very clear tone of the support given to it by the hon. member for Greenwood (Mr. Brewin) and the hon. member for Central Nova (Mr. MacKay) who contributed to that side of the discussion.

The hon. member for Halifax did not accompany his remarks by a motion today which would call for some action by the Chair. He did indicate that, after reflection, if the Chair felt there was a basic matter of privilege involved, he might put a motion in due course. I will therefore give the matter further consideration.

MR. LEGGATT—ANSWERS GIVEN BY SOLICITOR GENERAL DURING QUESTION PERIOD

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question of privilege arises as a result of the answers given by the Solicitor General (Mr. Blais) in the House today concerning the correction that he made to the answer given to the hon. member for Perth-Wilmot (Mr. Jarvis). In answer to the hon. member for Perth-Wilmot, he indicated he may have been in error by saying that the missing 24 documents were destroyed. He indicated in his answer that those 24 documents in fact may have been mislaid.

My question of privilege is this: while I realize the Solicitor General does not have an obligation to make answer in this House, he surely has some reasonable obligation to this House to inform himself so that he can make some answer. In this particular instance, the records of the RCMP, in terms of the documents that have been destroyed, are available to the Solicitor General. He comes very close to misleading this House by simply refusing to ask the question or get the information before appearing here, on a day when he knows that the major business of the House will deal with his department, and when he knows from news reports he has read over the past three days that it is his department that is under attack. If he does not want to answer and say it is in front of the McDonald inquiry, that is one matter. Another question is whether he should make any kind of reasonable inquiry to determine the accuracy or otherwise of newspaper reports.

It is clear the minister has not done that today. It is clear he has not checked that with the RCMP in terms of records being destroyed, otherwise he would have been able to provide a clear answer to the hon. member for Perth-Wilmot. I submit that comes as close to misleading hon. members on this side as you can get.

Privilege—Mr. Brisco

MR. BRISCO—EXAMINATION OF DEPARTMENTAL ESTIMATES

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I rise on a new question of privilege to seek your advice and assistance. Although there is nothing unusual about a motion under Standing Order 43 being rejected for lack of unanimous consent, it nevertheless brought to bear the question of the failure of certain ministers to bring their estimates before a standing committee.

I am disturbed over the fact that not only have we had such a refusal in the Standing Committee on Labour Manpower and Immigration, but it is perhaps coincidental that for some time now there has been the absence of the Minister of Indian Affairs and Northern Development (Mr. Faulkner), the periodic absence of the Parliamentary Secretary to the Minister of Indian Affairs and Northern Development (Mr. Milne), and the protracted absence of the chairman of the Standing Committee on Indian Affairs.

● (1522)

In spite of the charges and allegations which I have made, and which have gone unchallenged, I am concerned that there should still the be failure to call the estimates of the Department of Indian Affairs and Northern Development before the standing committee. In the face of these facts I would appeal to you, Mr. Speaker, to take such measures as would oblige ministers to bring their estimates before the standing committees. What are they trying to hide?

Mr. Jake Epp (Provencher): I intend to be very brief, Mr. Speaker. I sought to raise this matter today under the terms of Standing Order 43. The Standing Committee on Labour, Manpower and Immigration has not been called upon to examine estimates since the estimates were referred to it. The committee has nevertheless examined in detail Bill C-8 and Bill C-45. When we were considering Bill C-45 I raised this question of the referral of estimates to the committee—I made a point of it and discussed the matter with the chairman. But at no time have we received any commitment that the estimates would be brought before us. There is roughly one month left for this work, otherwise the estimates will be deemed to have been passed. It is of critical importance that members should be given an opportunity to examine these estimates on behalf of the people.

An hon. Member: It may be only one hour.

Mr. Epp: Whether there is an election or not, the principle remains. The government, and, to be specific, the chairmen of parliamentary committees, have used their positions to prevent estimates being examined, and I appeal to you, Mr. Speaker, to give us some advice and guidance on the matter and explain what rights we have on behalf of our constituents to examine these estimates. The restriction of time now available to us makes a farce of the committee system.

Mr. Speaker: Order, please. Without consulting the precedents, my memory, if it serves me well, tells me it is fundamental to the whole system that there be an examination of

estimates and, this being the case, the phase of the parliamentary authority which relates to the financial accountability of our work here, demands that when the estimates are referred to the standing committees they be examined there in a meaningful way, and that members ought not in any circumstances to be deprived of their right to carry out such an examination. However, it is not entirely clear that the Chair has a very direct line of authority, although I would think it at least has one of inquiry into the matter to determine whether or not there has been any difficulty. I would presume that those concerned with the management of business in the particular standing committees referred to would want to contribute to our discussion before I made any decision. I will certainly give them the chance to do so.

* * *

POINT OF ORDER

MR. MALONE—ROLE OF MINISTER OF NATIONAL REVENUE VIS-À-VIS HOUSE OF COMMONS

Mr. Arnold Malone (Battle River): On a point of order, Mr. Speaker, I rose to catch your eye during the question period today and my question would have been directed to the Minister of National Revenue (Mr. Guay) if he were not in the Senate. I would ask any of the ministers on the other side, since the Deputy Prime Minister (Mr. MacEachen) is not in the House, who is the minister in charge of Revenue Canada? This is just in case I should catch your eye at some future date.

Hon. Ron Basford (Minister of Justice): I believe that question was answered yesterday.

Mr. Baker (Grenville-Carleton): Not satisfactorily.

Mr. Hogan: If the answer was given yesterday, would the Minister of Justice (Mr. Basford) please repeat it so that we might know to whom we can direct questions?

ROUTINE PROCEEDINGS

[*English*]

CANADA ELECTIONS ACT

AMENDMENT RESPECTING TIME PERIOD COVERING ELECTION EXPENSES

Mr. Jim Balfour (Regina East) moved for leave to introduce Bill No. C-446, to amend the Canada Elections Act (election expense period).

Some hon. Members: Explain.

Mr. Balfour: Mr. Speaker, this bill is in response to reports that some candidates nominated for the next federal election have already spent as much as $50,000 on pre-election campaigning. Although such expenditures are currently unrestricted, this spending is in clear violation of the spirit of the Election Expenses Act which attempts to make campaigning fairer by imposing ceilings on campaign expenditures. By extending the time during which election expenses are deemed to have been incurred to include the period following a candidate's nomination but before an election writ has been issued, this bill recognizes that in practice election campaigning begins long before elections are called. The effect of the bill would be to close a loophole in our election procedures.

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

* * *

FINANCIAL ADMINISTRATION ACT

AMENDMENT RESPECTING GARNISHMENT PROCEEDINGS

Hon. Ron Basford (Minister of Justice) moved for leave to introduce Bill C-49, to amend the Financial Administration Act (Garnishment).

He said: Mr. Speaker, checking the authorities I find it is appropriate for me to rise on a point of order at this point inasmuch as this bill involves a matter of the Crown's prerogative, and to point out to the House, after leave is granted and before first reading, that His Excellency the Governor General has been informed of the purport of this bill, and has given his consent as far as Her Majesty's prerogatives are affected to the consideration by parliament of the bill, that parliament may do therein as it thinks fit.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I do not rise to question what the Minister of Justice (Mr. Basford) has said. I think the procedure he has felt bound to follow today is one which might appropriately be followed hereafter with respect to government bills generally so that there would be no need for us to wait for press statements and so on. I think a short summary from ministers with respect to their bills is just as important as a short summary from private members on such occasions.

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

* * *

POINT OF ORDER

MR. MALONE—ROLE OF MINISTER OF NATIONAL REVENUE VIS-À-VIS HOUSE OF COMMONS

Mr. Arnold Malone (Battle River): Further to my point of order, Mr. Speaker. I have checked through *Hansard* for yesterday and I find nothing in there which indicates who speaks on behalf of Revenue Canada. I wish to raise a series of questions with whoever is responsible and again I ask, who is the minister?

Mr. Speaker: The Minister of Justice (Mr. Basford) is correct. The matter was dealt with and an answer was given by

the Prime Minister (Mr. Trudeau). Whether that answer was satisfactory or not is something the hon. member could take up at the next question period.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the following questions will be answered today: 766, 815, 1,111, 1,211, 1,266, 1,456, and 1,502.

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

[*Text*]

Order Paper Questions

RCMP—RECORD OF DOCUMENTS INCINERATED

Question No. 766—**Mr. Broadbent:**

1. Is there a practice, established either by statute, regulation, policy directive or otherwise, that the Royal Canadian Mounted Police maintain a list or file of all documents pertaining to investigations, that have been incinerated?

2. Is there a list of the documents that were incinerated by the RCMP on June 2 and June 3, 1977 and, if not, for what reason?

3. Is there a practice, established either by statute, regulation, policy directive or otherwise, that sets out the period of time that documents related to RCMP activities are maintained prior to their incineration or destruction and, if so (a) what is the period of time (b) was such a practice followed regarding the incineration of documents on June 2 and June 3, 1977 and, if not, for what reason?

4. Is there a practice, either by statute, regulation, policy directive or otherwise, that all documents, prior to their destruction by the RCMP, are microfilmed and, if so, was such a practice followed in relation to the documents that were incinerated on June 2 and June 3, 1977 and, if not, for what reason?

Hon. J.-J. Blais (Solicitor General): 1. No. The only requirement is a statistical report on the volume of records destroyed annually which must be submitted to the Dominion Archivist.

2. No. There is no requirement to compile or retain such a list.

3. Yes. This period is known as the retention period and is the time the records are retained prior to a review for disposition. This review may cause a record to be destroyed, to have a further period of retention added or to have the record classed as historical and thereafter retained indefinitely. (a) The retention periods are variable depending on the type of records and may be from one year and up as approved by the Dominion Archivist vide Public Records Order P.C. 1966-1749. (b) Yes.

4. No.

UIC—BENEFIT CONTROL INVESTIGATION

Question No. 815—**Mr. Cossitt:**

1. Is the Minister of Employment and Immigration aware that the *Ottawa Journal* of November 30, 1977 quoted him as saying that the so-called fraud squad within the Unemployment Insurance Commission had not been disbanded but "merely reorganized and it is ever vigilant to the situation"?

2. Was the Minister correctly quoted and, if so, has the situation changed since the answer to Question No. 2,765 of the Second Session of the 30th Parliament?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. Yes.

2. Yes he was correctly quoted, and, the situation on which the reply to question 2765 of the Second Session of the Thirtieth Parliament remains the same. The Special Investigation Division of the former UIC was organized between late 1973 and early 1974. At the end of 1974 the operations of the division, which had been carried out separately from the benefit control activity were decentralized and integrated with normal benefit control investigation activities. The Special Investigation Division has not been in existence since early 1975.

EXPENDITURES IN NICKEL BELT

Question No. 1,111—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of Industry, Trade and Commerce and those agencies that report to it?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned:

Fiscal Year	Amount*
70/71	$40,434
71/72	Nil
72/73	Nil
73/74	Nil
74/75	Nil
75/76	Nil
76/77	1,194
77/78	7,446

* Amounts are for grants and contributions only. Departmental accounting records for administrative and operational expenditures are not kept in a manner which readily allows breakdown by constituency.

In so far as Statistics Canada is concerned: For each fiscal year since 1970 the approximate expenditures in the constituency of Nickel Belt were as follows:

	Labour Force Survey $	Census $	Total $
1970/71	2,000	49,000	51,000
1971/72	2,000		2,000
1972/73	2,100		2,100
1973/74	2,300		2,300
1974/75	4,000*		4,000

	Labour Force Survey $	Census $	Total $
1975/76	4,500	78,000	82,500
1976/77	2,300		2,300

* The increase in cost resulted from the fact that both the old and the new LFS were run for one year. As well, the sample size for subsequent surveys was doubled.

In so far as Foreign Investment Review Agency is concerned: None.

In so far as the Metric Commission is concerned: Not applicable.

FOREIGN UNIVERSITY STUDENTS

Question No. 1,211—**Mr. Herbert:**

1. For each year 1968-1978 to date, what was the total number of foreign university students in Canada?

2. For the same years, what was the total number of students who remained in Canada during the summer vacations?

3. For the same years, by province, what was the number of foreign students who obtained summer employment?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. 1968, 16,906; 1969, 17,271; 1970, 15,229; 1971, 16,677; 1972, 20,826; 1973, 14,950; 1974, 18,035; 1975, 24,004; 1976, 29,436; 1977, 29,380.

2. Not available.

3. 1968 to 1973 not available. During June, July and August of each of the following years, employment visas issued to foreign students were:

	1973	1974	1975	1976	1977	1978
Newfoundland	13	13	20	27	14	not
Prince Edward Island	12	7	2	2	2	available
Nova Scotia	28	26	44	45	49	
New Brunswick	25	28	42	63	52	
Quebec	359	208	254	312	329	
Ontario	1,159	661	853	820	769	
Manitoba	104	206	49	53	46	
Saskatchewan	124	69	121	148	57	
Alberta	433	354	732	450	348	
British Columbia	218	143	219	164	169	
Yukon/N.W. Territories	4	1	6	3	—	
Total	2,479	1,716	2,342	2,087	1,835	

PSC—QUALIFIED WOMEN IDENTIFIED FOR PROMOTION

Question No. 1,266—**Mrs. Pigott:**

Has any government organization identified qualified women for promotion in the Public Service and have any career paths been developed for them and, if so, how many women have been identified?

Hon. John Roberts (Secretary of State): I am informed by the Public Service Commission as follows: the Public Service Commission has established special development programs for those considering entrance at the officer level and those at the middle management level. Administrative Trainee Program:

The Administrative Trainee Program offers careers in the administrative field of the Public Service to recent university graduates recruited externally and administrative support category personnel recruited from within the Public Service.

External Administrative Trainees

Year	Women	Total M & F
1971	51	200
1972	41	152
1973	88	250
1974	70	225
1975	50	133
1976	35	100
1977	64	148
	399	1,200

Internal Administrative Trainees

Year	Women	Total M & F
1971	4	34
1972	6	39
1973	19	73
1974	27	66
1975	12	32
1976	10	23
1977	12	30
	90	297

Career Assignment Program: The Career Assignment Program is designed to identify middle management public servants and develop them for more senior responsibility. Federal departments identify and nominate candidates, both men and women, for the Career Assignment Program (CAP). CAP started in 1968 and to date, there have been the following number of women participants:

Year	Women	Total M & F
1968	1	35
1969	1	111
1970	1	91
1971	4	101
1972	10	94
1973	8	52
1974	9	44
1975	20	67
1976	15	67
1977	9	64
1978*	9	43
	87	769

* One more course is scheduled for 1978 and it is anticipated there will be some women participants.

Every year, a few specially selected middle level public servants are chosen to study at institutions with an international reputation. These are, l'École nationale d'administration, Paris, France (program started in 1964), the British Program for Administrative Principals, London, England, (program started in 1967), l'École nationale d'administration publique, Quebec City, Canada, (program started in 1970), College of Europe, Bruges, Belgium, (program started in 1977). Since the first program was initiated in 1964, until the most recently

established program in 1977, only 114 public servants have participated of which there were 5 women. To date a total number of 92 women have been sponsored for the Career Assignment Program and the Special Development Programs. Several federal departments have designed programs to benefit and enhance the career opportunities for their own women employees. Data on these programs is not available from the Public Service Commission.

REVIEW OF RETIREMENT INCOME SYSTEM

Question No. 1,456—**Mr. Alexander:**

1. Did the government establish a committee to review the area of retirement income including options available to holders of registered retirement savings plans (RRSP's) and, if so (a) on what date (b) to which Minister does it report (c) what are its terms of reference (d) who are the Members?

2. Will the committee determine what options are available to holders of registered retirement savings plans when they reach the age of 71?

3. Is the committee expected to report its findings or recommendations and, if so (a) on what date will it report (b) will they be tabled in the House of Commons?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): 1. The government began a review of the retirement income system in 1976. The review is being conducted under the auspices of the Minister of Finance, the Minister of National Health and Welfare and the President of the Treasury Board. The ministers are being assisted by officials from their respective departments, other departments and a task force. The review covers the various sources of retirement income including the public pension programs, employer-sponsored pensions and personal saving, as well as registered retirement savings plans (RRSPs).

2. The options available to holders of registered retirement savings plans have been reviewed and, as a result of this examination, two additional alternatives to holders of RRSPs were introduced in the recent Budget (April 10, 1978). The new options available are as follows: (a) a fixed-term annuity may be purchased to provide benefits to age 90, and (b) the savings may be transferred to a new investment vehicle—a Registered Retirement Income Fund (RRIF). Financial and other institutions that are now eligible to issue RRSPs will be permitted to offer the new options. Under both alternatives, retirement income will be provided to age 90. Further details are available in the budget document.

3. The task force report is expected to be available for consideration by ministers within the next month or so. A decision concerning tabling of a public document based on the report will be taken after the cabinet has had an opportunity to study it.

WINTER CAPITAL PROJECTS FUND—FRASER VALLEY EAST

Question No. 1,502—**Mr. Patterson:**

What amount was spent by the government in the Constituency of Fraser Valley East under the Winter Job Expansion Programme in each year of its duration?

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Four loans were made under the Winter Capital Projects Fund in respect of projects located in the constituency of Fraser Valley East. The principal loan details are as follows:

Municipality	Project	Amount of Loan	Amount of Loan Forgiveness
Mission	Renovation of hospital	$130,000	$ 57,252.42
Chilliwack	Upgrading of roads	275,000	100,381.93
Chilliwack	Addition to fire hall	41,755	12,875.00
Mission	Construction of municipal hall	275,000	73,054.19

[*English*]

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

Some hon. Members: Agreed.

* * *

[*Translation*]

MOTION FOR PAPERS

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, notice of motion No. 69 for the production of papers is acceptable to the government.

Mr. Speaker: Does the House agree that notice of motion No. 69 be deemed to have been adopted?

Some hon. Members: Agreed.

LETTER FROM DEPARTMENT TO WIDOW WHOSE SPOUSE'S ALLOWANCE DISCONTINUED

Motion No. 69—**Mr. Knowles (Winnipeg North Centre):**

That an Order of the House do issue for a copy of the letter of condolence that the Department of National Health and Welfare now sends to a woman who has been in receipt of the Spouse's Allowance but whose husband had died before she has reached age 65, including the portion of the said letter that informs her that her Spouse's Allowance has been discontinued.

Motion agreed to.

Mr. Young: I ask, Mr. Speaker, that all other notices of motions be allowed to stand.

Mr. Speaker: Does the House agree?

Some hon. Members: Agreed.

• (1532)

GOVERNMENT ORDERS

[*English*]

EXPORT DEVELOPMENT ACT

MEASURE TO AMEND

The House resumed, from Monday, April 24, consideration of the motion of Mr. Horner that Bill C-36, to amend the Export Development Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I welcome this opportunity to speak about this bill because I think it exemplifies some of our major problems in export markets. The intention to assist exporters is, of course, laudable and beneficial to certain small companies. Under certain circumstances that assistance is recommended. The idea of assisting a small struggling Canadian company to land an order in a developing country has much appeal. It appeals to our sense of trying to help the Canadian company find its way through the maze of external politics in foreign countries, often in competition with other countries much more export-oriented than is Canada, particularly in the manufacturing field.

Furthermore, when there is any question about our aiding exports in the very large amounts we are, the answer always seems to be that other countries such as the United States, Germany, Japan, the United Kingdom, France, and Italy all have their own forms of export development assistance, and unless we do the same our companies will be at a serious disadvantage.

When we look at our exports of manufactured goods and the locations of firms given assistance by the Export Development Corporation, we can easily come to the conclusion that nearly all our exports of manufactured goods off the North American continent are financed by the EDC.

Recent actions of the EDC call into question the value of much of what it has been doing. If it is necessary to give so much export assistance to many of our producers, surely it is questionable that this is a good way to go about promoting exports. The mere fact that so many of our exports are financed by the EDC and need to have that assistance, really means that that portion of our economy not assisted by government is being forced to help that portion which is.

Certainly the EDC in the broadest sense seems to be nothing more than an export subsidy program, albeit the intention is to assist our exports. There certainly are disadvantages. What about some of the loans the EDC has been making? From a social point of view, assisting developing nations and lending to companies involved in these markets strikes a responsive chord generally among Canadians. However, what about financing steel mills in Texas and New Jersey? Are those developing states in the great U.S.A.?

We have always considered our pulp and paper industry to be one of our leading exporters, yet on February 8, 1974, the

[Mr. Speaker.]

EDC announced a $82.5 million loan for a forestry plant in Iran. Oil prices have quadrupled the income of Iran in the last four years. In 1976, $102 million went to a pulp and paper mill in Poland. In 1977, $1.8 million went to a pulp and paper project in Peru, which has a left-wing dictatorship and has just completed the purchase of many military aircraft from Russia, some of which passed through Dorval on January 19 of this year. In November of 1977 there was a $102 million loan for a new pulp and paper mill in Iran, and in December of 1977, $5.5 million went to a pulp and paper mill in Romania. In March $57 million was put up for two projects in Argentina. In Argentina we are building an atomic plant at a loss of some $100 million.

It seems that Canadian exporters have to be assisted to obtain export orders abroad. Many recipient countries, such as Poland, have the avowed aim of destroying our society as we know it, while others, such as Algeria, Iran, and Venezuela, are wealthy countries and have the capacity to be as stable and as wealthy as Canada, yet we see fit to lend them money at low rates of interest. Officials of the EDC have stated that the money is borrowed outside the country and that it does not constitute a burden on the Canadian economy, but the mere fact that the money is borrowed abroad does not absolve Canada from responsibility. In fact, the covenant of Canada is also on loan. It is almost the same as co-signing a note at the bank for a friend. EDC loans eventually are a charge on the Canadian economy and must be made good if the loans should be negated.

As I understand it, most of the money is borrowed in the Euro-dollar market. More and more this market, evidently, becomes less and less stable, and some suggest that that might create an economic recession.

The Euro-dollar has no backing. If a person makes a deposit of $10,000 in a bank in Europe and keeps that deposit in the form of dollars, the bank lends out those dollars to a creditor in Europe or in some other part of the world, who then re-lends them to someone else. The Euro-dollar is an American currency which has not been changed into the currency of the country of receipt. The United States does not owe those dollars and is not obligated to redeem them. If a person receives value for his goods, and if the money is held in the form of American dollars, those dollars still rest in the Euro-dollar market, and the United States Treasury has no obligation.

There are $350 billion to $400 billion Euro-dollars whose value has already been received, and there is no bank standing behind those dollars. This is where the EDC borrows its money. That money cannot be presented to the United States treasury for gold, for U.S. treasury notes or for U.S. greenbacks. There is an uncontrolled mass of money floating around in the world monetary sky. It has no home and no guarantor, and this is where the EDC is getting its money. This indicates that, in the final analysis, Canada is responsible for the loans made by the EDC, even though the officials of the EDC try to say it is not.

There is increasing concern about the world economic situation, and there are those who suggest that the western world is on the brink of a depression. Throughout the capitalist west, unemployment seems to be moving upward. Depressing events are occurring, and the old economic mechanisms appear to be losing efficiency. Economies cannot be managed the way they once were. The British found that they incurred heavy budgetary deficits, but inflation continued to rise.

In connection with the problems of the EDC it should be pointed out that no convincing theory has been advanced to provide an alternative to the old mechanisms. Monetarists suggest solutions, but those solutions mean creating more unemployment, at least at the beginning, for which there is considerable resistance in democratic societies where people elect politicians. No one could have forecast the sudden fourfold increase in the price of oil which spoiled all the neat long-range forecasts of that time. Arising out of this oil price increase, the current instability in the balance of payments, and chaos in international currency markets, there have been no new mechanisms developed to deal with the situation. One of the disturbing effects of all this, including the actions of vehicles such as the EDC, has been that we are internationalizing economic policy.

At the recent summit meetings in France, Puerto Rico, and Britain—and the one coming in July in Bonn—economic politics dominated. Mr. Callaghan, the British Prime Minister, is relying on the Bonn summit to provide some answers. We are relying on the EDC to provide help, and increasingly economics are taking the place of weapons in defensive alliances. At last year's summit in London all the participants agreed to increase economic growth so that world trade would expand and unemployment fall, but this has not happened. Germany, which many nations blame for not having done enough, has tried to re-inflate its economy on three occasions, but the result has been a disappointment.

The great problem is that the United States, the great economic locomotive of this world, is plagued by a falling dollar, a balance of payments deficit of astronomical proportions, and an economy which threatens to be severely inflated. Small wonder then that protectionism is rife and that it gives economic internationalists bad dreams. It is a problem for the Export Development Corporation.

● (1542)

The protectionist lobby in Great Britain, which is mostly left wing, complains that the number of unemployed in Britain might increase to 4.5 million, that is, three times as great as at present.

Import controls are another subject about which the protectionists are complaining. The industrialized west could also raise high tariffs against Asian countries, notably Japan. President Giscard d'Estaing seems to be following this line. The dilemma which faces the world is obvious, with the protectionists arguing that, if countries do not follow their policy, a depression will result, while the opponents of protectionism argue that it is the introduction of these tariffs which will result in a depression. Most people agree that one way or another we are going to have problems, and this is a sobering thought for those in the western world.

No one would seriously doubt that we have been able to maintain our high standard of living largely owing to the availability of cheap energy in the form of oil and gas. Although there might be a small glut of oil now, the future seems bleak. The United States, the great locomotive of the world, is now importing almost half the oil it uses. If U.S. oil supply is cut off in the Middle East by either the Russians or any other nation in that sector of the globe, it will result in severe economic hardship for the United States, and perhaps severe depression.

Anything can be exported at a price, and Canada is becoming a source of cheap and ready money to some of our intensive competitors. I have spoken about the financing by EDC of the $100 million pulp and paper mill in Poland. The government, and others, expect Poland to be one of the major competitors in the European pulp and paper market. Karl Marx said long ago that capitalists are so anxious to sell that the Marxist states can continue buying from them in sufficient quantities to keep their own struggling economies alive until they are in a position to overpower them.

Obviously there comes a time when the indiscriminate lending of money for export purposes ceases to be useful. It is unfortunate that what started out to be a useful tool, with the increase in multilateral trade, has reached the point of no return.

In many ways this bill exemplifies the dilemma in which Canada finds itself. In the past 25 years we have had a contrived type of economy, that is, we continue to help one part of the country over another by one kind of government intervention or another, and we favour one area of the country over another by means of government intervention. A classic example of this is the official interference, at least in a moral sense, to prevent the move of Sun Life headquarters from Montreal to Toronto. For some reason the government feels that Sun Life should stay in Montreal. But Montreal is part of Quebec, and that province has said that the use of the English language should be kept to a minimum, if at all. However, it should be kept in mind that the vast majority of Sun Life policy holders come from the English speaking part of the country.

As many industries are now finding out, it is difficult to work in the second language and to have a head office working in a language other than that used by the main group of subscribers, particularly when on this continent English is the language of business. Sun Life is a co-operative mutual insurance company which belongs to its policy holders, and it should have the privilege of deciding where its head office is located in Canada. It should have the right to decide even to move its headquarters to the United States if it so wishes. In view of the fact that the company is a mutual insurance company, the individual policy holders of which have the right to vote, there should be no government interference and no

government disapproval of the decision of the millions of policy holders.

Surely people with investments are entitled to move their investments to whatever location they feel is safe and will bring them the best return. Obviously the fear expressed by many policy holders of Sun Life, that they will be unable to collect their pension should the company remain in Montreal, is very real to them.

Indeed, many parts of Canada would benefit from the movement of head offices out of Montreal, particularly the movement out of Montreal of Crown corporations. So far as western Canada is concerned, both Air Canada and CNR, with their headquarters in Montreal, are totally oblivious to the needs of western Canadians.

Now I would like to return to some of the problems facing the Export Development Corporation. In 1968 its budget was $2 billion. Now the minister is asking for $26 billion. Even taking into account the high rise in inflation, this increase is of great magnitude. Obviously the minister does not expect any export of industrial goods from our country to take place unless it is subsidized by the EDC.

Let us consider again the pulp and paper industry which is one of our largest money earners, with a high level of efficiency. In spite of this, we are lending money all around the world at low rates of interest to countries such as Iran, Poland, and Peru—we have made further loans to Iran this year—to Romania and Argentina, presumably because the EDC believes that the Canadian pulp and paper industry is not going to prosper and that it is better to sell pulp and paper machinery at subsidized interest rates to other countries. But what about our own industry? It will have to modernize its pulp and paper facilities at the going rate of interest of 10 per cent to 15 per cent, while its competitors around the world can get Canadian loans at low interest rates.

Small business can be analogous to big business. Every small businessman could expand his business if he could get his friends to co-sign a note at the bank. Occasionally a small businessman might get an order as a result, but if he persists in following this practice, his business will depend on other people co-signing. This is not a good practice, and it might cause the business to collapse in the long run.

According to EDC reports, many of our exports of manufactured end products from this country have to be financed by the EDC. The question arises as to whether or not the EDC has been successful and whether we have not reached the stage where we will only be able to export our manufactured goods with the assistance of EDC. What will happen then is that the EDC assistance will be a form of subsidy, and the cost of Canadian goods will rise to cover the subsidy. Industries which have exported goods on their own might find that they can no longer compete because the goods are subsidized by EDC at the cost of those that are not. In short, the EDC has a role and a place, and we must question whether or not the role it is playing has become so large that its activities are detrimental to the export community.

[Mr. Ritchie.]

When EDC first came into existence there was a need for assistance to Canadian firms wishing to export. No one questions that, and this need continues. However, the activities of EDC might become detrimental in the case of certain exports. We seem to have a passion for exporting manufactured goods at all times, but we must remember that we can only export as much as we import over a period of time. If our export of manufactured goods increases, other products such as grain, raw materials, and pulp and paper, must decrease as, relatively speaking, one cannot go on exporting more than one imports over a period of time.

I will follow with interest some of the matters I have raised when the bill is considered in committee. I believe that as a nation we must consider how much we want to finance and subsidize our exports. Certainly EDC has a subsidizing role to play without damaging the competitive ability of our industry. This is a matter of judgment which is not easily defined. Perhaps some answers will arise when it is studied in committee.

● (1552)

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise in order to point out a few simple facts relating to the bill before the House and its relationship to the Canadian economy.

Opposition has been expressed by members of parliament to the extension of funds to the Export Development Corporation. That corporation claims it needs those funds in order to fulfil its objectives. Generally parliamentarians, including myself, suffer from a lack of understanding, or perhaps there has not been enough openness concerning the activities of the Export Development Corporation. There is some confusion surrounding the prime objective of EDC.

In any institution which grows and is an appendage of a department, there comes a time when the original purpose evolves into other types of things which were not originally intended in the legislation. The Export Development Corporation is an appendage of the Department of Industry, Trade and Commerce. When the Export Development Corporation was established, it was to assist Canadian exporters. Economic historians have written great tomes about staple exports, particularly since the famous Toronto economist, Mr. Innis, forecast a period of such growth for Canada. He indicated, from an economic point of view that Canada had many natural resources, what he called staples. Our resource industry began with the fur trade and expanded into such things as wheat, minerals, and oil. Economists indicate that Canada has a comparative advantage. Perhaps it is not an economic rule. Perhaps it is just logic which has been taken over by economists, this notion of comparative advantage. The development of Canada has stressed both renewable and non-renewable resources. In the natural course of our development, we became an exporting nation because of our primary resource industries, both renewable and non-renewable.

As time went on, other countries discovered similar resources or substitute resources which could be sold on world

markets. To this day, by and large we are a nation which depends upon staples for the standard of living which we experience. When our exports are in trouble, our nation is in great trouble. At the present time our current account deficit is running extremely high. In the past it was covered by capital inflows and borrowings abroad. At the present time it has not balanced out because of the failure of our monetary, fiscal, export, and general commercial policies.

Canada does all right in the merchandise hard goods and soft goods sector, but we fall far behind in the service sector. In order to make up for this, we are forced into large borrowings. Our economy is still structured around the basic notion of exporting mainly primary resource and staple products, plus some processing of them. As far as manufactured end products are concerned, at the present time we are experiencing a deficit of approximately $11 billion. Although it does not seem to worry some people, it should.

Recently an hon. member referred to the idea that Canada is following its historical, natural comparative advantage. Also he indicated that we should not be worried about the fact that our manufacturing industry is not growing. He forgets that many of our comparative advantages are now dwindling because of competition from other countries, and because we have not succeeded in building our own manufacturing capability.

In the process of the evolution of our economy, since the export of staples was so important, during the post war period we arrived at full nationhood. Perhaps Canada is a small or medium-sized power as far as the giants are concerned, but our population grew from approximately 11 million people during the time of the war to approximately 23 million or 24 million people today.

The Export Development Corporation was established to give a shot in the arm to Canadian exports when they were in trouble, in order to maintain Canadian jobs and to increase Canadian jobs. In my section of the country there is a steel plant which is nowhere near the market place when compared to Ontario steel plants. Over the years that plant has depended to a large extent on semi-finished products, as well as being dependent upon selling rails to underdeveloped or less-developed countries. The steel plant has been dependent upon rail market orders, and through its period of public ownership that rail mill in Sydney has been largely assisted by the Export Development Corporation. Thus, EDC has maintained if not increased jobs in that area. Of course everyone realizes there has been a decrease in jobs in that steel plant. If the soft loans which were granted to countries like Mexico had not come about, that Sydney steel plant would have experienced less employment than at present. Another plant in Trenton which is owned by Hawker-Siddeley also was assisted to a large extent and was able to survive.

The original intent of the Export Development Corporation was to improve Canada's natural advantages, as well as our export sector, for the benefit of all Canadians. Some point out that in the evolution of the corporation, in recent years it has made new moves akin to things one might consider as being the function of a Canadian international development agency, such as supplying grants and loans to Canadian companies operating in other countries, with the jobs basically going to people in those other countries. It may be true that in some cases this helps Canada's balance of payments and employment picture, but I see this as the essential problem confronting those who are opposed to giving increased funding to the Export Development Corporation at this time. This is an important role for the EDC to fulfil, particularly at this time when we know these less developed countries of the world need help. Nevertheless, when we compare Canada with the United States, Russia, Japan, West Germany, and most other countries of the European Economic Community, this is still a developing country. For this reason we require the type of activity I alluded to in the two examples I gave.

● (1602)

What some of us feel, and a few very seriously, is that the Export Development Corporation has gone beyond its original purpose. It is getting out of hand in allowing certain multinational mining corporations to use its funds to create jobs in Guatemala and Indonesia, through developments such as that of the Inco plant in Sudbury.

We know of the work being done by Eric Kierans at McGill University in respect of what tax deferrals do for this type of thing. You have approximately $11 billion in tax deferrals by multinational corporations, and that is approximately the situation, given a slight interpolation from the last figures put out in the CALURA figures, and yet there is little real investment development in terms of equipment, plant and factories in Canada, most of which are operating at about 80 per cent capacity, then there is an apparent contradiction.

This government has acted through its fiscal policies to assist these large corporations. This was particularly true under former finance minister John Turner. It is amazing just to realize the number of tax deferrals allowed during that two or three year period. As a result of this type of thing and of retained earnings on the part of these corporations, many of them are now very liquid. Some of them suffer from a shortage of cash flow or capital, but many are very liquid.

Given the internal saving or retained earnings, and given the help offered by government in terms of tax and investment credits of a variety of kinds, including the tax deferrals I have mentioned, we cannot understand why these funds are not being turned into jobs for Canadians. The theory is that you put savings into insurance and trust companies, as well as banks and other institutions, which pay you interest, and in turn they lend out that money at a greater interest rate in order to make money for themselves. The corporations then take that money and turn it into plant and equipment for jobs. There is a great missing link here. We have more personal savings in Canada at this time, as a percentage of the g.n.p., as a percentage of disposal income, and as a percentage of national income, than at any time during the last ten years, but we still suffer high unemployment.

We have these special tax deferrals and tax investments which are not being used to increase the number of jobs to meet the needs of the Canadian labour force. If they were being used for this purpose we would not have the 1,040,000 or 1,080,000 unemployed at the present time, and those are the official figures according to Statistics Canada. My leader is not exaggerating when he suggests the real unemployment figure is closer to 1,400,000 when you take into account the number of discouraged workers who are no longer actively looking for employment.

We know the officials of the Export Development Corporation have done a great job in promoting exports throughout the history of this corporation. This is particularly true of the exports from my own area of the country, such as those from the Sydney and Trenton Steel works.

Many people are concerned about the other function of this corporation, and that is the promotion of Canadian multinational corporations, especially mining ones, no matter where they operate. I am wondering whether the Export Development Corporation should be pushing that function when the primary function, as I see it, was to assist export industries in Canada, both in the primary and manufacturing sectors, to compete internationally, through loans and in other ways, in order that jobs for workers would increase. This is vitally important in Canada at this time.

I try to be as fair as I can to the Prime Minister (Mr. Trudeau), particularly in relation to the national unity issue, but in the last four years the major failure of this Liberal government has been in its mismanagement of the economy of this country. This government has mismanaged the economy of this country to such an extent in the last four years that it makes one sad. If we are going to recover we must certainly find a means of developing manufacturing and processing industry in this country rather than in other countries of the world.

From a moral point of view we want to see these underdeveloped countries assisted economically, but we must look at the situation in our own country. I do not think the people in Alberta, who do not even have to pay any sales tax are generally happy that the situation in the maritimes, Newfoundland and elsewhere, is much worse. However, the situation there is not nearly as bad compared to the situation in many underdeveloped countries of the world. I do not think any Canadian will be satisfied until this gap between our standards of living and theirs has been closed. We have both the moral and economic obligation to help these countries, but I do not see that as the role of the Export Development Corporation. It is one for CIDA.

I have just one or two more points to make. Since coming to parliament I have said that one of the greatest failures of Liberal governments over the years has been in not gaining control of our own economy. I say this is a failure of a Liberal government because they have been in power most of the time, although some of my Tory friends were in power for a number of years.

[Mr. Hogan.]

• (1612)

I do not want to be as nationalistic as people in the independent movement in Canada but, Mr. Speaker, there is an important germ of truth in what they are trying to tell us. We cannot continue to have a deficit of $10 or $11 billion in manufactured goods because we lose the ability to produce the primary goods that, through technology, can be turned into finished manufactured goods.

An Australian economist, Colin Clark, has said that the growth of a nation's economy and the growth of the welfare of nations is such that you move from a primary resource stage—principally agriculture—and then, because of changing technology on the supply side and changing demand on the other side, most people get out of primary industries and go to the manufacturing sector and make that labour intensive. Things then become so technologically improved on the supply side and the demand side, with changes against the manufacturing sector, that most people are pushed over into the tertiary or service sector. In other words, you become a society that produces non-things called services, rather than a society that produces things which are called goods.

There is a parallel in all western nations, Mr. Speaker. Much of our labour force has moved into the service industries. Unlike the United States or Japan, Canada has jumped as it were from being a primary producer requiring little labour into a service sector, both government and private, without having a fully developed manufacturing sector. This is hurting us.

I think the Export Development Corporation should be putting emphasis in this area rather than enabling multinational corporations which originate in Canada—and to be fair which have supplied jobs to the primary sector in this country—to move into other countries. It should be helping us build our own manufacturing and processing industries.

There can be debate on how to go about this, given the decisions made in the past regarding tariff structure and capital borrowings from the United States. We must realize that for Canada, the day of reckoning has come, and we hate that to happen during a national unity crisis. We realize there are relatively few separatists in the province of Quebec—probably about 20 per cent, and we are all opposed to them despite the slur that the Prime Minister cast—probably in anger—on all in the opposition last week. It was not fair to say that because we opposed certain things about the sales tax agreement with Quebec that we were favouring the separatist party in Quebec. He can be forgiven, though, because at times we all say things in haste and anger.

The tariff that has protected industry in central Canada is no longer effective. In the last few months questions raised about Quebec in the daily question period generally relate to furniture, footwear, textiles and clothing. These industries have been over-protected from the beginning. Now the same thing is happening in Ontario. We have the most effective protective measures in the western world, Mr. Speaker. A study was done on this subject by Professor Barber of the University of Manitoba.

What the Export Development Corporation has done to help our export trade is appreciated, and all parties will probably agree to increase the funding, although we cannot be sure of that. The corporation must ask itself some serious questions about its function as a development corporation, however, and its relationship to the manufacturing sector.

Winston Churchill is supposed to have said that democracy is the worst form of government until you compare it to everything else. One does not have to sit in this House very long to realize that one of the most disheartening things encountered is the difficulty in getting information. Whether I am re-elected or not by the people I respect, admire, and love, I want to tell members on the other side, or whoever comes to power in this country, that we must have greater freedom of information. We are a democracy, not an Iron Curtain country. We know that some things cannot be disclosed because of the provisions of the Official Secrets Act.

Even in the question period, why should we have a rule that allows a minister to refuse to answer an opposition question? That is undemocratic. We can understand a poor answer, as it is spontaneous, but there is no case for a refusal to answer, as sometimes happens in very important circumstances.

I want to return to my topic, Mr. Speaker, and say to officials of the Export Development Corporation in the gallery, and to the minister in charge of the corporation, who is not here today for whatever reason, that we must find a way to make our institutions more open. We must make this real in fact, not just rhetoric. This applies to the corporation we are now discussing.

In our time in this House we come to have respect for individuals on all sides, regardless of political affiliation, and I have that respect for the hon. member for Peace River (Mr. Baldwin). I have come to the conclusion that one of the most important contributions we can make to parliament is to ensure there is more openness about all our institutions. This will be embarrassing to a government at times, of course. We have before us the lesson of the United States. I have a very high regard for the humility of that nation despite apparent stupidities. We laugh at them at times and we make fun of their presidents sometimes. But when the time came their elected officials told their people. They get much more information in that country from their parliamentarians and from their government than we do here in Canada. I cite that as an example.

● (1622)

I think the Export Development Corporation is in difficulty, partly because under the Ministry of Industry, Trade and Commerce, not just under this particular minister, but all ministers of industry, trade and commerce, parliamentarians have not been told enough about things they should know. If we continue to make light of parliament, there will come a day when provincial and federal entities in special meetings will become the dominant institution. But at this time as a parliament we do not have too good an image. We can dispel our present image. There are all kinds of hard working people here. In general we should take the secrecy out of things. This would be relatively easy to do in most cases, although in certain instances discretion is needed, and certainly the Export Development Corporation falls into this category.

I see Mr. Speaker rubbing his knees. I know over the last four years, whenever he is in the chair and when he does that, he is getting a little tired. However, I ask him to bear with me on this point.

I want to repeat that the Export Development Corporation in its primary objective, as I have described it and as it appeared to me, has done a great job. There are many questions now about where it has gone in recent years and where it intends to go. We must get that Corporation to join with all of the institutions in Canada, even at this late date in our history and despite the economic, social, psychological, and political difficulties, and build a solid economic structure in this country. This should include a large, decisive, manufacturing sector otherwise we could go down the drain much faster than we realize.

[*Translation*]

Mr. Eudore Allard (Rimouski): Thank you, Mr. Speaker, for allowing me to speak on Bill C-36 now before us. However, I must first of all deplore the fact that the government is again doing all it can to have us adopt at full speed such an important piece of financial legislation. To begin with, it seems to me that when such a legislation is put before us to triple the Export Development Corporation's support to Canadian business, as elected representatives we are entitled to ask for guarantees regarding the allocation and management of these funds.

I know that most of us think that our unemployment rate is quite unacceptable and that it is mostly the result of competition from foreign countries and of our rather weak position in an increasing number of industries. I recognize that the Export Development Corporation needs fresh funds which will create new jobs in industries where we are already competitive. The corporation should obviously be able to ensure the steady volume of exports we need to restore our balance of payments.

Mr. Speaker, I think that the corporation could not only promote the continuous expansion of a number of industries such as farm and industrial machinery plants, but also earmark some of these new funds—which Parliament is probably going to authorize—for the development of some sectors where Canada is presently experiencing a significant decline and which might reverse the trend if new markets were found. I am thinking particularly of mining and textile industries. So the government is prepared to increase the maximum guarantees of the corporation from $2.5 billion to $10 billion and its authorized capital from $400 million to $1 billion. If not for electoral reasons, why does the government want to hand out millions under our nose without giving us the opportunity of at least suggesting that these funds be put to better use than has ever been the case in the past?

Mr. Speaker, I note that as at December 31, 1976, the Export Development Corporation was owed $2,458,000 in unpaid interests. We have spent considerable amounts of money to help countries such as Chile and South Africa where the rights of individuals are violated every day. We have lent money to Cuba, which, through its military interventions in Africa, is a threat to peace. Since political considerations are taken into account, as is the case with Rhodesia, why do we not do the same in the cases I just mentioned? The political and economic situation of certain countries is so unstable and unpredictable that we would have reasons to doubt that they will ever norow their commitments. The Export Development Corporation's objective is to increase Canadian exports and not to help less developed countries. Another institution has been established to that end, namely the Canadian International Development Agency or CIDA whose practices also leave much to be desired when it comes to allocation of funds. That means, Mr. Speaker, that the Export Development Corporation will have to review their management mechanisms in order to be able to get their money back.

In an economic situation where competition is very tough and requires concerted action from the government and its lending institutions, it is a must for Canada to make competitive products. While giving EDC the funds they require, I feel it is reasonable to ask them to expand their activities. EDC must play a wider part in the future. Let me explain myself. We all know that a number of sectors of our economy are sick, that eastern regions like the one I represent are in urgent need of competitive industries based on export products.

For instance, in eastern Quebec we have mining, forestry and off-shore resources that only outlets on foreign markets could allow us to develop. In an area where unemployment reaches dramatic proportions, a number of industries and mines have slowed down their production because of a lack of markets. In addition to issuing loans to bying countries and ensuring that Canadian businesses are paid, the Export Development Corporation should also help businesses which are directly involved in export products by way of financial contributions, subsidies and search for other markets.

Mr. Speaker, allow me to say in passing that a Liberal government had to be defeated and a Pequist government elected to revive projects such as the Magdalen Islands salt mines and the Gaspésie limestone deposit projects which were gathering dust on shelves. It is unthinkable that the government should increase so substantially the lending power of its own corporation without reconsidering its objectives. In other words, charity begins at home.

● (1632)

[*English*]

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, I wish to say at the outset that while I approve of Bill C-36, I am greatly concerned about the ad hoc approach to development on the part of this government. This debate is important because it gives us the opportunity to express what, in my judgment, should be an outward view on the way to create manufacturing jobs in Canada. We have to take a bold new approach.

As we consider the Export Development Corporation, we must in this debate not only confine ourselves to EDC but consider the way in which EDC is related to those other instruments of government that are supposed to be promoting development both in Canada and in our role in other countries.

The bill before us triples the carrying capacity of EDC from $9 billion to $27 billion. Several members have expressed concern about the size of this enlargement. They have expressed concern about whether the Export Development Corporation in its attempt to help Canadian manufacturers is actually creating jobs in other countries rather than in Canada.

Is the role of the Export Development Corporation being handled correctly? That is the question on which much of this debate has turned. Questions of growth, capitalization, and the future of markets for Canada are not simple to answer. That is one reason why this debate should not be closed off quickly, as though we have nothing to say; expressing our views, not only of criticism of the government for its failure to create long range jobs in this country in sufficient numbers, but pointing the way and encouraging the government to take certain steps that will be of an innovative character in order to match the future of this country.

A new book has been published, prepared by the Hudson Institute of Canada under the general direction of the head of that institute, Herman Kahn, of the United States. The book is called "Canada Has A Future". There is no question mark after that title. It is about time we started to get some literature of a positive nature on the future of our country. I want to indicate one paragraph from that book which sets the context for the remarks I want to make about the Export Development Corporation.

This book makes the following observation:

> —Canadians could be innovative in the international field generally. An innovation which would be terribly useful for the Third World and the First World alike, indeed perhaps the most useful single thing any advanced country could do, would be for Canada to innovate appropriate methods of alleviating a world problem which will become increasingly acute during the next two or three decades: an enormous and increasing labour surplus in the Third World and an almost equally dramatic labour shortage in the First World.

I want to align that quotation from "Canada Has A Future" with a comment made by my colleague from Vancouver Quadra who, in his contribution to this debate, put his finger on what really needs to be considered when we talk about the Export Development Corporation. The hon. member for Vancouver Quadra (Mr. Clarke) said what is necessary is for the Canada Development Corporation and the Export Development Corporation to be merged into a new national development corporation. If that were done, he said:

> —a new economic strategy for Canada could be formulated which would balance our exports and industrial objectives. Finally, if a new export policy is thus rationalized, private financial institutions could be encouraged to contribute

to a fund for the development of third world nations on the threshhold of development.

What we are considering here is the enlargement of markets for Canadian goods of a long range. As I said a moment ago, much of the government's preoccupation is with short range, getting over the hump, meeting the exigencies of what appear to be the daily crises, the monthly figures. We have to look at where our markets for Canadian goods can be found in the future of our country.

I quote from Mr. Shridath S. Ramphal, the Secretary General of the Commonwealth. Mr. Ramphal has been distinguished in his contributions to what is called the north-south dialogue taking place today, in which the developed and developing nations are attempting to work out new strategies for industrial growth which will permit that growth to take place on a more equitable basis around the world.

He points out that most of the developing populations around the world, and most of the future markets of the world, are in what is now called the developing countries. They now have a low purchasing power, with the result that they are not able to buy very much from the developing nations. The point he makes is that if we took the long range view toward the creation of new markets in the developing world, it would not only be a good thing to do for the growth of the people concerned, but it would be very good for us. It would not only stimulate the economies of the developed countries, but it would ensure their continued steady growth to meet the growth of world conditions.

Mr. Ramphal says:

The increases in the incomes which the developing countries would earn from the dismantling of trade barriers and other obstacles and from a sustained expansion of their export income from primary commodities and from manufactures, would be spent, and spent quickly, on imports from the industrialized countries.

What he is saying there is precisely what was said by the subcommittee on international development which conducted studies in the past two sessions of parliament on questions related to commodity pricing related to the UNCTAD IV Conference and on questions related to debt financing in the third world, connected to the Conference on International Economic Co-operation which concluded its work last summer.

When we talk about fusing policies, harmonizing what the Canadian government's policies are with regard to the Export Development Corporation which is supposed to be in business to help the export of Canadian goods abroad and, in turn, to stimulate and create Canadian jobs, that whole approach needs to be keyed to the Canadian approach of international development taken by CIDA.

● (1642)

Two of the speakers this afternoon reflected in their remarks the confusion which arises when we consider the role of the Export Development Corporation, especially in the third world. Let there be no mistake. The Export Development Corporation is a commercial enterprise. It is not in the aid business, nor should it be. It ensures exports. It makes loans to what one might call middle range countries. It has been criticized for providing loans to first world countries—one example is the steel mill at Perth Amboy, New Jersey, and another is the development of the pulp and paper industry in Poland. I would certainly criticize the corporation for its policy in providing loans for Cuba.

My hon. friend from Esquimalt-Saanich pointed out the other night, in the course of a very effective contribution to this debate, that it was altogether wrong to expect the Canadian people to support an instrument of policy which was, in effect, helping a country to expand its military operations overseas, causing havoc in the process. I have in mind Cuba's policy of sending increasing numbers of troops to Africa taking us, in my judgment, one step closer to world war III. I have expressed the view for some time that our commercial relations with Cuba through the EDC, and through our aid policies, ought to be suspended on the ground that we should express our condemnation of that country's exacerbation of the danger of war through its military activities.

The policy of EDC, whether we are talking about the development of pulp mills in Poland or of a steel mill in the United States, or the development in Indonesia which Inco is managing, ought to be debated and examined in committee. It is not my intention at this time to enlarge on the concepts put forward by others. What I am attempting to do is emphasize the commercial character of the EDC so that a sharp distinction may be made between the corporation and the aid policies of the government through CIDA. It is precisely because CIDA has got itself into the export business that its true purpose has been hurt. Further, through this jungle of policies, we find ourselves in a strange position, one in which CIDA is not only failing to carry out the humanitarian work it ought to be doing in third world countries but is failing to develop people who might in future be customers of Canadian business.

I stated at the outset of my speech that one of the most important contributions to the debate so far was made by my hon. friend from Vancouver Quadra, who said a new national policy was needed, one which would rationalize the creation of jobs and the development of our industry. I would use that statement as a stepping stone to what I wish to say next.

If the government would move away from its dependence on ad hoc decisions and policies with respect to development, and clarify the distinct roles of its agencies, it could stimulate the economy by providing a long range pattern of growth. In addition, it would be doing a better job in relation to helping those who most need help in an era of profound change.

It is not new to talk about harmonizing the various instruments of government policy. I have here a publication put out by the federal government entitled "Strategy for International Development Co-operation, 1975-1980." This document outlines a five-point strategy, and the first of those five points calls attention to the need for a comprehensive and organic approach to development co-operation. I will read the first point in its entirety because I wish to place it on the record.

In renewing its firm commitment to international development and cooperation, the government undertakes to harmonize various external and domestic

policies which have an impact on the developing countries and to use a variety of policy instruments in the trade, international monetary and other fields in order to achieve its international development objectives.

What does this mean? The point, it seems to me, is summarized in the following sentence, also from the publication mentioned:

While continuing to value a higher volume and an improved quality of development assistance, developing countries are particularly concerned with other factors influencing their economic prospects, such as trade, monetary reform, investment, shipping and transfer of technology.

Well, Mr. Speaker, how have we been doing? How well have we been harmonizing the various instruments available to the government? The new North-South Institute, a private organization founded about a year ago, an organization well respected in development circles in Canada, made an evaluation of the government's development policies in a report issued a couple of months ago. Time does not permit me to go into this in this debate, but with respect to point one, about which I have just read, on the question of harmonizing, the North-South Institute has given a rating to the government's performance in that policy, and the rating is minus D. When my children come home with minus D on their report cards, I do not think very much of it.

● (1652)

What does minus D mean? It means that the government has failed to implement that key plank in the five-year strategy which is supposed to be harmonizing our industries to promote development in the world. The government, and I quote:

. . . is failing badly on this point. There is not sufficiently strong or consistent leadership being exerted to force all departments to give adequate weight to developing countries' concerns in their areas of policy. Without this supervision, departments tend not to do homework and to lose sight of the development dimension. The result is that the main effort now must be to prevent backsliding in several important policy areas.

Then the North-South Institute goes on to make the following point:

—Negative steps (non-tariff barriers) and contradictions (promotion of uncompetitive industries by DREE and the adjustment programmes of Industry, Trade and Commerce).

All of those programs have had a negative rating so far. When we talk about failure to implement policies, we have to put the discussion into the wider context of what is going on in the world, because I think it is unfair to single out the Canadian government as the only culprit in not taking long-range constructive policies to promote development. The problem is deeper than merely the colouration of the government. The problem has to do with the structures in the international community today as well as with what we might call the climate of world opinion.

There is another important passage from the most recent address by Mr. Ramphal to a number of British parliamentarians on January 23 of this year, in which Mr. Ramphal puts his finger on the dilemma we and the Export Development Corporation face as the EDC attempts to decide where it can most successfully invest its money commercially. It is a dilemma which hon. members of this House ought to be considering as we contemplate the future of the EDC. Mr. Ramphal evaluated what has been going on over the past couple of years since the new international economic order was formulated and espoused by the United Nations at the Sixth and Seventh Special Sessions of the General Assembly which took place in 1975 and 1976.

Mr. Ramphal gave this evaluation:

The frustrations of UNCTAD IV, the failure of CIEC . . .

The North-South Conference which took place, at which the Deputy Prime Minister (Mr. MacEachen) was co-chairman.

. . . to produce meaningful results on structural change in the world's trading and financial arrangements, or, even to agree on the character of its disagreements; the negligible progress being made in eliminating the barriers to trade at the Multilateral Trade Negotiations in Geneva after four years of intensive dialogue; the bogging down of the negotiations on individual commodity agreements and on the Common Fund in spite of verbal agreement on the Integrated Programme for Commodities; the perpetuation of disorderly conditions in the international financial system with the attendant displacement of an international financial system by one substantially under national control; and the inability of the international community to agree even on a forum for coming to grips with the debt problem of the developing countries despite the staggering balance of payments deficits which have been projected for them—these events (or non-events) are not only disappointing in themselves, they are positively dangerous. To put it at its most charitable, this record of continuous dialogue and consistent inaction suggests that the realism which induced the promises of the Sixth and Seventh Special Sessions has passed and that the rich are returning to accustomed complacency with an unequal world—with all that that implies for a world at war with itself, even though all the evidence demonstrates that—as the young Canadian poet Margaret Atwood so poignantly warned us: "surviving is the only war we can afford."

I have used that quotation to indicate that the harmonizing of our domestic and international policies, with a new understanding that such a move is essential to create those long-range markets for Canada, is most urgently needed at this moment. I said that we should clarify the roles of both EDC and CIDA so that we can stop being confused about them. In order to do that I would like to draw attention to Mr. Robert McNamara, the president of the World Bank, who is among the leaders in the world now making the point that if developed nations in their assistance programs would change their programs to provide basic human development in developing countries—and by that he means food, water, shelter, hygiene, and education—that would provide a spirit of self-reliance in the developing nations and would help them to grow so that they can become those legitimate consumers who are waiting in the expectation that some day they will be able to have some of the basics of life. I want to use a little incident to illustrate the magnitude of what we are talking about here.

I was in China recently. I was going through a commune. I know the Export Development Corporation does not deal with China, but its officials should listen anyway because the moral applies to the countries with which it does deal. When I was in China I went through a commune, and I noticed a television set in the home of one of the leaders of that commune. That leader was a woman, and I asked her why she had a television set. She said it was true that there were television sets in public halls and so forth, but that more and more people now wanted to have television sets. I asked why, and she said, "Well, because it is so nice to lie in bed and watch television". I said to myself that that woman was ringing a bell. She was speaking for millions upon millions of people in third world

countries who are waiting with the expectation that some day they are going to be able to buy the goods and services that we should be able to produce.

It is in the interests, as Robert McNamara, Mr. Ramphal, and United Nations experts keep telling us, of the countries of the developed world to create aid policies which produce self reliance so that people in third world countries can eventually rise above the kind of life which is deprived even of human dignity and become the consumers of the future. That is a long-range policy for human development which is good for people, for society, and for Canadian manufacturing industries.

● (1702)

When I say harmonizing the policies I mean the government should harmonize its policies. I say to government members today, and to some of my own colleagues whom I expect to form a government before very long—

Some hon. Members: Hear, hear!

Mr. Roche: —that when this party forms the government we are going to formulate development policies of the kind which the hon. member for Vancouver Quadra has described, namely, long range development policies which can be depended upon and are not ad hoc as the present government's policies are. That is the route advocated by Mr. McNamara.

I am confident that the future of Canadian development policies would be much sounder if we asserted, through this debate and through the committee work which will follow, and keep driving home to the government, the need for long range, integrated, harmonizing policies which take advantage of our need to create new markets, and realize the very real conditions throughout the world, particularly the developing world of people who need to be brought to a state of self-reliance.

Before I come to my final point I would like to make this observation, Mr. Speaker. The way in which CIDA is now being used by the government as a sort of mini EDC is doing a disservice to the cause of development, because most of the money that CIDA spends—its budget is now $1.2 billion, and some 60 per cent to 65 per cent is spent through high technology bilateral aid—is aimed at helping Canadian industries. I am all for helping Canadian industries and for doing everything we possibly can to increase our exports and improve our manufacturing potential in this country. What I am against is CIDA giving away high technology items such as planes, generators, and bridges. I am against CIDA giving that away in the name of aid because it is creating a dependence on CIDA by Canadian manufacturers as an instrument which is going to do their sales work.

CIDA should be confined to helping to create self-reliance among the masses of people in villages, rather than so much of its budget being devoted to exporting high technological equipment, an activity which may look good in the short range because it adds to our export total, but one which in effect does not promote development in countries with which we are dealing. One example of that is Indonesia, a country about which our friends in EDC know a lot because they are heavily involved there.

CIDA has a $37 million program in Indonesia today in the form of official development assistance, plus a credit line of some $200 million from EDC operating in Indonesia. What do they get for this kind of money? They get planes, training of pilots, generators, and a number of things such as high technology equipment which I have seen with my own eyes. This adds a fraction to our manufacturing here.

CIDA officials, of course, go around the country telling Canadians they should support CIDA because it is good for Canadian business. This puts people like me in a very difficult position because I do not want to argue that we should not be helping Canadian business. Obviously Canadian business needs to be helped, but it is the function of EDC to do that, not a function in the name of aid, because in Indonesia, while highly technological equipment is being sent there in the name of aid, studies which have been carried out in that country show that 75 per cent of the people live in villages where there are no floors in the houses, there is no water, there are no latrines, and no educational facilities.

We are not talking about some throw-away, backwater community. We are talking about the fifth largest country in the world, with a population of 140 million, 75 per cent to 80 per cent of them living in villages at this very low subsistence level. Bangladesh is in a similar situation. It has a population of 80 million people, 90 per cent of whom live in rural areas with no basic services. That is why Mr. McNamara said that if the developed countries are serious about their relations with developing countries, they would steer their aid policies toward the creation of self-reliance by having their aid emphasize what I call the big five, that is, food, water, shelter, hygiene, and job opportunities.

I have indicated some reasons for differentiating between what EDC does and what CIDA ought to do in order that the markets for Canadian potential sales may be developed. What we have to remember at the base of this very complex discussion of north-south relations is that low productivity is at the heart of the dilemma both in Canada and in the developing countries. It is in the interests of both the rich and the poor to boost productivity all over the world, and this can be done by stabilizing commodity prices, lowering tariff barriers, increasing the flow of capital to the developing world, and improving the transfer of technology.

This bill gives us an opportunity to make the point that we advocate an intensified and continuous technical co-operation with developing countries. That should lead us into more private investment in the developing countries stimulated by EDC as a way of helping out not only those countries but also helping the Canadian manufacturing industry.

I advocate an increase in private investment capital from Canada to the developing countries through an instrument such as the Advisory Council on International Development to provide systematic consultation between business, labour, and government. This would stimulate private enterprise to trans-

fer larger capital investment and more managerial skills to broaden the industrial base of Third World countries.

Further, I advocate modifications in Canadian tax laws, and other steps to encourage Canadian companies to participate in international trading companies and form consortia to help develop the economies of third world countries. At the same time, these ventures would bring substantial benefits to Canadian business and industry.

That is my case for making this intervention. I believe there are two sides to the EDC story, the side here in Canada which can be harmonized successfully with the other side, which is our need to find new markets and to develop those markets through the creation of self-reliance among those millions upon millions of people who want nothing more in life but the opportunities we have in this country.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, when the Minister of Industry, Trade and Commerce (Mr. Horner) initiated the debate on Bill C-36, he said that the Export Development Corporation was probably the most misunderstood corporation in Canada. After having read the record of the debate which has taken place on this bill, and having listened in person to the debate this afternoon in the House, I am afraid that people reading *Hansard* or listening to the debate will be confused further. I may be a country boy from Vancouver Island, but it seems to me that Bill C-36 is a very simple piece of legislation.

The bill proposes to amend the present Export Development Act by increasing the authorized capital of EDC to $1 billion. It proposes to provide separate ceilings for direct and contingent liabilities, as well as providing ceiling amounts in the direct liabilities corporate account of $10 billion. Also it proposes to have ceilings expressed for corporate accounts in multiples of ten times the authorized capital. I am not an economist, but that seems to be a simple bill.

● (1712)

I have no reason to suspect the words of the Minister of Industry, Trade and Commerce. He indicated that the Export Development Corporation will have reached its corporate lending level by the month of June. Therefore, either one of two things will happen. If this legislation is not approved, then there will be no more funds for the Export Development Corporation to lend out, because its maximum will have been reached.

If this legislation is allowed to go to committee, then I am sure the minister and his officials will be very glad to go over the role of the Export Development Corporation. As the hon. member for Cape Breton-East Richmond (Mr. Hogan) said, it should be out in the open. I am sure the officials will be willing to talk about interest rates and other matters. I hope the hon. member will participate in that committee in order to question the Export Development Corporation.

Since I am a country boy, perhaps I am not the world's greatest economist. I know in 1977 the Export Development Corporation contributed to maintaining and creating new jobs in the amount of 200,000 man-years.

Some hon. Members: Oh, oh!

Mr. Anderson: Perhaps that does not sound like very much to hon. members of the opposition. Day in and day out I hear doom and gloom from hon. members opposite concerning employment problems in Canada. This Crown corporation is increasing and maintaining Canadian jobs to the amount of 200,000 man-years.

Mr. Rodriguez: Oh, come on!

Mr. Anderson: I suspect the hon. member for Nickel Belt (Mr. Rodriguez) does not like what I am saying because it is a success story.

An hon. Member: Right on!

Mr. Anderson: Hon. members of the opposition parties do not like to hear success stories.

The Acting Speaker (Mr. Ethier): The hon. member for Nickel Belt (Mr. Rodriguez) on a point of order.

Mr. Rodriguez: Mr. Speaker, will the hon. parliamentary secretary permit a question?

The Acting Speaker (Mr. Ethier): Will the hon. parliamentary secretary permit a question?

Mr. Anderson: Mr. Speaker, I will more than welcome a question after the conclusion of my remarks.

Mr. Rodriguez: Chicken.

Mr. Anderson: Before the hon. member interrupted, I was referring to a success story. Aside from the Export Development Corporation creating jobs for Canadians, it is interesting to note that it is self-sustaining. In most years of its operations, it contributes a profit which is reinvested back into the corporation to be lent out again. My understanding is that the profit made by the Export Development Corporation in 1977 was approximately $60 million. In itself, that is a very complimentary and beneficial result of the corporation. It means that the corporation generates funds to lend out on foreign markets.

The criticism regarding the Export Development Corporation basically has been that it is financing competition to Canadian industries. Because certain people and parties in this country have created the false impression that, by funding Canadian industries abroad, the Export Development Corporation is somehow cutting down jobs in Canada, this should be laid to rest in the House immediately. Capital projects in Indonesia, Poland, and Iran will go ahead with or without Canadian expenditure.

Mr. Rodriguez: Oh, oh!

Mr. Anderson: If the hon. member for Nickel Belt would care to debate this subject on any platform, I would be pleased

to participate. If he or his party indicate in the next election campaign that capital projects—

Mr. Rodriguez: When is that going to happen?

Mr. Anderson: If it is indicated by them that capital projects in Poland, Iran, and Indonesia will not go ahead without Canadian participation, then they are deluding Canadians. Those projects will go ahead. It is only a question as to whether Canadian manufacturers will get a bite of those projects. It is only a matter of whether we become a part of those projects.

Mr. Rodriguez: Oh, oh!

Mr. Anderson: Obviously the hon. member has a problem with his economic theories. Not only will they delude Canadians, they will delude themselves if they argue that Canadian participation does not create Canadian jobs, and that these projects will not go ahead unless Canada participates. That is utter rubbish.

Mr. Rodriguez: I challenge the parliamentary secretary to come up to Nickel Belt and repeat that.

Mr. Anderson: Inevitably Canada's competitive position will be challenged in areas such as pulp, paper, and nickel as a result of other countries developing their own capabilities.

Mr. Rodriguez: Tell that to the people of Nickel Belt.

Mr. Anderson: These developments will take place. Third world countries, as well as other underdeveloped countries, will develop their paper facilities. If they have nickel or copper, they will not sit back idly.

Mr. Rodriguez: The parliamentary secretary should include that in a speech to my constituents.

Mr. Anderson: I do not expect to hear economic theory which makes sense from the hon. member for Nickel Belt.

Mr. Rodriguez: Oh, oh!

Mr. Anderson: Instead of playing politics all the time, I hope the hon. member for Nickel Belt will examine our economic theory. Instead of making political speeches, perhaps he should look at what is being done by the Export Development Corporation and what its objectives are. Last year that corporation provided 200,000 man-years of employment for Canadians.

Mr. Rodriguez: Where did you get that figure from?

Mr. Peters: Did you pull it out of the air?

Mr. Anderson: Canada is doing something that no other country does. At the present time the Export Development Corporation charges in the neighbourhood of 6 per cent to 7 per cent on its loans.

Mr. Rodriguez: How do you know that?

Mr. Anderson: Countries such as Japan are competing with Canadian products. They have organizations similar to the Canadian Export Development Corporation, but their interest rates are in the neighbourhood of 4 per cent.

Mr. Peters: Then why is Indonesia coming to us?

Mr. Anderson: We are like lambs in the international market. Thank God the lambs from the New Democratic Party are not out on the world markets. If that was the case, Canadian contracts would never be sold and Canadian machinery would not be going to the world markets.

Mr. Peters: Very funny!

Mr. Anderson: If we are to encourage our manufacturing industry, we must supply assistance in the form of corporations such as the Export Development Corporation. Every other major exporting nation has exactly the same type of corporation. Anyone who even pretends to have any economic knowledge is talking absolute drivel if he indicates that this corporation should be examined, perhaps abolished, and that machinery and equipment should not be exported to countries such as Poland.

Mr. Hogan: Who suggested that?

Mr. Anderson: These people should ask the government what it is doing to help the manufacturing industry. I am pointing out what is being done.

Mr. Rodriguez: Come on!

Mr. Peters: Is that what you call help?

Mr. Anderson: We would like to have the limit raised so that this corporation will not run out of funds in June of this year and, in fact, will have funds to continue financing Canadian industry throughout the world. In 1977 the export trade support of the Export Development Corporation reached a record high of $2.6 billion. It is estimated that in 1977 the Export Development Corporation financed 40 per cent of all capital goods and services exported from this country.

• (1722)

An hon. Member: No wonder we are in trouble.

Mr. Anderson: According to the theory put out by my good friends opposite, I guess what we should do is put a lid on all those bad people in the third world who have the temerity to have an utter disregard for Canada in developing their own resources. What a bad bunch of robbers they are, developing over there while we as Canadians are plugging money into the multinational corporations, which do not need it anyway, setting up competition for Canadians. What a simple story to tell your children at night; children who are too young to understand. It is unfortunate that in this day and age, when Canadian businesses, exporters, and manufacturers are having a very difficult time in foreign markets, and I suggest this is for a variety of reasons, this parliament does not recognize the

importance of a corporation such as the EDC and the assistance it can bring to the Canadian businessman. It is unfortunate that this parliament does not recognize these facts and pass this legislation so that this money can be provided before the corporation runs out of funding in June of this year.

It is all very well to stand up and criticize the government because of a slow increase in the number of jobs in the manufacturing sector, but one should take into account the facts. Let me give one example. There have been a number of comments regarding a steel company in the United States which was provided with Export Development Corporation money. No one has ever said what the situation actually is regarding this company. Perhaps a few facts about this will wake up my hon. friends in the New Democratic Party.

This is referred to as a unique concept in the production of steel. This mini steel mill has vaulted the small community of Whitby, Ontario, into prominence in the export of Canadian technology and the creation of employment in Canada. Does that name Whitby ring a bell with hon. gentlemen opposite from the NDP? Is the Leader of the NDP (Mr. Broadbent) going to go to Whitby and say he is against this EDC program which is helping out a Canadian company located in his constituency? You go there and tell them this is a bad thing!

The Whitby-based firm of Co'steel International Limited already is operating mini steel mills in Canada, the United Kingdom, and the United States. It is now launching a similar venture in Perth Amboy, New Jersey. The equipment will be built completely in Canada, providing at least 1,350 man-years of employment in 130 companies across Canada.

Mr. Hogan: Name them.

Mr. Anderson: I will if you would like.

Mr. Hogan: Go ahead.

Mr. Anderson: I have them here. In a brief ceremony—I will not go into the details of that meeting. Raritan River Steel Company of New Jersey, a subsidiary of Co'steel, will operate the mill which is expected to go into production in 1979. The project consists of steel-making and rod-rolling facilities. The rod mill will utilize billets produced by an arc electric furnace and a continuous casting machine. The projected output of 450,000 tons a year is tailored to supply the market for the steel rod, wire mesh, and fastener industries along the U.S. coast from Maine to Florida. That is a traditional Canadian market, the Maine to Florida market.

Despite strong competition from the U.S., Germany, the United Kingdom, and Japan, Canada is assured of the sales of the equipment going into the proposed mill. Some 130 small and larger Canadian firms engaged in engineering, metal working, and electrical equipment manufacturing, will provide equipment, supplies, and services for the Perth Amboy mill.

The interesting fact here is that, first of all, the mill is not competing with Canadian products. Secondly, regardless of whether the EDC is involved or not, the mill would have gone ahead. The only question is whether the jobs in Whitby would have been provided. I suggest rather they would have been created in the United States. I would ask the hon. gentlemen in the NDP if they are willing to go to Whitby and tell the people there that the EDC has hurt their chances for jobs. I am afraid they would be laughed out of town. I am certainly sure that the Leader of the New Democratic Party is not going to go to Whitby and stand on a stump shouting "Down with the EDC". It is all very well to do that in other parts of Canada, but I am sure he will not be doing it in his own riding because that would obviously be foolish.

One of the gentlemen from the NDP asked me to name some of the companies. I will name some of them if he wants and he has the time. I have a list of them here. They include Co'steel International Limited, 1601 Hopkins, Whitby, Ontario, and the amount of the loan is $47 million. Suppliers include Provincial Crane Division of Dominion Bridge Company Limited, Niagara Falls, and that company will be supplying cranes to the value of $2.6 million; Lake Ontario Steel Company of Whitby will be supplying reinforcing steel to the value of $461,000; Canadian General Electric of Scarborough will be providing main drive DC motors to the value of $1,780,000, generating 77 man-years of employment; Whiting Equipment Limited of Welland will supply an arc electric furnace to a value of $1,521,000; Concast Canada Limited of Montreal will be supplying a casting machine at a cost of $2,230,000; and Brown Boveri Canada Limited of Pointe Claire will be supplying power supplies and controls to the extent of $1,730,000, providing 54 man-years. Mr. Speaker, let me suggest that the point has been proven.

What would have happened in this particular instance had this particular mill been financed by the United States, Japan, or the United Kingdom? I suggest the jobs which have been created in Canada at the various companies I have mentioned would just not exist. We would not have those jobs. We must bite the bullet and realize that if we are to compete on world markets there may be instances in which the products produced by the companies assisted will be in competition with Canadian produced products, whether those products are manufactured in Poland, Indonesia, or elsewhere. This is what we must realize, and this is the heart of the matter. These projects will go ahead, with or without Canada, and it is up to us to determine whether we want some of the man-years employment in time devoted to these projects, or whether we want to kiss it off by saying we will not take part because these projects may be in competition with our own. I submit that such action would be cutting our own throats.

We are not dealing with an "either or" situation. This involves simply a question of whether Canada participates and jobs are created as a result of that participation. It is utter and absolute nonsense to say that such financing is reducing jobs in Canada. Competition may be involved but, as sure as God made little green apples, we would be getting that competition from Japan, Germany or the United Kingdom whether Canada participated or not. Their factories would produce the equipment. Either we accept that fact, or realize we are ridiculous as economists—as are our friends opposite.

● (1732)

When a Canadian company such as MacMillan Bloedel goes abroad it brings benefit to Canada in the form of the share dividends that accrue to Canadian shareholders. The role of the Export Development Corporation in setting up these corporations abroad is to create jobs and bring other benefits such as the flow of capital to Canadians.

If my friends in the opposition do not agree with that thesis that projects will go ahead with or without our participation, if they wish Japanese, West German or United Kingdom companies to straddle the world while ours remain at home, let them say so. Let the Japanese, the West German and United Kingdom companies develop mines in Indonesia and Guatemala. Let them surround us with their capital while we stay pure and do not put money into industries that may compete against us.

The argument put forth by some hon. members is fallacious. If we are to provide stimulus to Canadian business so that they can compete abroad in countries using exactly the same type of corporation—some with lower interest rates than ours—then we must support this legislation. If we take the view that such competition does not matter—that because Alcan or any other company has interests in Canada and therefore we should not compete against ourselves—we should say so.

The hon. member for Nickel Belt will have an opportunity to contribute to this debate later, although judging from his past performance he will not have much to contribute.

I hope that members who have an interest in this corporation will express their views at committee stage when they will be able to examine witnesses, including the Minister of Industry, Trade and Commerce and his officials. I hope we get speedy passage of this bill to the committee stage.

Mr. Rodriguez: Mr. Speaker, I rise on a point of order. The parliamentary secretary said he would answer a question at the end of his speech, so I presume he is now prepared to do so.

I have information from International Nickel Company of Canada in a letter signed by Elizabeth Parr Bond, the director of government affairs. The question is related to the hon. member's reference to the number of man-years of employment that would be created. The letter says quite clearly that the EDC has estimated their loans to Inco have provided the equivalent of 4,000 man-years of work for Canadians through contracts to about 490 Canadian suppliers. This relates to the $77 million that EDC loaned to Inco for the Indonesia operation and the Guatemala operation which it claims created 4,000 man-years of employment. How does the hon. member reconcile 4,000 man-years of employment with the loss of 4,000 permanent jobs at Inco in Sudbury, Thompson, and Port Colborne?

Mr. Anderson: As I indicated, Mr. Speaker, I did not think much would come from the hon. member. I am not sure if this is allowed but I should like to ask him how many tons of nickel are being produced in Guatemala or Indonesia today, April 26, in competition with Inco mines in Canada. I suspect the answer is zero. I also suspect the hon. member did not listen to a word I said. The mines in Guatemala and Indonesia would have been developed with U.K., German and Japanese capital, regardless of what Inco did or of EDC involvement.

The hon. member should ask himself if he would be satisfied with no jobs being created in Canada through the development of those mines when the work could have gone to any other country, or is he happy with the 4,000 man-years of work created in Canada? We could have ended up with no jobs but still had the competition. Now at least we have the 4,000 man-years of work, although we know there will be competition at some future date from mines throughout the world that do not have any Canadian participation. He makes a rather foolish argument, Mr. Speaker.

Mr. Arnold Peters (Timiskaming): Could I ask a question, Mr. Speaker? The hon. member used the example that I presume was provided for him of the Whitby firm Co'steel International Ltd. which has established a plant in New Jersey, and pointed out, quite rightly, that it has been given a large amount of assistance to enable it to buy from Canadian manufacturers. This is a one-time grant, of course.

Could the hon. member tell me what we are doing wrong? Surely the money we loaned would produce permanent jobs in Canada, not just jobs on a one-shot basis. Could the material not be manufactured in Canada? Are tariffs too high or our prices too high? What could we have done to keep that corporation in Canada so that the jobs could be permanent jobs?

Surely the function of EDC is to work toward that end and not just on one-time projects that give a certain number of man-years of work but from which there is no lasting benefit. Presumably the suppliers who benefit at this stage expect to exist afterwards, but this type of operation makes their future precarious, to say the least. Is there not something more that the EDC could have done so that this Canadian plant could have located in the maritimes where it was going to locate had not some inducements been offered which persuaded it to establish in New Jersey?

The Acting Speaker (Mr. Ethier): Order, please. For the information of hon. members, I did not recognize the hon. member for Timiskaming (Mr. Peters) on a point of order for the purpose of asking a question. Perhaps we could clarify that at this time. He may not be recognized in the debate again if there is not unanimous consent that he was recognized for the purpose of asking a question. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Anderson: Mr. Speaker, the hon. member asked a very good and rational question. Unfortunately the decision was made by the company in Whitby to locate its mill in New Jersey. I cannot comment on the reasons for the decision. I suspect, however, that the location is closer to the market it intends to serve. I am sure the hon. member heard me say the company has branches in the United Kingdom. I suspect it located in New Jersey to serve a regional market from Maine

to Florida. Perhaps that and other questions could be answered in committee.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, would it be in order for me to ask a question?

The Acting Speaker (Mr. Ethier): Order, please. I would recognize the hon. member for Nickel Belt (Mr. Rodriguez) in the ordinary course of debate. Surely we should have no more questions. We are not at committee stage now.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I would not dare ask any more questions because we are not getting a debate with the parliamentary secretary; what we are getting is a debate with the bureaucrats and nabobs in EDC who have written his spiel. I do not mind debating with the nabobs, but I want to do it in committee.

• (1742)

Some of the things that the hon. member for Comox-Alberni (Mr. Anderson) mentioned in his attempt at responding to the question I put to him, indicate very clearly that he is unaware of the controversy which exists on the board of directors of the EDC with respect to making EDC loans to multinational mining companies. There has been a great deal of turmoil and disagreement. I was told that by the president of EDC, for what it is worth. He said that it was a question which has divided the board of directors.

An hon. Member: He did not tell it to you in confidence either.

Mr. Rodriguez: And he did not tell it to me in confidence either.

No one in this House can expect me to stand in my place here after what we have been through in the Sudbury Basin with respect to the layoffs by Inco and Falconbridge and say that I think the EDC is doing a terrific job, that in effect I support the increase of its capitalization. It seems to me that it ought not to be supported by members of this House until an overhaul is made of the way in which the Export Development Corporation operates, along with their accountability to parliament and to the Standing Committee on Finance, Trade and Economic Affairs. I have been before the committee on three previous occasions. On each of those occasions it was for a matter to increase capitalization of the Export Development Corporation.

We heard the hon. member for Comox-Alberni mention in relation to the Inco operation that no nickel has come out of Indonesia or out of Guatemala as yet, so they could not have an effect on the market. We had better take a look at the whole situation, Mr. Speaker, for the edification of the bureaucrats who probably do not know a bloody thing about nickel. Maybe they ought to listen if they are in the galleries.

There are two kinds of nickel, namely, lateritic nickel and sulphide nickel. The sulphide ores are the kinds which are found in the Sudbury basin and at Thompson, Manitoba. The lateritic nickel deposits are found in the tropical countries. These deposits are on the surface of the land and are scraped off. To reduce the lateritic ores to a semi-processed state—to remove the nickel—a great deal of energy must be applied to the lateritic nickel. For the sulphide nickel which is found in the Sudbury basin, the sulphur in the ore is an energy agent. In effect we do not need as much energy to reduce that ore to nickel.

With the cost of petroleum and the cost of energy in the world, it makes Canadian nickel extremely competitive with the tropical countries where the lateritic nickel is found at this point in time. But never sell the EDC short. Falconbridge and Inco are always willing to look for a friend, and EDC is always there to be the friend at hand.

It is said that a friend in need is a friend indeed. That is the problem with Falconbridge in the Dominican Republic. Nickel is now selling at approximately $2.20 a pound. What do they have to find? They must find some energy deposits. So, what does Falconbridge do? It has one of its sister companies, Superior Oil of Canada, searching for oil and gas in the Dominican Republic. Who is the friend in need ready to put $25 million worth of insurance on the operation? Of course, the EDC! You can just see the boys, Mr. Speaker! The picture and the story were printed in the paper. They even broke out the champagne when they signed the contract. There was Marsh Cooper as large as life. There was John MacDonald, president of EDC, bigger than Marsh Cooper, bigger than life.

An hon. Member: You don't have to scream.

Mr. Rodriguez: They sprung out the champagne and the boys were breaking the bottles. My, 1977 was a good year for Falconbridge Dominicana or Falcondo. A good year. And guess what, Mr. Speaker? Inco is not to be deterred. Inco will show the same initiative. As a matter of fact they are presently showing the same initiative. Right at this moment they are exploring for gas and oil off the coast of Guatemala and, guess what, Mr. Speaker? I will lay my neck on this table that the EDC will very shortly receive an application for insurance—

An hon. Member: What a neck.

Mr. Rodriguez: I hear the retentionist over there. He is touchy about necks these days. Now you have made me forget where I was.

Some hon. Members: Oh, oh!

Mr. Rodriguez: You can bet your bottom dollar—

An hon. Member: You hang in there.

Mr. Rodriguez: —that Inco will be shortly approaching and making a demand on the munificence of the taxpayers of Canada to get some insurance for their operations. That is the problem. It is not what you know, it is who you know in this world. Everyone will subscribe to that theory, and Falconbridge knows the president, Balaguer. He is a good friend. Marsh Cooper told me. He said, "I was playing golf with Colonel Balaguer". They have friends in high places and, guess

what? I will bet you dollars to doughnuts that the energy costs will be subsidized by the people of the Dominican Republic just as the people of Indonesia subsidize the energy cost for Inco in Indonesia. At that point in time it will be found that lateritic nickel from the third world becomes much more economical than the nickel in Canada.—I see the member from Thompson, Manitoba, and I am going there tonight—

An hon. Member: Tell them about capital punishment.

Mr. Rodriguez: I will tell them about capitalism, not capital punishment.

Some hon. Members: Oh, oh!

An hon. Member: We will let Joe Clark tell them about capital punishment.

Mr. Rodriguez: Earlier in the debate I heard the hon. member for Dauphin (Mr. Ritchie) quote Karl Marx. I think socialism is creeping into Manitoba. Wait until Sterling Lyon hears about that, or better still wait until the hon. member for St. John's West (Mr. Crosbie) hears about that, or the hon. member for Winnipeg South—

An hon. Member: Winnipeg South Centre.

Mr. Rodriguez: Winnipeg South Centre (Mr. MacKenzie).

It is the friends that one has in high places that count. At that point in time lateritic nickel becomes much more economical than Canadian nickel.

Indeed, on the very day the Law of the Sea Conference opened to discuss ocean floor mining, the mining of nickel and magnesium from the floor of the ocean, Inco and Bellevue, Washington, unveiled the first experimental runs on the nodules which they have raised from the ocean floor. Even a minister of the government, the Minister of Employment and Immigration (Mr. Cullen), went to Sudbury. There was a mass rally of 25 people at a luncheon at the Chamber of Commerce. He told the people of Sudbury that as a nickel producing community its days are numbered.

I want to ask some simple questions that the people in the Sudbury basin asked. If we have $77 million to put into helping Inco develop its lateritic ores in Guatemala and in Indonesia, why do they not make that $77 million available in Canada at these reasonable rates of interest? This would help the community, the small entrepreneurs and individuals who want to develop an infrastructure around the nickel industry, such as heat pumps and copper rods and all the other infrastructure we can use in the Sudbury basin. Why do we not put the money into that?

There is another aspect to this whole question of multinational mining companies receiving EDC grants. I have heard a lot of garbage about creating employment in Canada. In the mining industry the Export Development Corporation has done nothing more than help the multinational mining companies do to the third world countries what was done here in Canada. For example, the lateritic nickel in Guatemala is going to be mined from the shores of Lake Izabal. The boats will come in. The material will be scraped off the surface of the land and semi-processed, just as it is in the Sudbury basin. It will then be loaded on to ships. The ships will sail across the lake and across the ocean to Wales where it will be refined.

● (1752)

EDC has loaned $23 million to the Guatemalan operation. Inco says the total operation cost them $325 million. It is highly capital intensive. It will employ 700 Guatemalans, and they will have spent $325 million. We are allowing Inco, with the Canadian taxpayers' money, to do to third world countries as far as mining companies are concerned exactly what they have done here. That is what I am talking about. I want that perfectly clear.

It is morally wrong and economically mad to loan Canadian taxpayers' money to multinational companies which have raped this country, laying off workers the minute they feel a downbeat in the economy. It is not only morally wrong, but economically stupid. Regardless of what the hon. member for Comox-Alberni has said, it is wrong to loan money to Inco and Falconbridge to set up an operation to do in third world countries exactly what they have done to Canadians.

Note the countries they go to, countries with a record of respect for human freedoms. They have gone to Guatemala where the "Butcher of Zacapa" provided a captive work force for Inco. In the Dominican Republic they have a dictator, Balaguer. It is interesting to note that when Marsh Cooper played golf with the president, they had armed guards guarding the golf course. You can see how loved the dictator is by his people.

I raised this in 1974 when Bill C-9 was before the committee. I went through the whole process of a country where the political regime has denied its people their human and civil rights. They do not call him the "Butcher of Zacapa" for nothing. I brought that out. I said in effect we have the taxpayers of Canada participating in this sort of development, but not to help the people develop and control the technology for the future. Is that the kind of development we want for the third world? Do we want to make them hewers of wood and drawers of water in their own country? Are we going to allow to happen to them what happened to us? I say that is morally wrong.

We should provide the Guatemalan government with low interest loans, guaranteed in the same fashion as EDC loans are presently guaranteed, and let them purchase the technology required for the operation. If they want to exploit their lateritic nickel, give them a long-term loan at a reasonable rate of interest to help them develop their own technology and resources so that they can be master in their own home. They should not be subject to the whims and fancies of a multinational mining company.

We then go to Indonesia. Amnesty International tells us there are 55,000 political prisoners who have been put in prison without trial there. We have the situation in Indonesia where Inco is attempting to penetrate the Japanese market.

Here we have the Export Development Corporation using the taxpayers' money to help Inco to exert market dominance in lateritic nickels.

What is in it for Canada? That ought to be one of the primary concerns for the Export Development Corporation. What is the benefit to Canada? I do not mean the 4,000 man-years that will last as long as it takes to send down the equipment or the specialized personnel. They are Inco personnel who are already on salary. What they are doing is paying the wages of Inco personnel to go there and set up the operation.

What plan is there down the road for the nickel communities of this country? That is extremely important. It is not just the New Democratic Party that has raised these concerns. Every time we make a loan or insure an operation, whether it be in Chile, Guatemala, Indonesia or Santo Domingo, we have a vested interest in ensuring that the operation continues. In effect we are indicating support for the regime in power. If the people rise up and take over the operation, our Export Development Corporation pays the insurance. We are really in the position of committing ourselves to the regime in power, whether it be in Indonesia, Guatemala, Santo Domingo or Chile.

I do not often quote from the *Northern Miner*, the trade paper of the mining industry. However, I wish to quote from an editorial in their November 3, 1977 edition. If the bureaucrats want, they can look that up and see whether I am quoting correctly. I quote:

> Although Guatemala and Indonesia cannot be charged with having precipitated the current situation, looking further down the road to the years when nickel markets improve, the reality is that there will be more nickel producers laying a claim to a share of the nickel market. And no amount of castigation of Inco's policies or motives will alter that fact. We sowed, so shall we reap.

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

At six o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, April 27, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

LABOUR CONDITIONS

CALL FOR INCENTIVES TO CREATE JOBS—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion on a matter of urgent and pressing necessity. As the rate of unemployment for men and women under 25 years of age is twice the rate of those 25 years and older, so that our young people are bearing twice the burden of the worst unemployment since the great depression of the 1930s, I move, seconded by the hon. member for Lanark-Renfrew-Carleton (Mr. Dick):

That the government announce a program of incentives which will make it possible for businessmen and farmers to employ our young people, and thus enable them to take their rightful place in the work force, instead of enduring the unemployment and disillusionment which the economic policies of the present federal government have forced upon them.

Mr. Speaker: Presentation of such a motion for discussion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VETERANS AFFAIRS

REQUEST WAR DISABILITY PENSIONS BE RAISED TO LEVEL OF 1973 FORMULA—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, there is a double sense of urgency about the matter which I wish to present to the House under Standing Order 43. First, since this House is still here it is urgent that we do something useful and important. Second, in view of the fact that an election might be called, it is urgent that we deal with this matter quickly. I believe the House would do so. I therefore move, seconded by the hon. member for Timiskaming (Mr. Peters):

That this House calls on the Prime Minister to give approval to the immediate introduction by the Minister of Veterans Affairs of a bill to provide prorata pensions for widows of veterans where the veteran's disability pension was below 48 per cent and to restore the basic rate of the war disability pension to the level calculated on the basis of the formula agreed to in 1973.

Mr. Speaker: In accordance with the provisions of Standing Order 43, such a motion can be presented for discussion only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

UNRESTRICTED IMPORTATION OF CERTAIN AGRICULTURAL CHEMICALS—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Mr. Speaker, I rise under Standing Order 43 on a matter of urgent and pressing necessity, that being the statement of the Minister of Agriculture (Mr. Whelan) yesterday that he is perfectly willing to look at any evidence the hon. member, meaning myself, may have in relation to the question of agricultural chemicals.

Given this fact, and because the minister's letter to me dated April 13, 1978, admits that in the case of two chemicals quoted in his letter—those being Eptam and Eradicane—there is a substantial difference in price between Canadian and United States figures and the difference in price, using the minister's own calculations, is 65 per cent and 70 per cent respectively, I move, seconded by the hon. member for Provencher (Mr. Epp):

That the minister immediately issue special import permits to allow chemicals designated by the Department of Agriculture to enter Canada without restriction.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NORTHERN AFFAIRS

REQUEST FOR GOVERNMENT FUNDING OF NORTHERN FLOOD COMMITTEE—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and

pressing necessity. The northern flood agreement was ratified on March 16, 1978. The previous minister of Indian affairs and northern development made a firm commitment in August, 1977, at Winnipeg before witnesses that the Northern Flood Committee would be funded for some time. After ratification, funding was terminated on March 31, 1978. The flood committee's job has not been completed. Therefore, I move, seconded by the hon. member for Portage (Mr. Masniuk):

That the Minister of Indian Affairs and Northern Development take immediate steps to provide funding to the Northern Flood Committee until such time as the development corporation is established.

Mr. Speaker: Presentation of such a motion for discussion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1412)

YOUNG CANADA WORKS

EMERGENCY GRANTS FOR STUDENTS IN LOW INCOME AREAS—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, in view of the fact that Young Canada Works funding has been cut nationally this year, to the great detriment of students from low income areas, and since this is a pressing and urgent matter, I would move, seconded by the hon. member for Brant (Mr. Blackburn):

That the federal government extend emergency grants to such students for the purpose of allowing them equal opportunity for higher education.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

INFLATIONARY EFFECT OF FLOATING DOLLAR

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, as we know, not only are prices rising in Canada to an extent far beyond what was anticipated, and certainly beyond what was expected by the government, and we understand now through merchandising organizations that still higher prices may be anticipated, for example for wood products and animal products—one store indicates there is likely to be an increase of as much as 50 cents a pound in the price of certain cuts of beef alone—

[Mr. Smith (Churchill).]

Some hon. Members: Question.

Mr. Stevens: —would the Minister of Finance tell us, when he adopted what he calls his new monetary policy of "a floating dollar is a floating dollar," did he fully consider the inflationary consequence of a falling dollar upon this country and, if so, did he anticipate the price rises which are now being felt and which will likely be felt between now and June?

Hon. Jean Chrétien (Minister of Finance): I dealt with this problem in my budget speech. I said that because the Canadian dollar has been devalued, some cuts could be expected and I revised my inflation forecast of last fall from 6 per cent to 7 per cent. I maintain that figure which I put in my budget speech.

Mr. Stevens: Not only has the government caused the value of the dollar to fall, resulting in the inflation to which the minister now admits—

Some hon. Members: Question.

Mr. Stevens: —but the government has also caused the Bank of Canada to buy $2.2 billion of the federal debt, 30 per cent of the total financial requirement in the fiscal year just ended, as has been revealed in the Standing Committee on Finance, Trade and Economic Affairs. Would the minister also tell us whether he anticipated the inflationary impact of that type of monetarization of debt and, if so, when does he intend to ask the governor of the Bank of Canada to be less inflationary in his monetary stance?

Mr. Chrétien: The governor stated some months ago that the range of increase in the monetary supply was to be between 7 per cent and 11 per cent, and he has adhered to that policy. I might point out that some critics say it is too strict a monetary policy.

Mr. Stevens: Realizing that the government, through the falling dollar, through its habit of having the Bank of Canada monetarize debt by printing more money is simply putting in place future inflation, would the minister tell us whether he has specifically asked the Anti-Inflation Board to assess the impact, first, of the Bank of Canada's monetary policy and, second, of the fall in the value of the dollar—some 16 per cent—to its present level?

Mr. Chrétien: We have analysed all these factors and made a forecast for this year that the annual rate of inflation will be 7 per cent and that the growth in the gross national product will be close to 5 per cent. The hon. member forgot to mention to the House that in the last ten days the Canadian dollar has gained two points.

● (1417)

Mr. Stevens: It is down today.

RATE OF INFLATION

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I would like to ask the Minister of Finance how he can predict an inflation rate of 7 per cent when the Statistics Canada general wholesale index shows the February over January percentage change to be 1.2 per cent for just one of the 12 months of the year.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, when these statistics were published I stated that certain increases had occurred in March as a result of higher oil prices but that we had forecast a larger increase for March than for February. We have not changed our predictions for the full year because we had already predicted that we would have a problem in March.

[*English*]

Mr. Clarke: Would the minister now reconsider reducing the rate of expansion being practised by the Bank of Canada?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the expansion rate of the money supply fluctuates between 7 and 11 per cent. It has been considerably reduced during the past two years. I think that rate can accommodate 5 per cent of the economic growth in addition to the inflation we have predicted.

* * *

[*English*)

PIPELINES

ALASKA HIGHWAY PIPELINE—EXTENSION OF NORTHERN RAIL LINE

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Deputy Prime Minister in his capacity as minister responsible for the Alaska Highway pipeline. Can the Deputy Prime Minister advise whether he has been officially approached by the government of British Columbia with respect to the extention of the rail line from Fort Nelson?

I understand that the Premier of British Columbia announced that he would have a decision within six weeks and that he had made an official request for federal government assistance to continue the operation and development of this northern rail line. Would the Deputy Prime Minister advise whether such a request has been made and, if a request has been made, would he advise us of the amount requested of the federal government?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I had a meeting on Friday last with two members of the government of British Columbia, the purpose of which was to discuss the elements of an agreement which might be entered into between the Government of Canada and the government of British Columbia in connection with the enforcement of the non-discriminatory features of the pipeline agreement.

A number of proposals were made by the members of the government of British Columbia. We intend to have further meetings. It is not my intention—at least without direct consultation with the government of British Columbia—to disclose the contents of their proposals at this stage.

Mr. Leggatt: Mr. Speaker, with regard to the decision in the original Alaska Highway treaty, was there any request by the government of British Columbia, when the federal government was negotiating with the United States regarding the B.C. section of the Alaska Highway pipeline, for some form of transportation assistance to the province of British Columbia prior to the signing of the final treaty? Was there any request made by the province of British Columbia for that purpose?

Mr. MacEachen: Mr. Speaker, before we entered into the agreement with the United States we had discussions with the government of British Columbia. If my hon. friend will look at the agreement, he will find that there are addenda there relating to the commitments undertaken by the various provincial governments with respect to the principle of non-discrimination. The condition, or the qualification entered by the government of British Columbia had to do with how, as I recollect it, its proposals were subsequently to be dealt with.

So it is a fact that prior to the agreement, the government of British Columbia did make known to us in a general way, as I recall, its views on what agreement ought to be entered into with Canada.

Mr. Leggatt: Mr. Speaker, can the Deputy Prime Minister at this point advise the House whether there will be some form of assistance forthcoming with regard to this very serious problem in northern British Columbia? Will there be some assistance, perhaps less than that requested? Can the minister at least give us a commitment that there will be federal help for that rail line, in view of the fact that it is going to be carrying pipe up to that pipeline and will form a very key and necessary part of the construction? Is there some feeling of federal responsibility in this regard now?

● (1422)

Mr. MacEachen: If any transportation system is required by the pipeline in order to undertake the project, then of course it is possible to consider charging the pipeline company directly for that type of requirement. But it has to be an installation that is required by the company in order to build the pipeline, and would thereby be a direct charge on the pipeline and eventually included in the cost of the service to the consumers. But one would have to look at each particular expenditure on transportation in relation to the logistical plan of the company to know whether it could constitute a direct charge.

Oral Questions

ALASKA HIGHWAY PIPELINE—LIABILITY FOR COST OF INFRASTRUCTURE

Mr. F. Oberle (Prince George-Peace River): I have a brief supplementary question for the minister. It concerns the proposals advanced by British Columbia to the federal government regarding a joint approach to the creation of the necessary infrastructure in the area of transportation, communications and community services.

Can the minister advise the House whether he perceives the pipeline agreement with the United States to be flexible enough to incorporate or to charge the cost for some of these infrastructures which are obviously required at this late date to the pipeline company or to the end users of the product flowing through the pipeline?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I would have to repeat part of the answer already given, that in each case there are obviously certain installations or a certain infrastructure which will be required by the pipeline company, and in that case it would be chargeable to the pipeline company.

I believe what was contemplated in the question put earlier was federal assistance to British Columbia in order to undertake certain projects which might not be directly related to the requirements of the pipeline company. In cases of that kind, of course, it would not be possible to have these expenditures charged directly to the pipeline company.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

USE OF MINI-COMPUTERS IN NORTHWEST QUEBEC—GOVERNMENT POSITION

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I should like to put a question to the Minister of Employment and Immigration.

Following abundant correspondence on the installation of a model SRI mini-computer to improve the processing of applications for unemployment insurance and reduce delays—it now takes as long as two months to study some applications—the minister indicated to me that the decision to supply northwest Quebec with such a mini-computer depends on the merging of the unemployment insurance office with the manpower centre. In addition, he indicated that he must first assess the results of the test area of Hull before reaching a decision. Can he tell the House today whether, after two years of study, he has come to a conclusion with regard to the test project in Hull? If not, when does he expect that study to be completed?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, no one can deny that additional computers would help to expedite the claims that are filed at the present time. I think we have a splendid record in that respect. Sometimes errors are made by the applicant, and sometimes they are made by our departmental officials. I would like to see the kind of thing the hon. member is recommending used in other regions of the country. It is a case of setting priorities, seeing the extent to which they can be used and the amount of money available to give that kind of service.

[*Translation*]

Mr. Caouette (Témiscamingue): Mr. Speaker, since the minister indicated in his written replies that it was a question of merging the unemployment insurance office with the manpower centre, can he tell the House whether that agreement has been reached in northwest Quebec and when the two offices will be combined?

[*English*]

Mr. Cullen: Mr. Speaker, in the interests of the personnel who work in the various offices, we want to proceed carefully and cautiously so as not to upset the personnel we have there. We want their morale to remain high. We also want to put offices where they will be most effective. There is a whole series of questions of this nature to be determined before we determine where the mini-computers should be placed.

[*Translation*]

Mr. Caouette (Témiscamingue): Mr. Speaker, the minister indicated it was a question of budget and that the regional office for the province of Quebec, that is the Montreal office, is willing to cede to northwest Quebec that part of the budget now allotted to it. Those additional funds would enable northwest Quebec to have a mini-computer. Is the minister willing to make a decision immediately seeing the funds have been allotted and can be transferred?

● (1427)

[*English*]

Mr. Cullen: Mr. Speaker, I do not know that the decision would be made immediately, but I can assure the hon. member that we are doing everything we can to bring first-class service to the people in that particular region.

* * *

NATIONAL SECURITY

DESTRUCTION OF RCMP SURVEILLANCE REPORTS

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is directed to the Solicitor General: it relates to the two years of missing documents covering the period when the present Minister of Supply and Services was solicitor general. At various times yesterday the Solicitor General indicated that documents were destroyed, later he qualified that by saying they were presumably destroyed, and even later he said there was no certificate of destruction and, therefore, a great deal of uncertainty. Has the Solicitor General determined whether, in

fact, the documents were destroyed, when they were destroyed, and under whose authority?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the documents are presumed to have been destroyed. There is no precise date indicated as to the time of destruction.

Mr. Jarvis: Mr. Speaker, therefore, I presume no certificate of destruction has been found. Yesterday the Solicitor General indicated that this was a matter of routine procedure—which in itself is alarming enough—wherein documents may be destroyed after a three-year period.

Can the Solicitor General explain, under these routine procedures, why documents would be destroyed for these very vital two years, yet documents for 1973, 1974 and part of 1975—which are now three years old—are so readily available to the McDonald commission?

Mr. Blais: Mr. Speaker, as I indicated to the hon. gentleman, the source documents referred to in the reports are still available and, indeed, are available to the McDonald commission. In terms of the procedures which were followed, yes, they were internal procedures. There were directives issued relating to this type of report, that the destruction ought to take place three years next after the date of the document. The three years have expired. I understand the directives were fairly explicit.

With reference to the documents after 1973, the documents are available because, indeed, the question of the McDonald commission came up within the time; otherwise their destruction might have been ordered.

Mr. Jarvis: Mr. Speaker, yesterday the Solicitor General indicated—and I believe he has implied it today—that the McDonald commission would not be at all hindered by lack of availability of these documents, in that supporting documentary material is apparently still available. Assistant commissioner Venner said that the records show the government was fully informed as to electronic surveillance by means of these monthly reports.

For this crucial two-year period wherein those missing documents would have shown the degree of ministerial knowledge by the then solicitor general, is the present Solicitor General now telling us that supporting material is still available to the McDonald commission to enable that commission to know the degree of ministerial knowledge during that crucial two-year period?

Mr. Blais: Mr. Speaker, we are dealing here with a document or report referring to the criminal side, or the criminal investigation side. We are not dealing with material relating to the security service side. Therefore, when we are dealing with the reports, the information contained therein which is presently available to the McDonald commission is satisfactory for all the commission's needs.

MEANING OF "GOVERNMENT REQUIREMENTS" IN RCMP INSTRUCTIONS

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, my question is directed to the Solicitor General. With respect to the apparent instructions issued by the Royal Canadian Mounted Police in 1971, about which I questioned the minister yesterday without much success, can the minister tell me what was meant in the instructions which indicated that the request for reporting was not so much for security reasons as it was for statistical purposes, including "government requirements"? Since this could not possibly have anything to do with security, can the minister indicate what was meant by "government requirements" in those instructions?

● (1432)

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, with reference to yesterday's questions, the hon. gentleman will recall that I did not want to comment specifically on the document that was referred to. The method which is employed in terms of collecting certain information follows the collection of statistical information that is generally available relating to all candidates in any given election. That information is then compared to files that are within the security service relating to their own responsibilities and discharging those responsibilities relating to national security, in the terms that I described yesterday. As I understand it, that is the significance of the terms that the hon. gentleman has advanced.

Mr. Stanfield: Mr. Speaker, with all due respect, it is a little difficult to accept the explanation if this is what is meant by "government requirements". Some months ago the Prime Minister indicated that following the invocation of the War Measures Act the government requested the security forces to increase their interest in what he referred to as internal subversion, but the Prime Minister has never met my request to tell us precisely what the government's instructions were.

Could there be any connection between the instructions given to the RCM Police by the Prime Minister and members of the government following the October crisis and the reference to "government requirements" in the instructions issued in 1971 by the RCM Police?

Mr. Blais: Mr. Speaker, the hon. gentleman addressed himself yesterday to the question of directives that might have been issued by the Prime Minister relating to the question of surveillance of organized parties. The hon. gentleman was informed by me that, indeed, in 1975 specific instructions were issued relating to surveillance of political parties, and those instructions were that the surveillance ought not to take place.

With reference to the hon. gentleman's question, the Prime Minister was asked a question of similar nature some time in the past and made a very fulsome response to it.

Oral Questions

INSTRUCTIONS GIVEN TO RCMP FOLLOWING INVOKING OF WAR MEASURES ACT

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, since the Solicitor General will not, or cannot, answer my question, I ask the Prime Minister whether he is now prepared to tell the House quite frankly, either by tabling or by some other method, precisely what instructions were given to the RCMP following the invocation of the War Measures Act to which reference was made in the House some time ago by the Prime Minister.

Will the Prime Minister now give the House this information, so as to remove the suspicion that in fact the instructions issued by the RCM Police were, at least partially, the result of instructions given to the RCM Police by the Prime Minister and by the government?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, on the latter part of the question, I would have to find out when the RCMP gave the instructions that the hon. member is talking about. My impression is that they have existed for a long period of time and that they did not begin around 1970 or 1971. But I could ascertain the exact date if, indeed, I can get it exactly from the RCMP. I can get a general answer.

In so far as the first part of the question is concerned, I repeat in the House now as clearly as I did the last time, that this instruction was given by the government, notably at meetings of the cabinet committee on security and intelligence when we were somewhat distressed that after the events of October, 1970, the police did not have more files on people who had been involved in bombings, kidnappings, killings, raiding of arsenals, and so on. We asked them to increase their security operations also in the area of internal subversion and not to concentrate, as appeared to be the case, mainly on external security. This was the general nature of the instructions. The police then abided by these instructions to the best of their ability.

REQUEST FOR TABLING OF INSTRUCTIONS TO RCMP

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, the Prime Minister has indicated the general nature of those instructions. Would he now undertake to the House of Commons to table those instructions in their entirety?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I repeat, the instructions were given at a cabinet committee on security and intelligence, and probably in the course of discussions among myself, other ministers and the commissioner of the RCMP. There are no instructions to table: I talked to the commissioner as I talk to the House now, as I think any reasonable member on the other side would say.

We were worried that there could have been activity by the FLQ over a period of years, and when it culminates in kidnappings and even the murder of a minister— "You do not seem to have many files on these people." You become concerned and ask that the security forces make sure they investigate this side more thoroughly and not only look at external subversion. There is nothing to table. I talked in those words, or words like them, and I make that quite clear before the House.

Mr. Clark: Mr. Speaker, the Prime Minister will understand that most of us would assume there would be some record kept, either in the form of minutes, notations made internally by security officers to whom the instructions were given, or in the form of an aide memoire that the Prime Minister might have prepared for himself.

Will he give us an undertaking now that he will have a very thorough search made for any record of any of these instructions, and that all such records will be tabled in the House of Commons?

Mr. Trudeau: Mr. Speaker, the Leader of the Opposition knows that a record is kept of cabinet committee discussions. Therefore, in the sense that what I have told the House now was told by me to the ministers and the members of the RCMP, there is probably a record of that. It is called either a record of decision, or minutes of a cabinet meeting. Certainly, it is not the intention of the government to table minutes of cabinet discussions. I am surprised that the Leader of the Opposition would suggest that the secrecy of cabinet be unveiled in order that the Canadian public and the opposition know the discussion which goes on in cabinet. That is completely contrary to the cabinet system of cabinet solidarity.

Mr. Clark: We have had a number of events, Mr. Speaker, come to light in the last couple of days that are completely contrary to the formal practices of the parliamentary system.

Some hon. Members: Hear, hear!

Mr. Clark: These have raised very real concerns about the extent of ministerial direction to the security service and the degree to which there was ministerial or prime ministerial involvement in some of the activities that are now of concern to the House and the country.

In light of the fact that already there have been unusual events, I wonder if the Prime Minister would give the most serious consideration to—admittedly, it is an unusual action—making available a partial list. In other words, would he make available to the House of Commons and the people of Canada, to end all this mystery, those portions of cabinet minutes and, I emphasize, any other documents which might relate to instructions given by the Prime Minister, or people acting on his behalf, to security officials?

Mr. Trudeau: Mr. Speaker, the Leader of the Opposition prefaced his question by talking about unparliamentary practices. It seems to me one of them is that suggested by his side, that they will fire all the deputy ministers if ever they form a government.

If the Leader of the Opposition will reflect on the nature of cabinet government—

Mr. Stanfield: You must be in trouble.

Mr. Trudeau: —he will realize that for the purpose of arriving at a cabinet decision it is necessary for ministers to have discussions among themselves freely, and not have those discussions recorded publicly. It is obvious why I will not, and should not, table the discussion or the minutes of discussion in cabinet, and the Leader of the Opposition should know enough about the cabinet system to understand that.

Mr. Hnatyshyn: We will.

* * *

[*Translation*]

NATIONAL DEFENCE

SHIPBUILDING IN LAUZON, QUEBEC—REQUEST PRELIMINARY STUDY BE SHORT

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the right hon. Prime Minister.

Considering that the government is about to award one of the biggest contracts in the history of shipbuilding and that this program would apparently secure 4,500 jobs, and given the unemployment situation in the towns or cities I have in mind, namely Sorel, Montreal, Lauzon and other localities in Canada, in the circumstances could the Prime Minister make a commitment or be prepared to ask the people who are responsible for this contract to make the related studies in the shortest time possible, precisely to enable the builders to draw the benefits of this contract which is apparently rather fantastic?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I understand the interest of the hon. member in such a subject but if he has followed the policy of the government and the announcements which were published when talking about building ships for the Canadian navy under the responsibility of the Department of National Defence, he will certainly remember that we mentioned one ship to be launched during the year 1984 or 1985. Thus I do not think this question is realistic. Before building these ships we obviously need very detailed and very complicated plans. These plans must then be presented to the bidders. There are several stages to go through. So I think it is not realistic to suggest that these dates be set earlier so as to meet the hon. member's request.

Mr. La Salle: Mr. Speaker, my question is simple. I am trying to reassure the persons involved and of course the population of Canada. Could the Prime Minister ask that these studies be completed as soon as possible? I do not ask to lessen the importance of these studies, but considering the unemployment situation in Canada today, I simply ask the government to act more quickly in this regard than it has done over the last ten years.

• (1442)

[*English*]

ADMINISTRATION OF JUSTICE

STOPFORTH CASE—REQUEST CROWN PAY LEGAL COSTS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, in the absence of the Minister of Justice I would address my question to the Prime Minister. It has been announced that the Minister of Supply and Services is going to launch an appeal with respect to the $10,000 in damages awarded by Mr. Justice Lieff for the libelling of Mr. Larry Stopforth.

In view of the fact that the Minister of Supply and Services has the full resources of the government behind him with respect to legal costs, in the interests of equity will the Prime Minister recommend to the Minister of Justice that Mr. Stopforth's legal costs be paid by the government so that he will not be facing very large costs for what could be a series of appeals from this point forward?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, in the area of criminal law, where the federal goverment has jurisdiction, we have proposals and procedures for assisting people who are victims of crimes, and so on, and who incur damages in the way of costs. But in the area of civil law, or common law, which is not within our jurisdiction, we do not have these procedures.

I understand the common law and civil law provinces do have measures of assisting litigants who are in need of assistance. But certainly, as a matter of general practice, I do not think the hon. member would suggest that every time the government is sued by somebody, or a minister or official of the government is sued, the government should pay the expenses of the suer.

An hon. Member: The "suer"?

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: Mr. Speaker, I would suggest to the Prime Minister that the Minister of Supply and Services had better be—

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: I will wait until the government side quietens down.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: I would suggest that the Minister of Supply and Services had better be successful because a Conservative president of the treasury board will look very hard at any payment of damages. I ask the Prime Minister whether, in view of the very interesting precedents given by the Minister of Justice, the government has paid the legal costs of the former minister of transport, Senator Marchand, who was sued by the Crown attorney in Ottawa for saying that the Crown attorney had double-crossed him. Also, is there an undertaking from the former minister of finance, Mr. John Turner, who sued the

CBC, that any moneys received from that libel action would be turned over to the public treasury?

Mr. Trudeau: Mr. Speaker, it seems to me the hon. member is trying to make a debating point. If he is discussing the matter seriously as a matter of law, I hope he will restate his question.

Mr. Hnatyshyn: I will be glad to. I thought you were a professor of law.

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PENSIONS

REQUEST FOR OVER-ALL STUDY OF PENSION PLANS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is for the Minister of Finance. I put my question to him because the Department of Insurance and the Pension Benefits Standards Act come under his jurisdiction.

In view of the fact that a couple of days ago the United States Supreme Court ruled that in that country employers must no longer require women to make larger payments to retirement funds than men simply because females have a longer average lifespan, and in view of the fact that there are provisions in the Canadian Human Rights Act which prohibit discrimination between men and women in matters of pension plans, may I ask the Minister of Finance if he will take steps to have this matter studied to make sure that pension plans in this country, not just those which come under jurisdiction of governments but those that come under private auspices as well, are set up so that there is no discrimination, bearing in mind that this should include the elimination of actuarial tables which set up differences in rates between men and women?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the hon. member raises a very interesting question, and I will ask the superintendent of insurance to inquire and report to me. I will then communicate with the hon. member to inform him of the situation as its stands in Canada.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, my supplementary question is put to the minister so that I can ask if he will have that inquiry directed not only to pension plans but to insurance policies generally, so that there is no discrimination, particularly in the matter of rates being based on differences in longevity between men and women.

Mr. Chrétien: Mr. Speaker, certainly I will be asking the superintendent of insurance to look at all aspects of the question.

NATIONAL DEFENCE

SEARCH FOR KOREAN AIRCRAFT—PRESENCE IN GALLERY OF MASTER CADET

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I have a question for the Minister of National Defence. Can the minister advise the House if the Canadian armed forces were involved in the initial search for the Korean Airlines' plane which was forced down in the Soviet Union? If so, what was the extent of that search?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, when the airplane was first noticed overdue, although it was not close to our coastline, as was further indicated, the Canadian armed forces major air disaster plan was put into place immediately. Aircraft were in the air with para-rescue teams on the search path when it was learned that the plane had gone down elsewhere. That the whole system was in being I found comforting, as minister, and I am sure the people of Canada do as well. This capacity works in a highly efficient way. It was put into operation automatically and I was kept informed during every stage of the operation.

While I am on my feet, Mr. Speaker—

Some hon. Members: Oh, oh!

Mr. Danson: —I would like to draw the attention of the House to the presence in the gallery of Master Cadet Peter Dillon, the most qualified cadet in the cadet corps.

Some hon. Members: Hear, hear!

Mr. Clark: Qualified cadets make up for the minister!

* * *

TRADE

GATT—CANADIAN POSITION VIS-À-VIS U.S. PROPOSAL FOR LOWER TARIFFS

Mr. Jack Murta (Lisgar): Mr. Speaker, I would like to direct a question to the House leader in his capacity as minister responsible for the GATT negotiations. It appears certain the United States will be demanding deeper and broader tariff cuts than those proposed by Canada at the Tokyo trade discussions going on at Geneva. According to some American sources, the Canadian offer—which is basically the Swiss formula—will not be acceptable to the United States.

I ask the minister what Canada's position will be with regard to the United States proposal for lower tariffs than those presently formulated by Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the hon. member will recall that the negotiations are being conducted under the general hypothesis, or a working hypothesis of, I believe, an over-all 40 per cent weighted average cost. I believe the Americans at an earlier point had argued for cuts greater than the 40 per cent, but negotiations are proceeding. Certainly,

Canada's participation in the negotiations is based upon this hypothesis.

At the present time, offers and proposals are being made. It is not possible at this stage to determine whether the offers made on either side are adequate or will result in the kind of reciprocal advantages which will have to come into play at the end. When Vice-President Mondale was here, his declaration on the trade side indicated that the United States had presented a proposal which went a long way toward meeting Canadian objections, particularly in the field of sector negotiations.

● (1452)

Mr. Murta: Since the proposal Canada put forward, basically the Swiss formula or 40 per cent reduction, the United States has indicated it is looking in the neighbourhood of 61 per cent or 62 per cent on industrial goods, in terms of the proposal it will put forward. Is the proposal the Canadian government has put forward—the basic Swiss formula or 40 per cent reduction—Canada's firm position, or will the government be prepared to negotiate off that position? If so, to what extent would it be prepared to negotiate?

Mr. MacEachen: Mr. Speaker, I believe at the present time all participants are operating under the single hypothesis of a 40 per cent cut. I do not believe the Americans are still pressing for 60 per cent over-all, a cut which was objected to in the earlier stages particularly by the European Economic Community.

The hon. member is asking whether we will back off the over-all 40 per cent. It is understood that countries will seek exceptions from the application of the 40 per cent—that some cuts may be greater than 40 per cent, and others less. It will be an average. When all these are put together, it will be possible to introduce a certain amount of flexibility into the over-all negotiating hypothesis. I should say it is generally understood that when you net out the exceptions and the flexibility, it is expected that a general 40 per cent cut will have been achieved.

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LABOUR CONDITIONS

PROPOSED 40-HOUR WEEK FOR EMPLOYEES OF COUNTRY GRAIN ELEVATORS

Mr. Arnold Malone (Battle River): Mr. Speaker, my question is directed to the Minister of Labour. It relates to the question of a 40-hour week for country grain elevator employees and the minister's letter in response that that will not be his implication, and the letter goes on to state, "to have a realistic and reasonable variation in this form provided by regulation". Is that going to be a regulation from his department? Is that intact now? What consultation with country elevators is taking place in relation to that regulation?

Hon. John C. Munro (Minister of Labour): Mr. Speaker, to answer the last part of the hon. member's question first, we have had rather continuous discussions with the country grain elevators and their representatives, as well as the unions involved. At least one or two commissions of inquiry that I can think of were very much involved in the consultative process.

As far as the first part of the hon. member's question is concerned, the regulation would be drafted by my department; there is no question about that. In view of the fact I announced in the House prior to the passage of Bill C-8 that I was granting a further period of six months for the entire exemption of country grain elevators from the regime under the Labour Code, it is not immediately pertinent.

Mr. Malone: Can the minister give us assurance that these regulations for a 40-hour a week in country grain elevators—which have peak seasons—are not now lying in wait simply for a period that would follow the next election—and God help us if this government gets back in—simply to be implemented then, as indicated by some of the top officials of his department?

Mr. Munro (Hamilton East): Mr. Speaker, I think the hon. member's cynicism is entirely unjustified in this particular situation.

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EMPLOYMENT

JOB VACANCY SURVEYS BY STATISTICS CANADA

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to direct a question to the Minister of Employment and Immigration. Is it the intention of Statistics Canada to do away with job vacancy surveys? If so, can the minister explain why this step is being taken at a time when unemployment is in excess of one million Canadians?

Hon. Bud Cullen (Minister of Employment and Immigration): That has not been brought to my attention, Mr. Speaker. Statistics Canada comes under the jurisdiction of my colleague, the Minister of Industry, Trade and Commerce. I was not aware they were contemplating that step.

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AIR CANADA

FIRING OF EMPLOYEES AT U.S. AIRPORTS

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is to the Minister of Transport. It arises from Air Canada's unorthodox firing of some 84 ramp attendants and baggage handlers at United States airports and subsequently awarding the contract to an outside entrepreneur. Is the minister aware of a ground collision involving an Air Canada DC-8 and a towing vehicle which occurred on April 3 at the John F. Kennedy airport shortly after the transfer took place, causing considerable damage to the aircraft? It had the potential of a serious tragedy.

Since it appears that the incident occurred as the result of inexperience on the part of the operator, will the minister undertake to look into this matter, have the whole question reviewed and, as an immediate step, ensure that the people providing this service are indeed qualified to do so?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the incident had not been brought to my attention. I am not sure the hon. member has any basis for suggesting the cause of it as he has outlined it. I did look at Air Canada's analysis of the reason for their change and the great economies involved in going to the new system. It seemed sensible to me. I will certainly be glad to bring the hon. member's representation to the attention of Air Canada concerning the qualifications of the people now involved.

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FINANCE

GOVERNMENT ASSISTANCE TO IMPROVE SITUATION IN TEXTILES INDUSTRY

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, I have a question for the Minister of Finance arising out of Canada's present dilemma in trade and the fact that Canada is losing its shirt because Canada's shirt is losing.

Some hon. Members: Oh, oh!

Mr. Alkenbrack: Since current trade and mercantile policies of this government have disillusioned and muddled the Canadian people to the extent that they cannot afford to purchase the products of their own handiwork, what is this government doing to help our Canadian textile industry in the present crisis of unfair foreign competition? An example is the sale of men's shirts today in a large store on the Sparks Street mall, the Canadian-made shirt selling at $8.99 and the Korean competitor selling at $3.99—the latter outselling our product six to one?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have had a policy for a year and a half of establishing a quota system in Canada and dividing the Canadian market between Canadian textile products and imported products. I hope Canadian workers will never be called upon to work at the same rate as Korean workers.

* * *

AGRICULTURE

USE OF SKIM MILK POWDER FOR LIVESTOCK FEED PURPOSES

Mr. John Wise (Elgin): Mr. Speaker, my question is directed to the Minister of Agriculture. With reference to the possibility of using greater quantities of skim milk powder for livestock feed purposes, has the minister had discussions with any of the Canadian feed manufacturers or producers with regard to a special arrangement to make this product available to them?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I understand the Dairy Commission has had discussions in the past, although I do not know how recently. We announced a new program for this year of $6.5 million. Part of that is to be used to develop new uses for skim milk powder. That program allows them to use it in any fashion or form they think is better economically than throwing it on the world market and trying to get rid of it in that way.

Mr. Wise: I am not referring to that at all. I am advised that some discussion was held with either the minister or the officials of the Department of Agriculture, and the commitment was given that a special arrangement would be made to make this product available to Canadian feed manufacturers at a price less than the support price, which would be 74 cents. That commitment was to be delivered when the dairy policy was announced on April 13, but there was no mention of it. Is the minister saying that no meeting was held and no commitment was ever given to either the Canadian Feed Manufacturers Association or any other producer group in Canada?

Mr. Whelan: Mr. Speaker, I am not aware of any meeting. No meeting took place between myself and any representatives of the feed manufacturers on an official scale. I did meet with some of them informally and we did talk about many things. We never talked about any formal arrangements or skim milk powder at world prices for animal use, as a supplement in place of protein. That has been discussed in the past for a special veal feeding program, a calf feeding program, and so on. I do not know how far it has advanced. I will certainly check and let the hon. member know.

* * *

FINANCE

INCOME TAX DEDUCTIONS FOR PERSONS AFFLICTED WITH CEREBRAL PALSY

Mr. Derek Blackburn (Brant): Mr. Speaker, my question is directed to the Minister of Finance. It has to do with personal income tax deductions for a parent or parents of children who suffer from cerebral palsy. I am not referring to cerebral palsy children actually confined to a wheelchair, but those who, thanks to surgery, are able to walk and get around.

At the present time these parents have to pay up to $40 a month for shoes, $70 to $75 a month for special tuition fees, and so on. Will the minister consider allowing personal income tax deductions or exemptions for the very high costs these parents have to meet?

● (1502)

Hon. Jean Chrétien (Minister of Finance): I will take notice of the suggestion made by the hon. member and ask my officials to look into it. Any changes, of course, would have to wait for the next budget.

PRIVILEGE

MR. STANFIELD—SURVEILLANCE OF CANDIDATES SEEKING PUBLIC OFFICE

Mr. Speaker: Order. The hon. member for Halifax (Mr. Stanfield) yesterday, by way of a question of privilege, expressed concern with regard to matters which arose during the question period and I indicated then, in a preliminary way, and I repeat now, that although I respect the hon. member's suggestion that if I were to adjudicate in a general way he might then put forward a motion, I must say to him that on a number of procedural grounds it is impossible for me to bring the issue into the necessary focus unless I have a motion in front of me. The motion itself may be procedurally correct or otherwise, but in any case it is necessary for me to have a motion before me so that I can adjudicate on it. I will therefore have to leave the matter open for the hon. member to put forward a motion. Should he wish to do so, I would think the matter would be reopened for discussion, depending upon the content of the motion.

Hon. Robert L. Stanfield (Halifax): I have a motion here, Mr. Speaker, which I will move if you find I do have a prima facie case of privilege. It reads as follows:

That the matter of the Solicitor General's refusal to provide information respecting surveillance by the security forces of legitimate political candidates, and his contention that the McDonald commission is the only suitable vehicle to investigate a question affecting the privileges of all members of the House of Commons, be referred to the Standing Committee on Privileges and Elections.

Some hon. Members: Hear, hear!

Mr. Speaker: The hon. member for Halifax has raised a subject which is obviously of fundamental importance to the House of Commons and I am sure it is of concern to members. The matter was raised in a general way yesterday. Now that a specific motion is before the House, I wonder if it would not be appropriate to allow time for hon. members to prepare arguments which might be helpful. We did hear some preliminary argument yesterday, but it was advanced without preparation. Now that the specific text of a motion is before us, members might wish to participate at this point in some argument on the merits, or else do so tomorrow after questions, or at the first opportunity, Monday, perhaps. I certainly think it is a matter of grave and fundamental importance if there is any suggestion that candidates for membership in this House are in any way interfered with by reason of an official directive. It is not a point I would wish to treat lightly, or without hearing full argument on both sides of the question.

Mr. Stanfield: Mr. Speaker, I made my argument yesterday. I shall be away from the House tomorrow and I do not ask that the matter be delayed, because I do not know what the intentions of the Prime Minister (Mr. Trudeau) are with respect to the life of this parliament.

An hon. Member: Neither does he!

Mr. Stanfield: I would be very happy to see the discussion proceed tomorrow in my absence. I have had my say on the matter already.

Hon. J.-J. Blais (Solicitor General): That suggestion is acceptable to me, Mr. Speaker. Indeed, I should like to make a contribution to the discussion tomorrow. As well, I could before then, perhaps, speak to the hon. member for Halifax (Mr. Stanfield) with regard to the points I shall be making tomorrow and, in the event he has further comments to make, I would be pleased to receive them.

Mr. Speaker: Then it is agreed that the matter stand over for further argument, if any, until tomorrow after questions.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, looking over at the government is like looking over at the living dead.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): But since the Prime Minister (Mr. Trudeau) does not seem to know whether the House will stay or go, or what will happen to it—he seems to be dithering a bit—perhaps I can assume that his seat mate, the government House leader, will be proceeding on the assumption that we are staying. He has given us a list of legislation which includes Bills C-36, C-10, S-8, C-42, S-9 and C-4, indicating that this will be the order in which they will be taken unless changes are made later. Would it not now be appropriate, since we are in this state, for the government House leader to tell us today what are his priorities with respect to legislation as we look to the balance of the session, however long it might be? On the assumption that the Prime Minister has lost his nerve and has decided that parliament should stay, could we be told what the legislative priorities of the government might be quite a way "down the road?"

Mr. MacEachen: The hon. member has referred to the announcement of legislation I made on Thursday last. That announcement still stands. I might add that, in accordance with the suggestion of the hon. member for Grenville-Carleton (Mr. Baker), next Wednesday will be designated as an allotted day.

I am quite interested in the suggestion the hon. member has made with regard to legislative priorities "down the road." I shall be happy to look at the order paper and indicate, at the first opportunity, what legislation we shall be seeking in the next indefinite period. All I will say now to the hon. member is this: he has prefaced all these questions on recent Thursdays by speculating as to whether we shall be here. Well, Mr. Speaker, my track record has been perfect, and the hon. member ought to take my word for it.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): I suppose the question we should like to have answered is whether we are going down the road or out on the campaign trail. But since we are still here, can the hon. gentleman tell us whether there is any intention to bring before the House any legislation arising out of the recent so-called budget?

Mr. MacEachen: Yes, Mr. Speaker, it is proposed that the bills based upon the budget will be brought forward. As the hon. member knows, I stated yesterday that there will be amendments to the Criminal Code. One or two bills related to the Criminal Code will be introduced. In addition, a bill will be introduced tomorrow, I believe, in the name of the Solicitor General (Mr. Blais), so there is a considerable body of legislation available to the House before we would contemplate adjourning.

ROUTINE PROCEEDINGS

[*Translation*]

OFFICIAL LANGUAGES ACT

EXTENSION OF PROVISIONS TO ALL CORPORATIONS HAVING NATIONAL STATUS

Mr. Jean-Robert Gauthier (Ottawa-Vanier) moved for leave to introduce Bill C-447, to amend the Official Languages Act (notices and advertisements).

Some hon. Members: Explain.

Mr. Gauthier (Ottawa-Vanier): Mr. Speaker, the purpose of this amendment is to extend to national corporations, companies and associations incorporated or existing under an act of Canada the language requirements provided in the Official Languages Act as regards public notices and advertisements.

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

* * *

BANK ACT

AMENDMENT RESPECTING SALE ADVERTISEMENTS

Mr. Jean-Robert Gauthier (Ottawa-Vanier) moved for leave to introduce Bill C-448, to amend the Bank Act (sale advertisements).

• (1512)

[*English*]

Some hon. Members: Explain.

Mr. Gauthier (Ottawa-Vanier): Mr. Speaker, the purpose of this amendment is to extend in all Canadian provinces the right for Canadian banks to advertise in newspapers in both official languages. Presently the act restricts this practice to the province of Quebec where publication of advertisements may be published in the English language in French language newspapers.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 799, 886, 1,093, 1,405, 1,406 and 1,407.

[*Text*]

HOUSING

Question No. 799—**Mrs. Pigott:**

1. What was the total number of houses rehabilitated under the Neighbourhood Improvement Programme (a) nationally (b) in each province?

2. What amount, including start-up funds, sustaining grants and bridge loans, was allotted for such construction (a) nationally (b) in each province?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: the Neighbourhood Improvement Program is intended for the improvement of the amenities of neighbourhoods and the housing and living conditions of the residents of such neighbourhoods and not for the rehabilitation of housing in those neighbourhoods. For information on the latter, see the answer to question 886 answered this day.

RRAP—REHABILITATION OF HOUSES

Question No. 886—**Mrs. Pigott:**

1. What was the total number of houses rehabilitated under the Residential Rehabilitation Assistance Programme, since its inception (a) nationally (b) in each province?

2. What amount, including start-up funds, sustaining grants and bridge loans, was allotted for such construction (a) nationally (b) in each province?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: 1 and 2.

Residential Rehabilitation Assistance, Start-up Funds, Sustaining Grants, Under the National Housing Act, by Province, 1974-1977 (1)

Province	Residential Rehabilitation Assistance Section 34.1				Start-up Funds Section 37.1	Sustaining Grants Section 36(g)
	Loans	Units	Hostel Beds	$000	$000	$000
Newfoundland	1,292	1,407	78	6,450	33	54
Prince Edward Island	2,383	2,663	2	12,154	26	55
Nova Scotia	2,489	2,688	33	11,754	196	167
New Brunswick	3,782	4,701	89	17,990	72	595
Quebec	4,015	7,932	42	43,351	558	378
Ontario	5,005	8,009	1,430	29,518	1,220	2,056
Manitoba	1,001	1,266	28	5,067	107	1,908
Saskatchewan	3,887	4,186	88	12,818	76	1,876
Alberta	2,521	3,054	123	11,283	228	1,032
British Columbia	4,082	7,045	1,308	22,512	748	888
Yukon Territory	—	—	—	—		100
Northwest Territories	44	44	—	149	48	294
Canada	30,501	42,995	3,221	173,046	3,312	9,403

(1) Data are gross.

NIP-RRAP—EXPENDITURES IN BRITISH COLUMBIA

Question No. 1,093—**Mr. Brisco:**

1. For 1977 to date, what was the total expenditure in each constituency in British Columbia or in each CMHC jurisdictional area of the NIP-RRAP Programme?

2. For 1977 to date, what was the total expenditure for the rural portion of the NIP-RRAP Programme in British Columbia, by constituency or by CMHC regional area?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: 1. and 2.

Residential Improvement and Neighbourhood Improvement Program Activity Under the National Housing Act, British Columbia, by CMHC Field Office, 1977

Field Office	Residential Rehabilitation Sec./Art. 34.1								Neighbourhood Improvement	
	Rural and Native				Total				Section 27.5	Section 27.2
	Loans	Units	Hostel Beds	$000	Loans	Units	Hostel Beds	$000	Loans $000	Grants $000
Cranbrook	12	12	—	67	185	196	—	758	—	1,475
Kamloops	—	—	—	—	70	70	—	285	—	—
Kelowna	—	—	—	—	8	37	—	52	—	—
Prince George	8	8	—	41	48	52	—	235	—	430
Vancouver	—	—	—	—	1,322	2,756	697	9,000	—	3,275
Victoria	—	—	—	—	393	608	—	1,925	—	620
British Columbia	20	20	—	108	2,026	3,719	697	12,255	—	5,800

PENSIONS FOR RETIRED PUBLIC SERVANTS

Question No. 1,405—**Mr. Knowles (Winnipeg North Centre):**

1. How many retired public servants are receiving pensions, including their basic pensions and any supplement or supplements added thereto, of amounts within each of the following brackets (a) less than $20.00 per month (b) $20.00 to $29.99 per month (c) $30.00 to $39.99 per month (d) $40.00 to $49.99 per month (e) $50.00 to $59.99 per month (f) $60.00 to $69.99 per month (g) $70.00 to $79.99 per month (h) $80.00 to $89.99 per month (i) $90.00 to $99.99 per month (j) $100.00 to $149.99 per month (k) $150.00 to $199.99 per month (l) $200.00 to $249.99 per month (m) $250.00 to $299.99 per month (n) $300.00 to $399.99 per month (o) $400.00 to $499.99 per month (p) $500.00 to $599.99 per month (q) $600.00 to $699.99 per month (r) $700.00 to $799.99 per month (s) $800.00 per month and over?

2. How many widows of public servants or of retired public servants are receiving pensions, including their basic pensions and any supplement or supplements added thereto, of amounts within each of the brackets indicated in the above question?

3. What is the number of retired public servants and also the number of widows of public servants or of retired public servants presently residing in each province?

4. In respect of how many orphans of public servants are pensions being paid and what is the average amount thereof?

Hon. Robert K. Andras (President of the Treasury Board):

	Annuitants		Widows	
Less than $20 per month	1. (a)	155	2. (a)	143
$ 20 to $ 29.99 per month	(b)	153	(b)	515
$ 30 to $ 39.99 per month	(c)	301	(c)	1,034
$ 40 to $ 49.99 per month	(d)	616	(d)	1,281
$ 50 to $ 59.99 per month	(e)	984	(e)	1,328
$ 60 to $ 69.99 per month	(f)	1,173	(f)	1,354
$ 70 to $ 79.99 per month	(g)	1,289	(g)	1,275
$ 80 to $ 89.99 per month	(h)	1,310	(h)	1,286
$ 90 to $ 99.99 per month	(i)	1,369	(i)	1,178

		Annuitants		Widows
$100 to $149.99 per month	(j)	6,941	(j)	5,112
$150 to $199.99 per month	(k)	6,636	(k)	4,203
$200 to $249.99 per month	(l)	5,825	(l)	3,038
$250 to $299.99 per month	(m)	5,100	(m)	2,065
$300 to $399.99 per month	(n)	8,464	(n)	1,920
$400 to $499.99 per month	(o)	6,950	(o)	788
$500 to $599.99 per month	(p)	5,872	(p)	361
$600 to $699.99 per month	(q)	4,218	(q)	193
$700 to $799.99 per month	(r)	2,697	(r)	105
$800 per month and over	(s)	7,971	(s)	158
Total		68,024		27,337

3.		Annuitants	Widows
	Newfoundland	901	376
	Prince Edward Island	506	187
	Nova Scotia	4,280	1,714
	New Brunswick	2,323	884
	Quebec	10,768	5,326
	Ontario	28,854	11,460
	Manitoba	3,169	1,211
	Saskatchewan	2,067	756
	Alberta	4,004	1,444
	British Columbia	10,071	3,511
	N.W. Territories	96	29
	Yukon	126	27

4. As at March 31, 1978, 69 orphans were receiving an average of $285.62 per annum.

PUBLIC SERVICE SUPERANNUATION ACCOUNT

Question No. 1,406—**Mr. Knowles (Winnipeg North Centre):**

1. What was the total amount at credit in the Public Service Superannuation Account as at March 31 (a) 1975 (b) 1976 (c) 1977?

2. What rate of interest has the government paid for the use of this money during the fiscal years ending on the dates noted above?

3. What amount of interest was credited to the Public Service Superannuation Account during the fiscal years ending March 31 (a) 1975 (b) 1976 (c) 1977?

4. What was the total amount paid out of the Public Service Superannuation Account during the fiscal years ending March 31 (a) 1975 (b) 1976 (c) 1977?

Hon. Robert K. Andras (President of the Treasury Board):

1. (a) $6,420,297,891; (b) $7,312,248,146; (c) $8,147,817,891.

2. Quarter ending June 30, 1974, 1.5642; September 30, 1974, 1.5900; December 31, 1974, 1.6259; March 31, 1975, 1.6363; June 30, 1975, 1.6612; September 30, 1975, 1.6742; December 31, 1975, 1.7109; March 31, 1976, 1.7209; June 30, 1976, 1.7471; September 30, 1976, 1.7488; December 31, 1976, 1.7707; March 31, 1977, 1.7891.

3. (a) $227,008,801; (b) $263,884,375; (c) $297,217,070.

4. (a) $184,831,352; (b) $211,647,033; (c) $280,409,339.

PENSIONS—RETIRED PUBLIC SERVANTS

Question No. 1,407—**Mr. Knowles (Winnipeg North Centre):**

1. In each year since the Public Service Pension Adjustment Act of 1959 was passed, how many persons have received payments thereunder?

2. In each of the above years, what was the total amount paid under the Act?

3. In each of the above years, what was the average amount paid under the Act to (a) retired public servants (b) widows (c) others?

4. In each of the past five years, either calendar or financial, for which statistics are available, how many pensions under the Public Service Superannuation Act to (a) retired public servants (b) widows of public servants or widows of retired public servants, have been discontinued because of the death of the superannuate?

Hon. Robert K. Andras (President of the Treasury Board):

[Mr. Andras.]

1.	Year	Number
	1959-60	14,311
	1960-61	13,885
	1961-62	12,533
	1962-63	11,709
	1963-64	10,852
	1964-65	10,077
	1965-66	9,078
	1966-67	8,162
	1967-68	7,483
	1968-69	6,860
	1969-70	6,651
	1970-71	6,474
	1971-72	5,793
	1972-73	4,647
	1973-74	3,901
	1974-75	3,253
	1975-76	2,706
	1976-77	2,381
	1977-78	2,094

2.		Total Paid
	1959-60	3,112,231
	1960-61	2,956,515
	1961-62	2,817,263
	1962-63	2,657,706
	1963-64	2,504,503
	1964-65	2,344,711
	1965-66	2,236,212
	1966-67	2,038,329
	1967-68	1,905,478
	1968-69	1,777,869
	1969-70	1,641,304
	1970-71	1,515,000
	1971-72	1,368,879
	1972-73	1,000,941
	1973-74	838,715
	1974-75	697,981
	1975-76	501,691
	1976-77	417,415
	1977-78	331,219

3. Year	(a) Public Servants	(b) Widows	(c) Others
1959-60	226.72	124.88	12.32
1960-61	225.43	124.42	11.79
1961-62	222.01	123.92	10.35
1962-63	220.60	123.59	10.06
1963-64	220.26	123.75	7.99
1964-65	217.94	123.08	6.19
1965-66	216.03	122.69	7.13
1966-67	212.52	122.64	5.93
1967-68	210.27	121.27	6.11
1968-69	208.19	119.21	4.56
1969-70	196.52	125.05	5.79
1970-71	184.83	127.87	—
1971-72	177.51	130.19	—
1972-73	174.19	128.47	—
1973-74	163.05	114.27	—
1974-75	161.19	102.98	—
1975-76	158.27	101.01	—
1976-77	157.21	99.81	—
1977-78	149.69	88.67	—

4.	(a) Retired Public Servants		(b) To Widows	
1973-74	2,488	1973-74	750
1974-75	2,250	1974-75	532
1975-76	2,367	1975-76	681
1976-77	2,319	1976-77	702
1977-78	2,437	1977-78	859

[*English*]

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

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered.

Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

EXPORT DEVELOPMENT ACT

MEASURE TO AMEND

The House resumed, from Wednesday, April 26, consideration of the motion of Mr. Horner that Bill C-36, to amend the Export Development Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I want to make a brief intervention in this debate at this stage. As the House of Commons knows, there are a number of aspects of the legislation respecting the Export Development Corporation which are of very real concern to hon. members on this side of the House and to the people of Canada generally.

I personally have been alarmed at the performance of information officers of the Export Development Corporation, which very much borders on the partisan, in some of the attacks they have levelled against members in this House of Commons. I think this goes well beyond the proper bounds of the activities of information officers of a Crown corporation. It is a matter to which we will want to turn more attention later.

We are also very deeply concerned about the degree to which the Government of Canada has used the Export Development Corporation as a contributor to the economic hocus-pocus of this government by which it attempts to hide the degree of obligations and the degree of indebtedness which have been brought to Canada by the operations of the present government.

This bill would authorize the Export Development Corporation to raise $26 billion. That is, in effect, a three-fold increase in its authorized accounts. That amount is not reflected in the national accounts of the government, and it is natural that we and others who are concerned about sound economic management in this country should ask questions as to why that very significant amount is omitted from the national accounts. The answer of the government is that it does not believe that loans by the EDC are direct obligations for the taxpayers of Canada. That position by the government is denied by publications of the EDC itself. That is very seriously misleading, because it allows the Government of Canada to claim that federal government spending and federal government obligations are much less than they are in fact, and I think that this government would find that it would be able to generate much more confidence in the Canadian business community, and among Canadians generally, if it were prepared to come clean and speak the truth about its full indebtedness.

The Government of Canada should stop trying to cook the books, as it has been doing with the Export Development Corporation.

Some hon. Members: Hear, hear!

Mr. Clark: I want to deal with the specific direction of this legislation. This bill would raise the loan ceilings of the Export Development Corporation to $12.5 billion from the present $5.1 billion. It would raise the insurance ceiling to $13.5 billion from $3.5 billion.

We all know that the broad objective of the EDC is to encourage and promote Canadian exports. That role is carried out by the EDC by providing insurance and loans to finance capital projects throughout the world, and to tie those projects and that financing to the purchase of Canadian goods and materials. Of course, nobody can object or take exception to that basic purpose. Nobody would find fault with a Canadian government policy designed to promote Canadian exports, but when we look beneath the surface at what is going on in the EDC, and once we study its operations and look at the nature of the ventures in which it has become involved in the world, it becomes clear that the activities and the impact of the EDC go well beyond that general purpose of which all of us can approve.

There is in the activities of the EDC much more than that which appears on the surface. In many cases we are clearly realizing some short-term gains for Canada in terms of encouraging exports, but we are also—and this is the point to which attention has been drawn—gathering for this country some very serious long-term harm. What is happening, stripping away all of the detail—and I want to get to some of the detail later on—is that Canadian money is being used to build plants abroad which will compete with plants which are already operating in Canada. Canadian money is being used now to build plants abroad whose existence outside this country may very well prevent the development and construction of plants and the provision of jobs right here in Canada. In other words, we have a situation where we may be spending Canadian money now to create Canadian unemployment later, and that, sir, is a piece of foolishness which no sane, responsible parliament can approve or sustain.

Some hon. Members: Hear, hear!

Mr. Clark: It is not at all surprising that this kind of proposed legislation comes from this government because, if this government is anything, it is a short-term government. In the name of long-term economic planning this government brought in a six-month budget. With its eye on trying to alleviate unemployment, which grows most acute in October and November, this government introduced a sales tax cut which will end when unemployment becomes most acute. This government is committed to the short-term, and it is absolutely

incapable of taking a long-term look at the future of this country. While that might be the pattern of what this government has done, we in this parliament have a much larger responsibility. The government might be interested in surviving only the next six months, but the Parliament of Canada has to be interested in the country's being able to survive and be strong for a much longer period of time.

As in the case of many agencies of the federal government, we need a full scale, thorough, and calm review of all the activities of the Export Development Corporation. We need to have the opportunity, in an atmosphere of calm, and without any unusual pressures, to sort out the gains for Canada from the losses for Canada and to ensure that Canadian public policy is designed exclusively to create opportunities for this nation and is not designed, as is unfortunately the case with some of the loans and activities of EDC, to have the consequence of creating new problems for this country. We cannot get that kind of examination of the bill now for a variety of reasons, some of which I intend to go into, but I make the point in passing that an examination of EDC should be one of the very early activities that is undertaken by this parliament once we have introduced into practice here the concept of the sunset law, the concept of an automatic review of the effectiveness of federal agencies. That is a commitment that my colleagues and I intend to introduce early after the next election—

• (1522)

Some hon. Members: Hear, hear!

Mr. Clark: —so that we and the Canadian taxpayers can be sure that there will be an opportunity to review, coldly and carefully, the effectiveness of agencies which are now in place.

Mr. Pinard: You are dreaming.

Mr. Clark: My colleague opposite says I am dreaming. I presume he means I am dreaming in thinking that there might be an election. I say to him that his party can only run so far. Your Prime Minister (Mr. Trudeau) is running away from the election now, but he has to call one within a year from July. You might have a year left if you demonstrate more reluctance to face the electorate than you have in the past few weeks. But your time will come, and the people of Canada will have an opportunity to have a government that will introduce sunset legislation and other legislation that will review and curtail the activities of agencies which are not serving the public interest in Canada now.

Some hon. Members: Hear, hear!

Mr. Abbott: May I put a question to the Leader of the Opposition (Mr. Clark)?

Mr. Clark: Please go ahead.

Mr. Abbott: I want to be clear whether he is suggesting he would introduce a sunset provision to bring the sun down on the EDC.

Some hon. Members: Oh, oh!

Mr. Clark: What I am suggesting to the minister, Mr. Speaker, is that I think it is past the time when individual members of the House of Commons had the opportunity to have some real impact upon controlling the activities and the expenditure of the Government of Canada. That is the tradition of parliament; that is why we are here. It is a tradition which has been broken by the government of which the minister is a part, and it is a tradition which we intend to reintroduce. One of the means by which we intend to introduce it is by bringing into practice a sunset law which would ensure that a committee of this parliament will have the opportunity to examine in detail whether agencies and operations, such as EDC, are in fact carrying out their mandate. They will be subject to detailed examination. If it is found that they are not carrying out their mandate, then they will go out of business. If it is found that their mandate is inappropriate, then their mandate will be changed. I am sure the minister will agree that that would be a very helpful innovation in the House, and I am sure he will also agree that it will only occur with a change of government.

Some hon. Members: Hear, hear!

Mr. Clark: Our problem right now is that this government has manufactured a crisis, which means that we cannot give EDC the kind of searching analysis that is required now because there are certain immediate and legitimate pressures upon the government. In short, the problem is that EDC has already reached, or has very nearly reached, the lending limits which have been authorized by the House, and exports of Canadian goods will be lost if the House does not move fairly quickly to pass this bill raising the loan ceilings of EDC.

There is one reason why this has happened, there is one culprit here, and that culprit is the government itself because it could have brought this legislation in some time ago, and then we would be considering it calmly rather than in an atmosphere of crisis. Instead of acting responsibly and with foresight, this government waited until the last minute, as it does so often. It has now provided the House of Commons with this legislation in a crisis atmosphere, forcing us to decide too quickly on a matter which involved the potential expenditure and the obligation to Canada of literally billions of dollars.

I should simply add that this incompetence in economic matters is not at all confined to EDC. Another example is the Bank Act. The Bank Act has been delayed. It has been more than two years since this government brought to the House of Commons its White Paper on revisions to the Bank Act. As hon. members will recall, the Bank Act has to be revised every ten years. The date of the last revision was 1967. What we get instead of action we need are two extensions to the 1967 act because this government is so unable to manage that it cannot bring forward its amendments, and it cannot bring forward a new bill on time. We are told that the bill is ready but that the government will not bring it forward because, presumably, it does not want the people of Canada to know what the Prime Minister meant when he said the other day to me that the

Bank Act will deal with les caisses populaires and with credit unions.

Let me come back to this bill, because the government's inaction and delay have created an atmosphere of crisis about this bill also. Under the provisions of this legislation, the total authorization for EDC would increase to $26 billion from $8.85 billion. That $26 billion is equivalent to 10 per cent of the current domestic gross national product.

Since 1969 when the EDC was first established, the authorized capital for corporate lending has risen from $600 million to $10 billion—a sixteenfold increase in less than ten years. In corporate insurance, this rise has been from $250 million to $10 billion during the same period. In other words, the growth has been nothing less than dramatic.

But we have to ask the question: what do EDC loans provide Canadians? The EDC, just to cite some examples, has lent something like $350 million to finance pulp and paper mills in Poland, Peru, Romania, Argentina, and Iran. These projects, built with Canadian capital goods, eventually compete with Canadian pulp and paper mills for markets. This is particularly troubling in view of the difficulties that Canadian manufacturers of pulp and paper products have had in finding markets during the last couple of years.

Again, EDC has financed $78 million worth of nickel mining projects in Guatemala and Indonesia. We know to our sorrow that 4,000 Canadian miners recently lost their jobs in Sudbury because of depressed world nickel markets. That was before these two new EDC financed nickel mines, operated with cheaper labour than is available in Canada, achieved full production.

Again, EDC financed a mini steel mill in New Jersey, the cost of which was in the neighbourhood of $47 million. It financed other steel operations in Texas, Minnesota, and Great Britain. In fact EDC financed steel mills outside of this country with $100 million in Canadian taxpayers' money, and that at a time when Algoma steel is experiencing difficulties in finding markets for its rolled steel products, and at a time when Stelco is forced to slow down the pace of construction for its Nanticoke mill because it has no markets for its end product.

Again, EDC has financed projects in a number of countries behind the Iron Curtain, such as in Russia, Poland, as I mentioned, Yugoslavia, Czechoslovakia, Romania, Hungary, Bulgaria, and Cuba. Many of the projects which have been financed by EDC will compete directly with Canadian manufacturers, when they are completed. Because all operate with state planned economies, wage costs can be adjusted in various ways to make plants competitive at all cost in world markets and to make them competitive with Canada in an unfair way.

The point that we cannot lose sight of, and the point that I rise today to emphasize, is that the activities of EDC may seem to be providing a short term benefit for Canada. We may have exports of capital equipment to build steel mills and pulp and paper plants, but that is only a short term benefit. The long term result could very well be the loss of Canadian jobs to concerns and projects which are financed abroad by the Canadian Export Development Corporation. These plants are more efficient because the are newer and cheaper to operate, and because they operate in countries where wage costs are lower. What long term good is there for Canada if we eliminate our own industries for the short term advantage of some export contracts?

● (1532)

Part of the difficulty is that the government is operating, in terms of the Export Development Corporation, without any kind of long term industrial strategy.

Some hon. Members: Hear, hear!

Mr. Clark: There have been a number of failures by this government during the ten years in which it has been in office. But none has been more significant for the long term future of the country than its absolute failure to establish any over-all sense of direction for Canadian industrial development. That means Canada goes to GATT with no industrial strategy than to follow the Americans. It means we have the Export Development Corporation spending Canadian money to create plants abroad that will compete with Canada and cause unemployment here. It means a number of other inconsistent actions which can work very seriously against the long term interests of Canada. Canada requires a national industrial strategy which will provide some direction for the Export Development Corporation, as well as some direction in what we are doing at GATT. Instead of that, we receive six-month budgets and Export Development Corporation bills brought in at the last minute during a state of crisis, when there cannot be the detailed examination that the public interest and the House of Commons require.

Some hon. Members: Hear, hear!

Mr. Clark: What is abundantly clear to all of us is that the Export Development Corporation engages in very little long term planning. It is an ad hoc organization, operating without the guidance of a national industrial strategy. It looks for immediate gains, but it gives far too little attention to the long term costs to Canada of some of the ways in which it is spending Canadian money abroad.

I do not blame the directors of the Export Development Corporation. As always, the fault lies with the government of the day on questions of policy. The government of the day has failed to give the direction which is necessary to the Export Development Corporation. The government of the day has failed to develop the industrial strategy which our nation needs. Because of those failures by the government, we face a short term crisis now. There is a real dilemma for EDC.

The government has delayed the introduction of this piece of legislation for so long that a crisis has been created. We will help the government get out of that crisis. Also we will assist it in raising very quickly the authorized capital of EDC. But in committee, in the next stage of debate on this matter, we will

propose that the ceilings be lowered by an aggregate of $10 billion.

In the case of the corporate loan ceiling, the government has proposed an amount of $10 billion. We will offer an amendment lowering that amount to $6 billion. The government is proposing a loan ceiling on government loans of $2.5 billion. We will offer an amendment to make that amount $1.5 billion. In addition, we will propose that the government's proposal for insurance and guarantee authorization be lowered by $5 billion. That will be an aggregate lowering of the ceilings by $10 billion, which is a great deal of money, as much as the total spending of the government when it first took office, and as much as its deficit is now. It leaves substantial spending power with that Crown corporation. But the people of Canada need the assurance that money will be used in the best long term interests of our country, and that we will not sacrifice many jobs tomorrow for a few jobs today.

Some hon. Members: Hear, hear!

Mr. Clark: We are prepared to act in the public interest and in the tradition of parliamentary responsibility, which has marked our participation in attempting to bail out the government and rescue it from its own incompetence throughout this session. We will help the Export Development Corporation out of its present difficulties. The fact that we are prepared to help in this way does not solve the far more serious problems concerning the proper role of EDC. It does not solve the far more serious problems of the absence in this country of a national industrial strategy which can provide guidance and direction to government agencies and private entrepreneurs who operate now in a policy vacuum.

Those changes can only come with an election which will allow Canadians to make a choice between a government which thinks in terms of six-month budgets and spending money now to create Canadian unemployment later, and a new government which is determined to bring in a national industrial strategy which will give guidance to Canadian Crown corporations and private entrepreneurs, and bring some sense of honesty and restraint into the activities of government in this country.

Some hon. Members: Hear, hear!

Mr. Young: Mr. Speaker, will the hon. Leader of the Opposition (Mr. Clark) permit a question?

Mr. Clark: Certainly, Mr. Speaker.

Mr. Young: In the context of the hon. Leader of the Opposition's remarks that these Export Development Corporation contracts with Soviet nations were detrimental to Canada, and that they resulted only in plants being built in other countries with a potential loss of jobs to Canadians, can he explain those remarks, in view of the fact that I am aware of an EDC-backed contract which helped a truck manufacturer in this country to build a brand new factory, thus creating over 100 new jobs?

Mr. Clark: Question.

[Mr. Clark.]

Mr. Paproski: Do not make a speech.

Mr. Baker (Grenville-Carleton): Ask your question.

Mr. Young: I am asking a question. It is a specific one.

A second EDC-backed contract in Indonesia helped put 200 men back to work in Canada, who had been laid off for three months.

Mr. Clark: Mr. Speaker, obviously the hon. member opposite requires some practice in asking questions. If he survives the next election, he will get some practice doing that.

Some hon. Members: Hear, hear!

Mr. Clark: I said that the Government of Canada, through the Export Development Corporation, is aiding the development of industries in Iron Curtain countries and other countries.

Mr. Young: And in this country.

Mr. Clark: If the hon. member wants to rise in his place once again, he can do so. But he prefers to shout across the floor, which is typical of the action displayed by the Liberal party throughout this session of parliament.

Some hon. Members: Oh, oh!

Mr. Clark: Since the hon. member asked a question, which I can only presume was serious I presume he is interested in the concern I and many other Canadians have. The government spends substantial amounts of money now, and makes money available to encourage the development of industries in countries which operate under a different market system than ours, and where the state controls and keeps wage levels low. When the government subsidizes the creation of industries in those countries, which compete with similar industries here, it is much more difficult for Canada to compete in the world. They may well be raising competition for industries which now operate in Canada. If that is being done, Canadians who have jobs now may well be jeopardized, or jobs Canadians could look forward to may be jeopardized. The question which must be answered is: why should Canadian money be spent to help other countries compete with us, at the cost of Canadian jobs in the future?

Mr. Young: It is putting our own people to work.

Mr. Clark: That is the type of question which has been raised repeatedly by hon. members on this side of the House. It is the type of question government spokesmen consistently attempt to ignore. It is a basic question. This is the reason why there must be a thorough review of the activities of the Export Development Corporation in this country. That is the kind of review that we want to see happen, and the kind of review that we will introduce after the next election. In the meantime we are prepared to help the government out of the crisis it has created, by increasing the ceilings.

● (1542)

Some hon. Members: Hear, hear!

Mr. Abbott: Mr. Speaker, acting on behalf of the Minister of Industry, Trade and Commerce (Mr. Horner), I would ask that the debate be closed, and move that the bill be moved to committee. I see that my hon. friend is rising to speak.

Mr. Bob Brisco (Kootenay West): Mr. Speaker, yesterday during a rather lively debate in the House on this bill, I had the opportunity, or the misfortune—whichever way you would like to put it—of listening to the comments of the hon. member for Comox-Alberni (Mr. Anderson), the Parliamentary Secretary to the Minister of Fisheries and the Environment. After listening to and reading his speech, I wondered whose side he was on. I think he should have stuck to his own department, one which hopefully he knows more about. I hope he is better informed on fisheries and the environment than he is on industry, trade and commerce and the EDC, because the bait that he was trolling would only catch suckers.

Mrs. Pigott: That is a good one.

Mr. Brisco: Yesterday he stated—and he was on shaky ground, or perhaps he was at sea—that I have no reason to suspect the words of the Minister of Industry, Trade and Commerce (Mr. Horner). That is the statement of the year. I have reason to suspect the words of the Minister of Industry, Trade and Commerce. The people of Alberta have reason to suspect his words, and all other Canadians have reason to suspect his words. For example, the minister made a very solemn promise to the city of Edmonton that he would expand their airport facilities and improve on them. He then lived up to that promise by narrowing it, stenosing it, stricturing it, and restructuring it so that the program really amounts to nothing. I have heard the minister speak in this House very strongly in favour of a beef import act. Now he favours an import-export permit scheme which he himself knows has caused a great deal of difficulty within the beef industry. So much for the flip-flop, cow plop statements of the Minister of Industry, Trade and Commerce.

The parliamentary secretary yesterday said, as reported at page 4904 of *Hansard:*

> Day in and day out I hear doom and gloom from hon. members opposite concerning employment problems—

Thank goodness there is somebody, sir, in this House of Commons who is prepared to draw to the attention of this Liberal government the very real reasons for doom and gloom in this country. We have the Minister of Industry, Trade and Commerce with his new bill, we have EDC with their proposals, and you have the opposition preaching doom and gloom. Where does that doom and gloom come from? It comes from my constituency, from the member's constituency, Comox-Alberni, and from all constituencies across Canada, save and except a few.

Do you know, Mr. Speaker, what the unemployment figures are for my riding of Kootenay West? Obviously, the hon. member for Comox-Alberni has no idea what the unemployment figures are for his particular riding, otherwise he would address himself to the very doom and gloom which he accuses us of preaching. If he had the fortitude to come forward and admit to the fact that this country is in a very serious situation, and if he had the fortitude and intelligence to listen occasionally to the opposition, instead of rejecting out of hand any proposals which are put forward, then perhaps he might accomplish something of benefit for his own riding.

I would like to give a brief example of the doom and gloom that face us, why it is doom and gloom, why I am concerned, and why the opposition is concerned at something that absolutely fails to register on the other side. It does not matter what the inflation rate is, it does not matter how many unemployed there are, when it comes down to the cold hard facts, the government acts and reacts about two years out of phase.

Let us look at Statistics Canada. They gathered data on 19 specific categories of manufactured and imported end products and classified them as high technology manufacturers. These are the kinds of items that we see developed in foreign countries by the Export Development Corporation. I have no beef with the basic thrust of that corporation, but my first concern is Canada and jobs for Canadians. I do not care how much rhetoric we hear from the other side about how much the pulp mill in Poland is going to help Canada, it still does not come anywhere near looking to the problems that are before us in terms of our own markets and our own products.

When we wonder where the jobs have gone for the 1.5 million unemployed, we note that most of them, 80 per cent have gone back to the United States. Ten per cent has gone to Japan, and another 10 per cent to Britain and the European community. We have a deficit in end product, high technology manufactured products, of $8.2 billion for 1977. At the risk of boring the hon. member, perhaps he would listen to the impact of these figures. We are not talking pennies or dollars, but we are talking millions and millions of dollars.

What is our export situation and our import situation in terms of some of these products? What about our man-made fibres? The net deficit for man-made fibres is $41,151,000. In chemicals we have a deficit of $253 million. I will not bother with the thousands, because the government does not. In petroleum and coal products, one of the unusual ones, we find that we actually have a surplus of $360 million. Industrial machinery is at $743 million, and mechanical handling equipment, $148 million. These are all deficits, and these are things that we are bringing to Canada that should be manufactured and produced in Canada.

Surely, if the markets are there, as is evidenced by the statistics and the volume of imports, our industries can pick up that slack even if it is only the 20 per cent by which they are now depressed. Other industrial machinery has a $1,296,000,-000 deficit. In spite of the fact Canada is one of the major agricultural producers in the world, agricultural machinery has a net deficit on imports of $746 million. In railways, locomotives and rolling stock, the deficit is $46 million.

We have roadways of over 5,000 miles from sea to sea, highways spread out across the 49th parallel and adjacent to it, thousands of mile, yet we find that road transport equipment has a deficit on imports of $1,036,000,000. In aircraft and parts equipment we managed to create a surplus of $203 million; in other vehicles, $42 million deficit.

We have Northern Telecom trying to expand their telecommunications industry, trying to create more jobs, but being throttled by this government—and my goodness we have a classic example right here with the microphones on our desks that are imported from Austria. We have imports to the tune of $1,173,000,000 in communications equipment. In heating, air conditioning, and refrigeration equipment, we have a deficit of $198 million; domestic and commercial appliances, $946 million; tools, $196 million; office machinery, $384 million. My goodness, you would think that the bureaucracy here in Ottawa could establish its own industry to look after office machinery that is used in bureaucracy alone. Medical, pharmaceutical supplies have a deficit of $405 million, with photographic goods and equipment at $406 million. This adds up to $7,582 million. What was the response of Industry, Trade and Commerce to these figures?

● (1552)

The assistant deputy minister in charge of industrial policy and planning has stated that he does not believe anybody could put together a strategy which will last for more than 30 days. In fact he says debate about an industrial strategy is sterile and should be discontinued. If that is the case, why did the Department of Industry, Trade and Commerce bother bringing in this bill? We reject that proposal by the assistant deputy minister completely. Any country with 22 million people that imports $24.4 billion in high technology products should not engage in a debate, but should get on with the job of eating into that multibillion dollar market by creating jobs and profits right here in Canada. No wonder there are concerns from this side about this new bill for the Department of Industry, Trade and Commerce.

Yesterday in a speech made by the hon. member for Comox-Alberni, either in a blush of honesty or a flash of brilliance, I do not know which, he said that we are like lambs in the international market. Certainly Canadians and members of the opposition know that we have been fleeced, if that is what the member is implying. Perhaps he thinks that Canadians will follow this government like lambs at the next election. I think he may find that the lambs will turn into lions, and that we feed heartily on grits. I did not expect the member to be so thoroughly honest when he made that reference.

In reviewing his speech, probably what concerns me the most was the fact that only once during the period he spoke did he make any reference to any western Canadian industry. That was a one-liner about shareholders of MacMillan Bloedel. It had no bearing on the thrust and the context of the debate on the bill before us. I would suggest that if the hon. member examines the circumstances in the riding of Comox-Alberni, as I have examined the circumstances for the riding

of Kootenay West, and as other western members have examined the circumstances for their particular ridings, would find that the record of co-operation and the degree of interest demonstrated by the EDC are negligible. It is so much simpler to do business here in Ontario and Quebec, and to hell with the west.

Just to illustrate, the Canadian Export Development Corporation recently provided assistance to Treco Limited, an eastern supplier of prefab housing. I say, look it up in your books. They landed a nice contract of $93 million with Algeria. Nobody in British Columbia was advised that the contract was open. Nobody had the opportunity in British Columbia to bid on that. Nobody in the lumber industry, which was depressed at that time, had an opportunity to know that they could bid on that. I suggest that the officials from the Export Development Corporation add the word "co-operation" after their title and think in terms of talking to the British Columbia Development Corporation. I suggest that these officials have an opportunity to find out from the BCDC how unimpressed they are with the measure of co-operation from the Export Development Corporation.

I know that the Corporation is sensitive; its people do not like criticism. As a matter of fact I took the liberty of mentioning them, in passing reference, in a parliamentary news column. I noticed they were sensitive to that because they responded by a letter to the editor. The Export Development Corporation's director of communications, Mr. John M. Bowles, sent a letter to the editor of the Arrow Lake News and he quoted a number of facts. He said that EDC does not cost the Canadian taxpayer a cent. What he means is it does not cost the taxpayer a cent, it costs the taxpayers billions of dollars! That is what he really means. If the man had the courage of his convictions and if he were really concerned, pehaps he might have followed it up with a letter to me instead of conducting a paper war with the member of parliament for Kootenay West through the media of the editorial columns of a newspaper. That is the only time I have ever heard from Mr. Bowles.

It is significant to note that throughout the speech made by the hon. member for Comox-Alberni, who is a parliamentary secretary for this government, that there was not a single reference to the activities and the degree of support that this Corporation gives to western Canada. I want to put on the record now that British Columbia is thoroughly fed up, as is western Canada, with the failure of the EDC to address itself to anything else but centralized concerns and centralized business.

The Acting Speaker (Mr. Turner): Order, please. I believe the Minister of State (Small Business) has indicated that he wants to speak on behalf of the Minister of Industry, Trade and Commerce. If he does, I would suggest he will close the debate. Does the Minister of State for Small Business have unanimous consent?

Some hon. Members: Agreed.

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, as acting Minister of Industry, Trade and Commerce I am pleased to have the opportunity today to say a few words in connection with this important bill before parliament. I think my colleague adequately expressed the importance of the bill and the importance of EDC to the economy, as well as explaining why it is essential that the bill receive as prompt passage as possible. He indicated at the time he spoke that it would be quite open to the committee to interrogate the officers of EDC closely and go into any specifics they might wish.

It was particularly distressing to hear the number of speakers who rose in the opposition and levelled such unsupported allegations in the direction of EDC, particularly the hon. member for York-Simcoe (Mr. Stevens), and the Leader of the Opposition (Mr. Clark) who spoke so ignorantly about the activities of this important element of Canada's export trade. I thought the Leader of the Opposition demonstrated several of the qualities which will almost certainly restrict him from ever occupying the position of Prime Minister of this country.

An hon. Member: Don't count on it.

Mr. Abbott: Of course the hon. member says, "Don't count on it". I shudder to think of the prospects if, by some accident of fate, he was elevated to that position. It is bad enough to have him comment on those matters with which he presumably has some acquaintance. But when he rises in his place today, and suggests that because the Export Development Corporation finances overseas developments consistent with its charter and its very proud history of accomplishment, that somehow it is deliberately taking away the jobs of Canadians by the so-called short-term benefits to them, it is so outrageous and palpably absurd as to make it shameful that a person purporting to be an alternative to the prime minister of this country should ever make such a speech.

Some hon. Members: Hear, hear!

An hon. Member: No more shameful than our deficit on imports.

Mr. Abbott: He made specific reference to the foundation of a mini-steel mill in New Jersey as an example of his indignation at the taking away of Canadian jobs. This represents a very important development that is being exercised by a company in Whitby which has set up mini-steel mills, not only in Canada but elsewhere in the world. As a result, it has employed as many as 1,500 man-years at this plant, creating this very important element of export. To say that this is somehow setting up a steel mill in New Jersey to compete with Canadians demonstrates once and for all, if we ever needed any demonstration, what an economic, industrial illiterate we have in the Leader of the Opposition.

● (1602)

Some hon. Members: Hear, hear!

Mr. Abbott: He went on to question the kind of countries the Export Development Corporation is dealing with, countries such as Romania, Poland, and others. He cast insulting aspersions on them. Moreover, he suggested that somehow EDC was guaranteeing loans, with money that would otherwise have been spent in Canada to create jobs in plants for Canadians, and helping to set up competitive industries abroad. He took that as a dastardly betrayal of Canadian economic interests.

I would have hopes that even so parochial and restricted an observer as the Leader of the Opposition might realize that the rest of the world does not stand hopefully waiting for any of those industries to be set up by Canada. Countries such as Poland have other nations of the world eagerly hoping they may be given an opportunity to employ their people to help set up industry, to create paper making machinery, to do all the things that the Export Development Corporation is financing in order to give Canadian manufacturers jobs.

I cite a very outstanding example, the recent contract that the Bell Telephone Company, through Northern Telecom, has with Saudi Arabia. Here is a billion dollar contract competed for and won by a Canadian corporation in that important and growing part of the world. It is to be partly financed through EDC. It will be a profitable deal, as have been nearly all the deals that the EDC has conducted. It is going to bring thousands of jobs to Canadians, not short-term jobs, and will help to create the kind of industrial fibre we need to maintain if we are going to employ as many Canadians as we must.

Far from a record of failure, as has been suggested by the Leader of the Opposition, the Export Development Corporation has been a very successful corporation. It has enjoyed a triple A credit rating with the leading firm of Moody's and with another leading one as well. I forget the name of it. There is no other corporation in the world that enjoys this triple A rating of two leading corporations of this kind.

I am sorry the hon. member of York-Simcoe is not here. He expressed some very dark suspicions about the financial standing of the Export Development Corporation. Anybody who knows the hon. member for York-Simcoe and his own history realizes he must have quite a profound knowledge of shaky operations. I was singularly interested in a comment he made in his speech on this bill, reported at page 4815 of *Hansard* for April 24, and I quote:

> If you have any trouble in the lending business, you never admit it.

I am sure that was the credo by which the former president of the Bank of Western Canada conducted his business. However, I assure him that this kind of subterfuge he may have believed in when he was in the banking business is not the kind of behaviour displayed by officials of the Export Development Corporation.

When those officials appear with the minister before the finance committee I feel certain they will be able to account for themselves very capably as to the deals in which they are involved. They will point out they have never had a year in which they have not enjoyed a profit. They do not need these additional funds because they have somehow failed, but

because they have succeeded. They are advancing the frontiers of Canadian industry. They are doing the job for which they have been created.

Some hon. Members: Hear, hear!

Mr. Abbott: Some outrageous suggestions were put forward by the hon. member for Nickel Belt (Mr. Rodriguez). Surprisingly, his views were subscribed to by the Leader of the Opposition who, one would have thought, should know better.

When the International Nickel Company determined to set up in Indonesia, this was a $900 million deal. Their intentions were to buy in Canada about $1 million worth of machinery and parts, if they could. It was only when the Export Development Corporation and other agencies of the Canadian government pressed them that that total was raised to some $60 million. It was financed through EDC.

It was not that Indonesia was unable to set up its mine. It certainly was not going to wait for the Parliament of Canada to give it permission to set up this new mining enterprise. Thanks to the efforts of the EDC, a whole lot of Canadian jobs and manufacturing were created and maintained.

One of the sad aspects in Canada today is that we have a Leader of the Opposition who, on the verge of an election, is not content to puff himself up and say what he will do about sunset laws and other dreams he might have. He chooses to advance his cause by denigrating a vital economic enterprise that is very important to Canada, such as the Export Development Corporation. Some of the members of his caucus have expressed sounder views. The hon. member for Edmonton West (Mr. Lambert) made a rather reasonable speech the other day. The hon. member for Vancouver Quadra (Mr. Clarke) gave us some good comments as well. I hope these gentlemen will ask the Leader of the Opposition to concentrate on those matters he presumably knows something about, and allow them to go to the committee and bring forward important points they may have before this legislation is returned, giving parliament the opportunity to let the EDC get on with its job.

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

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

* * *

FINANCIAL ADMINISTRATION ACT

AMENDMENT TO ESTABLISH OFFICE OF COMPTROLLER GENERAL

The House proceeded to the consideration of Bill C-10, to amend the Financial Administration Act, as reported (without amendment) from the Standing Committee on Miscellaneous Estimates.

[Mr. Abbott.]

Hon. Marcel Lambert (for Mr. Andre) moved motion No. 1:

That Bill C-10, An Act to amend the Financial Administration Act, be amended in Clause 1 by striking out lines 11 to 16 at page 1 and substituting the following therefor:

"pleasure, and he shall rank as and have all the powers of the deputy head of a department.

(2.2) The Comptroller General of Canada shall design, develop, implement and monitor such systems that will ensure that

(*a*) the form of Estimates provides a sound basis for budgetary control;

(*b*) public monies and assets are under effective custody and control at all times;

(*c*) accounting procedures and financial reports conform to accepted accounting principles and standards;

(*d*) expenditures of public monies are made with due regard for economy and efficiency; and

(*e*) satisfactory procedures measure the effectiveness of government programs;

and without restricting the generality of the foregoing shall perform such additional duties and functions as may be assigned to him by the Treasury Board."

The Acting Speaker (Mr. Turner): It is presumed that motion No. 2 will not be proceeded with as it is identical to motion No. 1 which has just been put. Is that agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): It is so ordered.

Mr. Lambert (Edmonton West): Mr. Speaker, the purpose of this amendment, which is to amend clause 1 of the bill, is to carry out the declared view of the official opposition that the bill creating the office of comptroller general should define the duties of that office. On the other hand, the government, in its proposal, says the comptroller general, who is to be one of the watchdogs for parliament, is to have his or her duties defined by the Treasury Board. This, to my mind, is a total negation of the purpose of setting up the office. It is as though, when the office of Auditor General was set up, we were to provide that his duties be set by the Minister of Finance and that he should act through the Minister of Finance. That is no watchdog position. Frankly, the set up is simply mechanistic.

● (1612)

I have met the new Comptroller General. I have discussed certain matters with him at a meeting of the Standing Committee on Miscellaneous Estimates. I wanted to find out from him precisely what he thought his functions were.

If we turn to page 28.28 of the Blue Book on estimates we read the following as a description of the objective in mind when the office of comptroller general was proposed to be set up:

In accordance with the responsibility delegated by the Privy Council as set out in the Financial Administration Act to ensure the quality and integrity of financial control systems and related administrative practice and procedures designed to operate after and within the authorization of the allocation of resources by the government and by parliament.

This, from the same page, is the program description:

Operations—Develops and ensures the effective application of financial administration legislation, policies, standards, systems and procedures to provide public assurance that the financial resources of the government are properly managed, controlled and accounted for.

—Develops policies to ensure that satisfactory procedures are established to measure and report the efficiency and effectiveness of government programs.

Administration—The Office of the Comptroller General; financial, personnel and administrative services.

In other words, the office and the role of the comptroller general are mechanistic. They are to ensure that proper controls will be established. That is a mechanical operation. It is not, as set out, under Evaluation and Planning in the program description of the Treasury Board—

—undertake in-depth policy analysis and program evaluation related to the major sectors of the economy; provide economic briefings; collaborate with other federal departments and agencies in medium term planning and evaluation studies; provide research and analytical support to the other branches of the secretariat; and administer . . . grants as listed in the estimates.

In the amendment, which stands in the name of my hon. friend, we have put in precisely those functions which have been described in the estimates. The only thing is, the description in the estimates can be changed from year to year. In other words, parliament has no control over it. Unless it is contained in a statute so that everyone can see, that will continue to be the position. The statutes have far wider coverage than the estimates. Apart from a few parliamentarians and public servants, there is hardly anyone in this country who knows his way around this book. And it is in this book, the Blue Book of estimates for the year 1978-79, that the duties of the comptroller general are designated. Treasury Board, in its wisdom, can, in the preparation of the estimates for 1979-80, change those duties around by 180 degrees—and who would be wiser? Certainly not the public. It is this to which we object.

The office of comptroller general was set up by a government which was dragged, kicking and scrambling, through the door, because of representations made, not once, not twice, but at least three times by the Auditor General, and in the face of continued criticism from the opposition. As a result, we get this grudging, half-hearted measure. This is not the way to go about it, Mr. Speaker. I have no objection whatsoever to the definition of the duties of the comptroller general as outlined in the estimates book because they are parallel to those we have provided in our amendment to the bill. But there is an important difference. Under the terms of the amendment his duties would be defined by statute to be seen by all and they would not be subject to change except by an amendment to the bill which would require debate in parliament.

If this man is to be a watchdog on behalf of parlament, then parliament should set his duties, not Treasury Board. I think I can assure you, Mr. Speaker, that in the event of a change in government this, too, will be an undertaking: we shall see that the duties of the comptroller general are enshrined in the Financial Administration Act.

This morning I had a further opportunity of discussing with the new Comptroller General a subject which I have taken up at various times with a number of deputy ministers during the examination of estimates. I believe I have had a clear exchange of views with the President of the Treasury Board (Mr. Andras), with the Minister of Finance (Mr. Chrétien), and with the deputy minister of finance and, now, with the Comptroller General.

● (1622)

I am interested in increasing the effectiveness of members by making available to them many of the reports to which I referred when I was outlining the program description of the central administration of the public service program at Treasury Board. It says, and I quote:

On the basis of the analysis of departmental plans and programs to recommend to the Government the acceptance or modification of specific expenditure proposals in order to:

—reflect the priorities which the government assigns to the objectives;

—increase the effectiveness of existing and proposed programs;

—increase the efficiency with which the manpower, facilities, equipment, materials and supplies are used in the operation of programs; . . .

And ultimately to develop the estimates for the approval of parliament. I am asking that the reports which are made at that time be made available to members of parliament and to heads of departments so that if there are mistakes in one particular area, or problems to solve, the solutions or the proposals to solve those problems will be available to other sectors of the government and to members of parliament who are asked to pass on close to $50 billion in estimates.

Based on what information are members of parliament asked to pass on these estimates? It is difficult even for one who is well versed in the Blue Book to understand what is really happening, and it becomes far worse when we consider that on the average a minister will appear not more than about three times, for an hour and a half at the most each time, to answer questions about the administration and the policies of his department and the spending programs which are outlined in the Blue Book. Let us consider the small amount of time that is available to each member to question ministers and, of course, the time used to answer his questions is his time.

To top off this nonsensical program we have, the same committees have to consider legislation which comes their way. The Standing Committee on Labour, Manpower and Immigration has yet to begin its examination of estimates because there have been two or three bills kicking around. The chairman is in no hurry to get to the examination of estimates. And what is coming? Either an election or May 31, whichever comes first. What is coming is a guillotine. I do not want to operate under the threat of a guillotine when examining estimates.

The general summary shows that total budgetary items amount to precisely $46,476,469,179. That is almost as good as Loto Canada. In addition to that, total non-budgetary items amount to $2,255,546,092. That is a total of nearly $50 billion, and the amount of time available for the examination of estimates is very little. A member must depend upon his own acumen, or that of his researcher, to go digging and to ask for information or detail at a committee meeting because the

estimates are in omnibus form. If a member wants any particular detail, it may be filed at a subsequent meeting if it is not available when first requested. The net result is that remarkably little information is brought out, and absolutely nothing is available to members from either side of the House.

The estimates are equally important to members on either side of the House. It is not a case of them against us, or of members of parliament against public servants. Public servants do not sit in the witness chairs behind six-foot fences with their heads up above waiting for us to shy coconuts at them, but one almost gets the feeling that they are afraid to say anything because we might criticize them.

Most things the government does are for the benefit of the people. There are some things one might perhaps do differently, and some things are wrong-headed to start with, but that is the essence of a human being. We are not perfect. Human programs are not perfect either but, goodness gracious, would it not be far better if assessment reports or evaluation reports based upon zero budgeting were available to hon. members in this House? Our work on estimates would be not only more pleasant but also immeasurably more intelligent.

I have not been here as long as the hon. member for Winnipeg North Centre (Mr. Knowles), but I have spent 20 years looking at estimates, and I think I would match my knowledge with his when it comes to getting around the Blue Book. However, I feel a sense of personal insufficiency when I try to discuss intelligently with able public servants the philosophies of programs or their effectiveness. Are they over the hill? Should we terminate them in the foreseeable future? How should they be amended, if they need to be? If we could deal with these matters more effectively, we, as members of parliament, could function much better.

I discussed this with the Comptroller General. That was the nature of the discussion I had with him in the brief time that I was able to question him. I spent most of my time stating my philosophy in this regard. I think the Comptroller General was very well disposed to the idea.

I anticipate being back in this House after the next election, either on this side or on the side opposite, and I can tell hon. members that I will continue to press and press for the presentation of these reports. My colleague, the hon. member for Peace River (Mr. Baldwin), is conducting a campaign on the right to know. Well, this is part of it. I think members of parliament have not only the right, but the duty, to know on what they are basing their judgment in order to accept, modify, or reject the government's spending programs outlined in the estimates.

● (1632)

I hope that after two years' experience we will be able to assess better the role of the comptroller general and the rules or the guidelines under which he operates, and that we will be ever vigilant, because I know the government will not accept this amendment, to ensure that the duties are not changed to suit the government's temporary views should the reports of the comptroller general prove embarrassing. We remember the time some four or five years ago when certain government ministers really wanted to move in on the auditor general—not the present one but his predecessor—because he dared to criticize bad government programs and their bad administration. To his credit, the present Auditor General took up the cudgels with regard to the administration of programs and the financial controls, and this has culminated in the creation of the office of the comptroller general.

I had hoped that in committee and at the present time the government would have been disposed to accept the amendment of my colleague, the hon. member for Calgary Centre (Mr. Andre), because I think it makes eminent sense. But even if amendments make eminent sense, there is a strange disposition in this placefor the government to close its mind to opposition amendments. I hope that, if there is a turnabout, that bad habit will not apply, but I have seen it. It is a sort of malady around here. I think it is part of our system. I know that in the British system ministers are much more inclined to accept amendments in committee. Their position is not quite so fixed. It is not as though by accepting an amendment you confess a weakness. It is just that perhaps somebody has a better way of expressing the same ideas, or perhaps a little more strongly.

I had hoped that the government could have seen fit to accept this amendment, but it does not. So I hope that I have exposed this problem—and certainly this amendment has served me with a vehicle to put forward my views with regrard to making available evaluation reports on government programs from the Treasury Board and the comptroller general.

I will close these remarks with a plea that even now the government should accept this amendment. Strangely enough, the ministers responsible for this bill are not the House.

Mr. Lefebvre: I am.

Mr. Lambert (Edmonton West): The parliamentary secretary is present, but unfortunately he cannot determine government policy, and even though he might be the man most disposed in the House to accept my arguments in favour of the amendment, he cannot do anything about it. Seeing that the parliamentary secretary is in charge of the debate at this stage, it is quite clear that the government has closed its mind to accepting any amendment. That is a real pity. With that, I think, we will call it a day on this amendment, but I hope that hon. members will remember much of what I have said this afternoon.

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of Treasury Board): Mr. Speaker, the hon. member for Edmonton West (Mr. Lambert) has repeated essentially the same arguments that had been made previously on this bill in describing the duties of the comptroller general. They had been answered by the President of the Treasury Board (Mr. Andras) and by myself many times, both in the House during debate and at the committee hearings which were held to study Bill C-10. I do not intend to repeat them again, and I wish to refer any member interested in the office of the

comptroller general to acquire copies of the proceedings and evidence of the Standing Committee on Miscellaneous Estimates, issues Nos. 7, 8 and 9, where all the answers were given in great detail in reply to the arguments put forth here today and previously.

Also, this morning—and this was mentioned by the hon. member for Edmonton West—Mr. Rogers himself, the new Comptroller General, appeared before the committee and once again answered in great detail questions which were put to him. Unfortunately, as the hon. member himself mentioned, because of the conflict of having to attend another committee, the hon. member was able to be present at the meeting of that committee for only a few minutes, although we did give him time to put forward his own philosophy, as he mentioned. Had he been able to attend the full committee hearing this morning, he would have found that Mr. Rogers feels in no way restricted and has studied the committee hearings, as he revealed in a direct answer to a question I myself asked him, and has also studied the 20 recommendations which were tabled in the committee on March 21. If the hon. member has not read them, I would commend them to him. They describe fully and in detail in 20 paragraphs the comptroller general's responsibilities and duties.

Mr. Lambert (Edmonton West): They can be changed so easily.

Mr. Lefebvre: They were tabled on March 21. I do not know if the hon. member has been able to study them.

I do not intend to prolong this debate, Mr. Speaker. The Comptroller General is in effect on duty now. He started his work on April 1. He has come from the private sector with excellent recommendations and he has held any number of important positions before taking on his duties as comptroller general. We all know he has made a personal sacrifice in accepting this position. There is no doubt as to his capabilities, his integrity, or the way in which he has handled himself in his previous positions.

I think we should terminate this debate. The government has no intention of accepting this amendment. This has been stated before regarding similar amendments in the committee. I recommend that this amendment be turned aside and that we proceed to third reading of the bill and final passage, so as to give Mr. Rogers the full co-operation of this House to carry out his duties, which all parties believe are very important, and to establish a system of even more effective control of the taxpayers' money.

Mr. Gordon Towers (Red Deer): Mr. Speaker, certainly it is a pleasure to rise and speak on this amendment. I hope that in the last few days of this session of parliament—

Mr. Kaplan: Mr. Speaker, I rise on a point of order. A number of members are finding it too cold in the chamber. Could you have the temperature raised?

The Acting Speaker (Mr. Turner): Order, please. I have already spoken to the House of Commons staff and they are doing something about the temperature right now.

● (1642)

Mr. Towers: Perhaps if the hon. member got involved in the political process he might get warmed up, and then he would not feel the chill in the air.

Actually we have been disappointed because the government has not been more receptive to suggestions made. Generally speaking, in the Standing Committee on Public Accounts, there has been little political manoeuvring, which speaks well of the hon. members who serve on that committee. I have participated in that committee for a number of years, and certainly it is a pleasure to witness how that committee has been changed. A number of years ago, that committee dealt with issues which were considerably in the past. We have steadily progressed to the point where hon. members can deal with the Auditor General's report shortly after the time of its presentation before the House of Commons.

Further to that, the chairman of that committee deserves a certain amount of credit, if not a great deal. It speaks well of parliament that the chairman was chosen from the opposition. Perhaps this is one reason why the committee has worked as well as it has.

We had hoped the majority would see fit to accept some of the amendments which have been presented. I do not doubt the veracity and sincerity of hon. members on the government side. Quite often good suggestions are made by members of all parties. The Auditor General and the Comptroller General require all possible assistance, if public spending is to be brought under control. There is no way for Canada to survive, if the deficit remains at $10 billion or $11 billion, which has been the case in two successive years. Unfortunately, this has occurred in what can be construed to be relatively good times. What will happen when the going gets tough and the economy goes into a doldrum? What will we do then? This is why it is important for the House to give the Comptroller General all the support which is possible. I am sure the Comptroller General has a certain amount of wonderment as to what the future holds for him. Undoubtedly he requires the support of all members, along with the support of the Auditor General.

I should like to refer to the Report of the Auditor General for the fiscal year ended March 31, 1977. At page 6, clause 2.3, he recommended the following:

> . . . first, the establishment of the position of chief financial officer of the Government, preferably with the title of Comptroller General of Canada; . . .

Fortunately this has been fulfilled.

His second recommendation reads as follows:

> . . . second, the appointment to this position of a person with appropriate professional qualifications, with a proven record of outstanding competence and achievement at senior levels of responsibility, and with extensive experience as a senior financial executive in a large-scale organization in either the public or private sector; . . .

To all intents and purposes this has been achieved. We believe the qualifications of Mr. Rogers will measure up to our expectations. His final recommendation reads as follows:

> ... third, the appointment in each department, agency and Crown corporation of a senior financial officer, preferably designated as the Comptroller (in combination, if appropriate, with another designation such as Assistant Deputy Minister in departments or Vice-President in Crown corporations), who would be directly responsible to the deputy head or chief executive officer for all aspects of financial administration within his organization and who would possess the professional and personal qualifications and senior financial executive experience that are commensurate with his important responsibilities.

He went on to say:

> ... that implementation of these recommendations would lay the essential foundation of a soundly-conceived program for restoring effective control over public funds and assets, and for ensuring probity, prudence and economy in their management. I was confident that the government, parliament and, indeed, all taxpaying Canadians would subscribe to these objectives.

We subscribe to these objectives. If the Comptroller General is to achieve that, certainly he requires the support of all hon. members of parliament, all members of the senior executive within departments, and also the willingness of executives in Crown corporations to work with him. Crown corporations must co-operate with the new Comptroller General.

The Export Development Corporation bill receive second reading today. That corporation is one of many Crown corporations which have concerned taxpayers. The National Capital Commission is another Crown corporation found lacking in financial management and control. The Department of Indian Affairs and Northern Development will require a tremendous amount of effort in order for it to be brought under control. I hope all departmental officials, including deputy ministers and ministers, will make sure that no obstacles are placed in the pathway of this new official of the Government and Parliament of Canada.

The office of comptroller general is of fundamental importance to the survival of all Canadians. If he does not receive cooperation, the result will be a mess from which there is no return. I trust everyone will support him in the best possible manner.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, a few moments ago the hon. member for Scarborough East (Mr. O'Conneli) was in the House. Not too long ago he made some comments regarding the difficulties with which we in parliament are faced in respect of government expenditures. I am happy he joined with us to review the expenditures of government. Both of us have made suggestions to improve and rectify this matter. I am sure he and other hon. members are concerned by what appeared not too long ago in the most infamous of all Auditor General reports. It was the second to last one which gave rise to the whole movement and pressure in this House of Commons to appoint a comptroller general. The bill which arose from that report contained so much bad news and offered such a straightforward solution that it sent many people scurrying for cover.

[Mr. Towers.]

• (1652)

You will recall, Mr. Speaker, that when the government finally decided that the time had come for it to accede to the demands for a comptroller general, we received a bill. The unfortunate part about the bill is that it merely calls for the appointment of the comptroller general. I have no quarrel with that.

I thank the hon. member for Edmonton West (Mr. Lambert) for handing me the bill. It states:

> The Governor in Council may appoint an officer called the Comptroller General of Canada to hold office during pleasure and to perform such duties and functions as may be assigned to him by the Treasury Board, and the Comptroller General of Canada shall rank as and have all the powers of a deputy head of a department.

That principle is acceptable to all sides of the House, but what I am concerned about, as, I am sure are all members of the House, including the hon. member for Scarborough East, who has taken such a great interest in this, is that at the outset, whereas every major officer in the hierarchy of government has his duties and scope of authority spelled out for him in legislation, the comptroller general alone is left without that kind of control or that kind of support that the terms of reference set out in a statute could mean for him. That is why the hon. member for Calgary Centre (Mr. Andre) has put forth the motion that is before the House today, to give to the comptroller general specific statutory authority so he knows where he stands. Otherwise he will be bumped and buffeted by the government from place to place or priority to priority as things change, and must change from time to time.

I know that the Auditor General would want more for his creature, the Comptroller General of Canada—because in that sense he is. I am sure that he would not inform the House that he was dissatisfied completely with this. I am sure that that is the case, as the hon. member for Gatineau has mentioned, but I am sure he would agree that it would be best if we start off on the right foot. Let us start off on the basis on which no one who thinks about our financial proceedings in this House could argue that the comptroller general is best left to the whims of the government, but instead should be like all other officials who have terms of reference spelled out for them. I mean that not in the sense of the treasury bench, but in the sense that his colleagues all have other deputy heads and senior officials in their department. That is the purpose of it.

As the opposition in the House of Commons or during an election, we constantly reiterate the need to reduce government expenditures. This is not because we hate to see money wasted but because we are concerned about the immediate dangers of inflation and the long-term implications of public spending dominating the economy and overshadowing the economic forces which ultimately supply the country's wealth. The reply that we always receive is, "Well, would you like us to eliminate family allowances or pensions, starve babies, or throw widows out into the snow drifts?" We never get an admission—

Mr. Knowles (Winnipeg North Centre): Would you fire deputy ministers?

Mr. Baker (Grenville-Carleton): —from the government that money leaks out of the system at a ridiculous rate. It is always the challenge that cannot be met by any but an army of accountants. Now, of course, the army of accountants has reported to the general staff in the Auditor General's report, and that general staff happens to be the Parliament of Canada.

It is important, as we consider this amendment, that we understand the source of the problem. First, there will always be problems of cost control in organizations with goals other than the accumulation of a profit and with security of tenure as a necessary feature to prevent politically-motivated staffing. Prior to 1969 wasteful proclivities were kept at a reasonable level by the partnership of the comptroller of the treasury and the Auditor General. The former watched the funds as they went out, and the Auditor General scrutinized the accounts to make sure moneys at all levels were spent productively and in the manner authorized by parliament. The comptroller general was part of the administrative structure. The Auditor General reported to parliament, and his report was discussed in detail by the public accounts committee, as it is now. In response to a number of real and suspected problems, the Diefenbaker government in 1960 set up the Royal Commission on Government Organization, known as the Glassco commission. One of its several terms of reference was to suggest means of:

—improving efficiency and economy by alterations in the relations between government departments and agencies, on the one hand, and the Treasury Board and other central control or service agencies of the government on the other—

The commission's response to this challenge may be found in summary at pages 120 to 124 of Volume I. It was suggested that many of the functions performed by the comptroller of the treasury should be decentralized to the departments and that the comptroller should henceforth be called the accountant general, reflecting important but narrower responsibilities. As was said at the time, "removal of the administrative details which now swamp the board and frustrate departmental management will undoubtedly enable the board to discharge its important responsibilities more effectively."

I note that it is quite close to five o'clock, Mr. Speaker. May I call it five o'clock, sir?

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Vegreville (Mr. Mazankowski)—Transport—Government acceptance of recommendations of Snavely Commission; the hon. member for Kootenay West (Mr. Brisco)—Indian Affairs—Withholding of funds from National

Indian Brotherhood; the hon. member for Provencher (Mr. Epp)—Agriculture—Price of herbicides—Steps to assist farmers.

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

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask for the unanimous consent of the House to proceed with notice of motion No. 53 and that all previous motions be allowed to stand.

The Acting Speaker (Mr. Ethier): Order. Is there unanimous consent?

Some hon. Members: Agreed.

[*English*]

LEGAL OPINION ON POSTAL RATE INCREASES

Hon. W. G. Dinsdale (Brandon-Souris) moved:

That an order of the House do issue for a copy of the legal opinion concerning the legality of the latest postal rate increases, given by the Department of Justice to the Post Office Department.

He said: This motion, Mr. Speaker, is one of a series that I have moved in recent months in an attempt to pry information out of this most secretive of all governments. In every case the government's reply has been to the effect that the information, if revealed, would not be in the public interest. I submit right at the outset of my remarks this afternoon that it would be very much in the public's interest if some of the internal antics of the present administration could be revealed in the documentation that I have been endeavouring to obtain by the only method that is available to members of the opposition, the motion that is before the House.

● (1702)

Through this specific motion, No. 53, which calls for the tabling of the legal opinion behind which the government hides in refusing to explain its refusal to proceed legally in increasing postal rates, we have an opportunity once again to bring a vitally important issue before the House of Commons, that is, the current sad and deteriorating state of the postal service in Canada. Everyone agrees, the public, management, labour, and even the government, that the Post Office is in deep trouble.

Ten years ago Canada had one of the best post office departments in the world. I specifically state ten years ago because that was the beginning of the perilous progress and

peregrinations of the present administration. We had delivery service six days a week. We had a first-class postal rate of five cents. The service was fast, reliable, and reasonably economical. The Glassco Royal Commission, which investigated in depth government organization just prior to this time, gave the Post Office Department high marks for efficiency. In fact it was one of the few departments of government which escaped unscathed many criticisms made by the Glassco Royal Commission. Now, unhappily and tragically, because Canadian well-being and national unity depend upon a reliable, responsible, efficient, and reasonably cheap postal service, horror stories abound.

The Post Office Department has become the butt of jokes from coast to coast. I am sure hon. members agree that when people start laughing at a department it is in deep distress indeed. Stories are heard with reference to the now rather regular postal increases. The public is not paying for a service, it is paying for storage, and with each increase in rates the service deteriorates further. Hand in hand with the remarkable perversity of the increasing postal rates, there has been a steady cutback in service. Some of the cutbacks have been ridiculous, beyond understanding and comprehension to common sense.

Almost every day we hear complaints made by members from all sides of the House that the Post Office is cutting back in its door to door delivery service. The only explanation given is that the Post Office Department cannot afford to deliver mail from door to door. On the other hand, in the United Kingdom the post office is increasing its door to door delivery service. The postal service in the United Kingdom is compelled by law and regulations, not only to deliver even in the rural areas to a post box perhaps at the end of the road, but it must put mail right in the slot of the householder's door. Canada is reducing that kind of service.

One of the most ridiculous cutbacks came to my attention recently. The Post Office Department made a decision, if you can believe it, Mr. Speaker, to remove telephones from rural post offices. This was a cutback to save money. This takes us back to the pre-Thomas Edison and the pre-Alexander Graham Bell era of communications. Of course the Post Office is in the communications business. How they can justify a cutback in this kind of service to save money is beyond understanding, as I say. This is especially so in rural areas because the rural areas, more than any other part of the Canadian body politic, require reliable and speedy communications, particularly if we are to arrest the decline in our rural communities. This decline has been going on for the past two decades with increasing speed. The rural population is moving to the city and the rural communities are folding up because of the decline in services of this kind.

The decline of the family farm is involved in this situation, and yet the Post Office Department which is operated by the Government of Canada aggravates the situation by removing telephones from the rural post offices. I say that if they want to make savings in this way, service should be discontinued completely. If that were done there would be an absolute saving in expenditure on the part of the government.

Many people have come to the conclusion, including post masters general who move in and out of the department so fast that they can hardly catch their breath, that, if drastic action is not taken soon, the Post Office could collapse in its own incompetence. This is why I am pleased to have the opportunity to bring these matters to the attention of the House again this afternoon.

The government is not coming to grips with this urgent problem. The only action the Post Office Department has taken, in the last ten years, and I think this is fair criticism, has been to change post masters general so frequently that it has become a game of musical chairs. Nobody knows who is responsible for what from the standpoint of the government. Rates are raised constantly. Ministers opposite used to change rates legally, but now they are doing it illegally. This is the point I want to stress this afternoon.

The Post Office used to operate legally. This goes back to the days to which I referred of ten years ago, when the Post Office at that time was one of the most efficient departments with the most efficient services of any in the world. In the past decade the government has decided, and this is a part of a general move toward secrecy and refusal to take parliament into the confidence of the government, to increase rates, and rather than do so under Section 10 of the Post Office Act, which clearly outlines that it is the obligation under that act, it has decided to do it by the illegal procedure of order in council under the Financial Administration Act.

Another aspect which needs to be mentioned is that the increases in the rates have not been subject to the restrictions of the Anti-Inflation Board. The postal rate has soared from five cents in 1968 to 14 cents in 1978. That is one decade of Liberal administration. Notwithstanding constant increases in the postal rate, the deficit has increased from $60 million in 1968 to almost $600 million in 1978. Where are we heading? Why the government does not take action in the face of these dramatic figures is impossible for an ordinary person to understand.

• (1712)

Not only has the cost of service gone up from five cents to 14 cents, but hidden in the deficit is an increase of $1 in taxation for every $1 of expenditure for service. Therefore, the actual cost of a first class postage stamp today is 28 cents.

The government does everything in its power to frustrate parliament's opportunity to come to grips with this situation. There is a secrecy in the government that is almost paranoid. Today the Prime Minister (Mr. Trudeau) is almost afraid to call an election, indicating paranoia in that direction. He is afraid to face the electorate.

The motto of the government has become power, patronage, and perpetuity. That is the only explanation I can arrive at. My friend across the way is smiling. He will be smiling on the other side of his face when an election is called. The people are fed up with that sort of nonsense, paranoid secrecy, and refusal

to deal with a fundamental issue like this. This issue affects every person in Canada because the mail comes to every doorstep almost every day. This will be heard loud and clear when we are finally allowed to get out on the hustings.

Getting to the legality of the situation, every postmaster general has agreed that they are operating illegally when they increase rates other than by amending the Post Office Act. I could read Section 10, but I am not going to waste my time reading sections of the act. When the Minister of State for Urban Affairs (Mr. Ouellet) was Postmaster General, he agreed that in order to increase postal rates you must amend the act. This was agreed by every Postmaster General right down to the Solicitor General (Mr. Blais) when he was Postmaster General.

That opinion has been strongly supported in two successive reports of the Joint Committee of both Houses on Statutory Instruments and Regulations, condemning the government for operating outside its legal rights and, in particular, for avoiding its responsibility to parliament. Just the other day there was unanimous concurrence with this viewpoint from the House of Commons when the fourth report of the standing committee was concurred in unanimously in this House.

More significant from the standpoint of the government's tendency toward paranoia is the view expressed in this House the other day by the Minister of Justice (Mr. Basford). That is recorded in *Hansard* for April 21. He stated that the present and past Postmasters General have acted on the advice of the Department of Justice and that the use of Section 13 of the Financial Administration Act is a proper and valid use of that section. In other words, the Minister of Justice advised successive Postmasters General, and there have been six in seven years, to break the law as it is laid down in Section 10 of the Post Office Act.

I can understand why the Minister of Justice has decided to leave politics. If this became an issue in his constituency in the city of Vancouver, B.C., he would not have a hope of re-election. The Minister of Justice advised Postmasters General to break the law so that a parliamentary discussion on post office affairs could be avoided. He deliberately circumvented the rights and responsibilities of members of parliament on all sides of this House.

This was underlined recently by the attitude of the Postmaster General (Mr. Lamontagne). He came into the position quite unexpectedly early in the new year because of the vacancy that had occurred in the Solicitor General's portfolio. When the Solicitor General was Postmaster General, he indicated in a parliamentary committee that he would be moving to bring in amendments to the Post Office Act to legalize what had been done illegally. The present Postmaster General, who was only elected last fall, does not agree that what is being done is illegal. He was specifically asked in this House on April 18 by the hon. member for Peace River (Mr. Baldwin) whether he accepts the viewpoint of the committee on statutory instruments that what he is doing is illegal. The minister replied as follows:

Post Office

Mr. Speaker, I must say that the postal rates have been increased legally, as I have already indicated to the House, and we have no intention of changing our present way of doing things.

Obviously he is adamant. It will be up to the people of Canada to change the present way of doing things, and this I am sure they are going to do as soon as the Prime Minister can screw up his courage to dissolve and call the long overdue election.

There has been a deathbed repentance on the part of the government in recent days, all geared to the exigencies of the election call. They introduced, and it was approved by this House, Bill C-45 which outlaws the right to strike in the Post Office during an election. That goes back on the right that was established by a Liberal government in 1967.

An announcement was made outside the House that the Post Office Department was at long last going to accept a recommendation that had repeatedly been made in the House by the opposition. If action had been taken earlier we might have come to grips with some of the problems that have caused such a tragic state of affairs in the Post Office. Outside the House, the Postmaster General and the Minister of Labour (Mr. Munro) announced there would be a study on the advisability of transforming the Post Office Department into a Crown corporation and that the report must be in by July 15. Obviously that was political expediency of the deepest kind to coincide with what was anticipated then would be the call of an early summer election. However, we are still shrouded in secrecy. For this reason the hon. member for Peace River has been calling for a freedom of information act that would open the secret operations of the government to parliamentary and public scrutiny.

• (1722)

The Acting Speaker (Mr. Ethier): Order. I regret to interrupt the hon. member but his time has expired. He may continue, however, by unanimous consent.

Some hon. Members: Agreed.

Mr. Dinsdale: I am just about to conclude. I had this nicely timed. Post Office customers, and this is the strangest anomaly of all, have been alienated. Because of the recent action of the Postmaster General in increasing rates illegally, major users of the service such as the periodical publishers have taken the department to court. The Supreme Court of Ontario will be ruling on the matter in due course. But I would think that in the light of events just around the corner the real verdict will be expressed by the people of Canada through the ballot boxes, and I am optimistic about what the result will be.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise to express strong support for this motion. I do so as one who is consistent, because I have supported motions similar to this in years gone by. That leads me to a bit of history which I should like to relate to the House in a minute or two.

The motion calls for the tabling of an opinion of the Department of Justice which was apparently given to the Post

Office Department to the effect that it is legal to raise the postal rate from 12 cents to 14 cents under the provisions of Section 13 of the Financial Administration Act rather than by amending the Post Office Act and giving parliament the chance to say yes or no.

The wording of Section 13 is such that I do not see how any Department of Justice official or anyone who has respect for law can say it gives the governor in council the right to raise postage rates without bringing a measure before parliament. The section reads in part as follows:

> 13. Where a service or the use of a facility is provided by Her Majesty to any person and the Governor in Council is of opinion that the whole or part of the cost of providing the service or the use of the facility should be borne by the person to whom it is provided, the Governor in Council, on the recommendation of the Treasury Board, may
>
> (*a*) subject to the provisions of any Act relating to that service or the use of that facility, by regulation prescribe the fee or charge to be paid by the person to whom the service or the use of the facility is provided.

The section goes on to a paragraph (b) which says more or less that same thing except that in certain circumstances it can be done by a minister. The first part says it can be done by order in council, and the second says it can be done by a minister.

Surely the section from which I have read is there for use in case of an emergency, for cases in which, for example, certain services were being provided free of charge and it is thought a fee should be imposed. The postal service is not something new in Canada. It is not something which is logically subject to emergency consideration. After all, Canadians were already paying 12 cents before this order in council was passed to raise the rate to 14 cents. It seems to me the method employed by the government is a blatant abuse of the provisions of Section 13 of the Financial Administration Act.

An hon. Member: That is what the committee said.

Mr. Knowles (Winnipeg North Centre): Yes, Mr. Speaker, that is what the committee on statutory instruments said. And anyone with any respect for the law would surely agree that the action the government has taken is an abuse of the section of the Financial Administration Act to which I have referred. This being the case, I believe the motion before us should be passed and that we should be able to read what the Department of Justice had to say in justification of the action taken by the Post Office Department.

I said I would ask your indulgence for a moment or two, Mr. Speaker, while I related a bit of history. Sometimes we in the New Democratic Party do not like being the third party in the House; we would prefer to be the second party or the first. But one of the advantages of being the third party is that we can look objectively at the other two and see how alike they are. I remember that six days after the election of 1962—the election was held on Monday, June 18—I was sitting in my home in Winnipeg watching the television news. Who should come on but the Prime Minister of Canada, the right hon. member for Prince Albert (Mr. Diefenbaker), to tell us that because of serious economic conditions which had developed during the campaign certain steps had to be taken.

An hon. Member: That was the floating dollar.

Mr. Knowles (Winnipeg North Centre): We had dollar problems and all sorts of problems which somehow did not surface during the campaign. But something had to be done. So what did the then Prime Minister announce on June 24? It was to the effect that there was to be a 15 per cent increase in customs duties on a whole range of products. Well, I had been mixed up in things around here for a long time, and I sat in my room and thought: that is impossible. The Prime Minister, I thought, cannot amend the Customs Tariff by order in council.

Mr. Dinsdale: It had been done before.

Mr. Knowles (Winnipeg North Centre): Don't give me that line. Doug Abbott did announce by radio certain increases which would come into effect subject to a vote in parliament, but these increases were to come into effect immediately. How did the prime minister and the government of the day achieve this?

Mr. Dinsdale: Doug Abbott—

Mr. Knowles (Winnipeg North Centre): Just a moment. You are not going to get out of this by referring to Doug Abbott. This is what the Tories did. They did it by an order in council based in part on the Financial Administration Act and partly on the Customs Tariff itself. You see, under the Customs Tariff there are three different columns—the general tariff, the most favoured nation tariff, and the British preferential tariff. And though the Customs Tariff does not give the government the right to change rates it does give the government the right by order in council to move certain products from one of those columns to another. When this is done, of course, rates are changed. The trouble was that the extent of the change in such cases was too great.

The effect of moving products from one column to another was to increase the rates by 25 per cent or 30 per cent. The government wanted to increase the rates by only 15 per cent. So it made use of a double-barrelled order in council. It said, "Under the provisions of the Customs Tariff certain items will be moved from one column to another, then, by virtue of a provision in the Financial Administration Act which gives the government the right to remit any fee which a person has paid, the tariffs which have been thus increased by 25 per cent or 30 per cent will be reduced again to 15 per cent." It was ingenious, if not devious. At any rate, it went into effect.

Some time later in 1962 parliament reassembled and this was one of the first things we began to talk about. We in the NDP raised the issue, and so did the Liberals in those days. Oh, they were hot about this subject. This was a denial of the rights of parliament, and so on, they kept telling us. Well, the government secured a ruling from the Department of Justice that the action it had taken was legal and appropriate. When I moved that that ruling be tabled, I got no further than my friend is getting with his motion today. Oh, the government did not need to table the ruling. We had to take not only the

word of the then prime minister but also the word of the then minister of finance.

● (1732)

Mr. Dinsdale: We have learned from experience, Stanley.

Mr. Knowles (Winnipeg North Centre): Just a minute. My friend is not going to get out of this by this kind of thing. The prime minister of the day and the then minister of finance, the late Hon. George Nowlan, father of an hon. member who is still with us, said that they had the ruling of the Department of Justice that it did not need be tabled, that the matter did not need to be referred to the courts and that it was perfectly all right. We fought that through the 1962-63 session and got nowhere. In particular, we got nowhere with a motion like this one asking that the opinion be tabled. In 1963 there was an election, and things got turned around. When it was all over, the Tories were on the opposition side and the Liberals on the government side.

Hon. members will remember that in the 1962-63 session the Liberals said that this kind of order in council was all wrong and should not have been allowed. In the meantime, some big companies in this country which were affected rather severely by those 15 per cent tariff changes took the matter to the courts, and it became obvious that they had a good case, that they were going to win and that it would be clear that the order in council was *ultra vires* the rights of the cabinet.

So what did the Liberal government do with this *faux pas* that the Tory government had made the year before? It got a ruling from the Department of Justice, the same Department of Justice with some of the same senior public servants in it. They were not fired back and forth the way it is being talked about today. They got a ruling from the same people saying that the order in council which was passed in June of 1962 was invalid. We tried late in 1963, to get out of the Liberals of that day a copy of that opinion of the Department of Justice, but we could not get it from them either.

I am afraid this has some effect on my respect for Department of Justice rulings. Any government can get from the Department of Justice any ruling it wants because in 1963 the Tories got the ruling that its order in council was valid. In late 1963 or on into 1964 the Liberals got from the same Department of Justice the ruling that that order in council had been invalid. What did the Liberals do to take care of the situation? I would have thought, since they were so opposed to what had been done, that they would cancel the whole thing and rebate the increased duties; but no, they brought in a special act of parliament to validate the order in council which they themselves had argued the year before was invalid. As a member of the third party my reaction in both cases, whichever party was in power, was to try to get the opinion of the Department of Justice. But we were not able to get it, either when it said the order in council was valid or when it said it was invalid.

My friend the hon. member for Brandon-Souris (Mr. Dinsdale) can relax a little bit now. We have got over the history of the past. We should learn something from that history. What we should learn from that history is that these things ought not to kept secret.

I think it was wrong for the Tories in 1963 not to let us see what the Department of Justice said. I think it was wrong for the Liberals in 1963 or 1964 not to let us see what the Department of Justice said the other way.

Mr. Dinsdale: We need a freedom of information act.

Mr. Knowles (Winnipeg North Centre): I think it is wrong for the present government to refuse to let us see what the Department of Justice has said regarding the action of raising the postage rate from 12 cents to 14 cents on the basis of an order in council passed under the Financial Administration Act. I am satisfied that the courts would find this invalid, just as they would have found that order of 1962 to be invalid.

However, that is a long way down the road, and how could we ever rebate to the people of Canada the extra postage they have paid? It just cannot be done. But in the meantime the issue today is not so much the history I have recited and not so much all of the faults and shortcomings of the Post Office Department which my hon. friend has recited, but our right to know the basis on which these decisions are made. My guess is that the reason the government does not want to table this opinion of the Department of Justice is that every lawyer in the place would be shocked by it. Any Department of Justice official who said that it is right under section 13 of the Financial Administration Act to raise postage rates by order in council would clearly be laughed at.

If I can carry my history forward a little and be speculative—back in that other instance there was a change of government—I will go this far and say that if there happened to be a change of government in the election about to be held, and if the Conservatives formed a government, they could go to the Department of Justice saying "We did not like that ruling," and get from the Department of Justice a ruling reversing the one obtained by the Liberal government. That is all the more reason why we should have these things brought out and put on the table so that we know what is going on behind the scenes.

The hon. member for Brandon-Souris made reference to the hon. member for Peace River (Mr. Baldwin) and his campaign for freedom of information and the right to know. He is absolutely right, and that is really what is at stake here. I agree that related to all this is the whole question of postal service, what is happening to that service, whether it was right to raise the postage rate and so forth, but the fundamental issue is the right of parliament to say whether or not it should be raised.

When the rights of parliament are set aside by a ludicrous ruling from the Department of Justice, an opinion which says that the government can act without coming before parliament, we ought to have all the facts, and therefore I strongly support this motion. I feel that the stupid opinion which the Department of Justice has given in this matter should see the light of day, and the passing of this motion would bring it before us. That is why I support the motion.

Post Office

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I will leave it to my hon. colleagues to point out some of the necessities for raising the postal rates and some of the requirements and conditions which existed at the time.

At the outset I would like to say to the hon. member for Winnipeg North Centre (Mr. Knowles), who has just spoken, that differences in legal opinions are what keep lawyers in business, and those same differences in legal opinions are what keep us as members of parliament at work trying to keep lawyers in business.

The hon. member for Brandon-Souris (Mr. Dinsdale) called the increase an illegal one. I do not know upon what opinion or advice he relies, but I do not share that opinion. I do not believe that the committee report in which we concurred last week claimed that the increase was illegal. I think the words of the committee were to the effect that its members had grave doubts as to the validity of relying on the general power in section 13 of the Financial Administration Act. The committee is entitled to its opinion or decision, but it is one thing to express grave doubts and another for the hon. member for Brandon-Souris to twist that and say that the increase was illegal. They are two quite different things.

The hon. member went on to say that everyone says the increase was illegal. I have not heard that. I should also point out that the concurrence of the House in that report does not affect the validity of those postal increases at all. The hon. member for Winnipeg North Centre read part of section 13(b) of the Financial Administration Act. He read through the "legalese", if I may put it that way, of the section. Perhaps I could read that section to hon. members without using as much legalese and try to put it into what might be considered somewhat plainer English. Section 13(b) of the Financial Administration Act refers to charges for services or use of facilities. It states that the governor in council, on the recommendation of the Treasury Board, notwithstanding the provisions of any act—and I would stress that—relating to that service or use, may authorize the appropriate minister to proscribe the fee or charge to be paid by the person to whom the service or the use of the facility is provided. On that basis, some legal advice was given.

● (1742)

Turning now to the reason we are debating this motion this afternoon, let me point out that it arises out of a request by the hon. member for Brandon-Souris last October 26 which reads as follows:

> That an order of the House do issue for a copy of the legal opinion concerning the legality of the latest postal rate increases, given by the Department of Justice to the Post Office Department.

At that time my answer to the hon. member, on behalf of the minister, was that legal advice provided by the law officers of the Crown on a matter of state policy falls within the class of confidential documents, and on that basis I asked if he would withdraw his motion. He chose not to withdraw the motion, and that is the reason we are here debating the subject matter this afternoon.

I should like to expand upon the answer that was given to the hon. member for Brandon-Souris at that time. Advice given to ministers by law officers of the Crown on government policy matters has traditionally been regarded as confidential. On March 15, 1973 the then president of the privy council, pursuant to Standing Order 41(2), tabled in the House of Commons an outline of the government's position with regard to notices of motion for the production of papers. That outline was printed as an appendix to *Hansard* of that date and appears at page 2288. It reads in part as follows, under the heading "General Principle":

> To enable members of parliament to secure factual information about the operations of government to carry out their parliamentary duties and to make public as much factual information as possible consistent with effective administration, the protection of the security of the state, rights to privacy and other such matters, government papers, documents and consultant reports should be produced on notice of motion for the production of papers unless falling within the categories outlined below in which case an exemption is to be claimed from production.

Immediately following, under the heading "Exemptions" is found the following:

> The following criteria are to be applied in determining if government papers or documents should be exempt from production:
>
> 1. Legal opinion or advice provided for the use of the government.

The hon. member for Brandon-Souris and the hon. member for Winnipeg North Centre are well aware—they have been in the House a long time and they know—of the long standing procedure and precedents which the government is following in giving the answer it first gave to the request for the order to the hon. member for Brandon-Souris, and I know the hon. members will understand the point I am making now with regard to in-house legal opinions held by the government and given by officers of the Crown to ministers.

Were documents containing legal opinions or advice subject to compulsory disclosure, the free expression or candour that is essential to the proper conduct of the affairs of the government would be seriously curtailed and the performance of the duties of the advising ministers of the Crown on questions of law would be inhibited.

If one looked for a moment to the private world outside this chamber, one would see that there has always existed a privileged relationship between a solicitor and a client, and those legal communications, solicitor-client communications, have always been accepted as being sacrosanct. We are in an analogous situation but in a government in-house circumstance. That advice which is being requested to be brought forward publicly is advice from public servants on which ministers of the Crown rely, and it would be a serious curtailment of the abilities of public service employees to fully express themselves when assisting the government to carry out the duties and functions of various departments.

The Department of Justice was consulted almost two years before the rates were increased and the opinion was that it was legal to increase the postal rates by virtue of section 13 of the Financial Administration Act, to which I referred earlier. I am

not going to comment at any length on the committee report which was concurred in last week. As the hon. member for Brandon-Souris pointed out, if the matter has not yet been brought before the courts, it is my understanding that it may be soon.

Mr. Dinsdale: It is before the Ontario Supreme Court now.

Mr. Young: I have been informed by the hon. member that it is before the courts. In that case, for me to comment further would be wrong since, I take it, the matter is sub judice.

Mr. Knowles (Winnipeg North Centre): Don't give us that.

Mr. Young: It is generally taken that one does not comment on matters which are before the court. If the postal rates are being challenged—and I gather a challenge may be coming from the Periodical Publishers' Association—I think we will await the advice of the court and the decision of the very able people who sit on the bench. I am quite prepared to leave it to the court to make that decision.

In closing my remarks tonight let me remind the House that the hon. member for Brandon-Souris spoke about the service performed by the Post Office today. We have all heard the stories and humorous anecdotes about that service, and I am sure that on some occasion or other we may all have been looking for a letter which might have taken a day or two longer to arrive. Some people these days are fond of trying to compare the Post Office to the pony express. I want to point out to the hon. member for Brandon-Souris, because I see him smiling, that I came across an interesting fact and some interesting figures some weeks ago. At the time when the pony express operated—I believe it was at the turn of the century; I am not quite that old to remember that far back, but perhaps the hon. member for Winnipeg North Centre might help me there—

Mr. Knowles (Winnipeg North Centre): At the turn of which century?

Mr. Young: I took it the hon. member was referring to the most recent century. I heard that it cost about $25 to send a letter by pony express from one side of the continent to the other, and it could take anywhere from three weeks to a month for the letter to reach its destination. If that is true, I think that some of the humorous anecdotes do not describe the situation sufficiently accurately. I would like to ask that those who bandy about those stories should also compare the value of $25 at that time to what it is today. Would it be $75 to $100 in today's monetary terms? I do not know exactly. For that same letter to go through the Canadian postal system, as some six billion letters do, crossing six time zones, we pay 14 cents for a first class letter.

● (1752)

Mr. Dinsdale: It is 28 cents including the deficit.

Mr. Young: Well, it is 14 cents for the person who buys the stamp. I suppose we all share in the deficit.

I will conclude at this point in order for some of my colleagues to expand further on the recent rate increase.

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, the hon. Parliamentary Secretary to the Minister of Justice and Attorney General of Canada (Mr. Young) set out the position of the government very well. Further debate in the House is not likely to produce many results regarding the legality or alleged illegality of the postal rate increase. The government received advice. The matter is now before the courts. No useful purpose will be served by continuing the debate on the legal issue. Personally I believe the government had the legal right to do what it did.

The public is less interested in the postal rate increase to 14 cents, since it is not out of line with the rates charged in other countries. They are really interested, however, in the service the Post Office is able to deliver at this stage of its development. Many of us are as concerned as the public with the quality of this service.

The Post Office is a federal institution which is facing a crisis. It is not difficult to understand why that is so; this federal institution has had a long history of neglect by the public and particularly by governments. That neglect was overcome in the last ten years or less. The Post Office in fact has gone through a massive transformation which has resulted in inside turmoil and difficulties in its service to the public.

Approximately ten years ago, collective bargaining came to the Post Office, as it did to other federal institutions within the public service. I am referring to the Post Office as an institution which employs one out of every five public servants. In fact, the Post Office has some 63,000 employees. It is a massive institution into which the collective bargaining procedure was introduced for the first time. At the time collective bargaining was introduced, the working conditions in the Post Office were poor, the wages were exceptionally low, and a military style of administration and management existed, if I can put it that way. Therefore, one would expect that employees would use collective bargaining to better their positions. They were perfectly entitled to do so.

Also, the facilities of the Post Office have been starved of capital for decades by successive governments. Not only were the working conditions poor inside those facilities, but the facilities themselves were poor and employees could not cope with them because of the millions of pieces of mail they were expected to deliver. Thus, service was breaking down, and morale and working conditions were poor.

The transformation is still going on at the present time. A new postal code was introduced. Industrialization was introduced into the operations of the Post Office. Also, mechanization on a massive scale was experienced. For example, there are three letter mechanized sorting plants in Toronto and other parts of the country today. Anyone who goes into one of those plants will appreciate that people are no longer handling the mail. Instead, machines are handling it. The work force has been industrialized to that extent. Thus, a major changeover in

working conditions and psychology has occurred. It is still not easy to work in a modern Post Office facility.

It is important for us to know that the system can remain difficult, even with mechanization. If one goes into the Scarborough letter sorting plant, one will see a group of coders sitting in a row behind what appear to be typewriters. The letters go down a moving belt. That belt stops for four or five seconds, at which time the typist is required to copy the postal code from the envelope, and the code reappears on the envelope in the form of yellow bars. The future progress of the letter is controlled by an automatic and mechanized process based on yellow bars. The typist is required to read the postal code which is on the envelope, type it within a few seconds, and then switch attention to the next envelope which appears before her immediately. This process is repeated and repeated automatically and the postal coder becomes a part of the machine. One must agree that even though the working conditions have been mechanized and improved, they are difficult to adapt to and live with. The psychological and emotional strains of working in the mechanized Post Office are still very considerable.

Of course there will be breakdowns. For example, if the postal coder looks at the code on the envelope very quickly and misreads M1E 1E2 as N1E 1E2, the letter will end up in London, Ontario, rather than Toronto. It may require ten days to recover that letter. There are many management and systems problems still to be worked out. These are the kinds of questions which should be in front of us because they affect service.

It was for these reasons that I asked for the establishment of a special parliamentary committee to inquire into our postal service and the host of problems associated with the transformation that is occurring. Many of those problems are management problems and not problems caused by rate increases.

I will give another example. At any given time the Post Office is not aware of where bags of mail are, even though it seems to think so. The railways know where their boxcars are because the sides of the boxcars are coloured and numbered for computer reference. If a bag of mail goes astray, however, the employees at the Post Office do not know whether it is in Kitchener, Vancouver or wherever, because no such tracing mechanism exists. This is why the public will remain concerned about slow delivery.

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business having expired, I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

[Mr. O'Connell.]

GOVERNMENT ORDERS

[*English*]

FINANCIAL ADMINISTRATION ACT

AMENDMENT TO ESTABLISH OFFICE OF COMPTROLLER GENERAL

The House resumed consideration of Bill C-10, to amend the Financial Administration Act, as reported (without amendment) from the Standing Committee on Miscellaneous Estimates, and motion No. 1 (Mr. Lambert (Edmonton West) (for Mr. Andre)).

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, before the adjournment I was recounting for the House the history of the Glassco commission, its purposes, what it hoped to achieve, why the change was necessary and the recommendations that were felt required. The major reason for the change was the fact that the comptroller was responsible for details of financial control, but he could not avoid the administrative details which were not to be his chief concern. In other words, he found himself in a difficult position. In fact, the history of the time would reveal that he found the work overwhelming, and the departments of government resented the interference of the then comptroller arrangement.

● (2012)

The new arrangement that was proposed was to sift out the administrative detail at the departmental level and to leave the nuts and bolts of the accounts to the accountant general. The system was sound on paper, and it may very well have been in practice if all its components had been set in motion. Unfortunately, this did not happen. The financial control was moved to the departments; Treasury Board assumed greater responsibility for financial management, and in 1969 the position of the comptroller of the treasury was abolished.

Two vital mistakes were made. Firstly, the decentralization of financial control to the departments was not made to financial officials but to senior officials who already carried a burden for policy creation and administration; or on the other hand it was made to junior financial officials who did not carry sufficient weight in their departments to keep financial priorities in the forefront of decision making. Secondly, the comptroller general's position was dropped, but no accountant general was appointed to replace him as had been recommended by the Glassco Commission. Instead, the Treasury Board tried to do everything.

You were here, Mr. Speaker, then. I have only read about this in the history of this department, but during that period of time the Treasury Board assumed responsibility for negotiations with the public service, who at that time had acquired the right to strike; it was given the responsibility for the bilingualism program; and it became increasingly important in setting the priorities of the government because of its increased responsibility for financial control. In this regard it seemed to be challenging the finance department for the final political say

in allocating financial resources to departments for their priority programs.

As it grew, it seemed to pay less effective attention to its Glassco inspired functions—to keep a firm watch not only on the purpose for which money is allocated, but the manner in which it is spent. The report in 1975 of the Auditor General, which landed like a bombshell in this parliament when it was tabled, was a direct result of this failure to follow those recommendations. Then, in came the Auditor General.

Everyone in this House will recall Mr. Macdonell. Everyone in this House waits and has waited for years with gleeful anticipation for the Auditor General's report, and I think that some of my friends on the other side said that after Maxwell Henderson, Mr. Macdonell would be some kind of an auditor pussycat.

Mr. MacFarlane: You said that, we didn't. We said he would be brilliant; he's a Scot.

Mr. Baker (Grenville-Carleton): He put the case perfectly in the public accounts, and I want to quote it for edification of the chief government whip because I am sure it will do him the world of good. He said about the financial management of the government which the government whip supports so gleefully:

> The present state of the financial management and control systems of departments and agencies of the Government of Canada is significantly below acceptable standards of quality and executives.

That was quite a judgment for the quiet Mr. Macdonell to make, and quite a judgment for an organization which at that time had supervision over the expenditure of $34 million for the year ending March, 1976.

In dealing with Crown corporations and other adjuncts of the government, Mr. Macdonell said:

> In the majority of the Crown corporations audited by the Auditor General, financial management and control is weak and ineffective. Moreover, co-ordination and guidance by control government agencies of financial management and control practices in the Crown corporations are virtually non-existent.

If the first was a strong comment on financial management procedures with respect to financial control and Crown corporations, this was an indictment of the management of the government. Mr. Macdonell chose his language with great care and great precision when he said in his report that the financial control system of the government was grossly inadequate.

It was against that background that when we asked for the appointment of a comptroller general by the Government of Canada they indicated that they felt it was not necessary, thereby flying in the face of the Auditor General. Then when the Auditor General's report sunk home in the minds of the Canadian people—and I suppose ministers of the Crown began getting the same mail from their constituents as members of parliament—they did not advance the argument about there being no need for a comptroller general. Instead, the government fell back on the argument that they had to investigate whether this would interfere with ministerial responsibility and the relationship of the ministry to parliament.

That was the first time that I had ever heard any member of the government concern himself greatly about the issue of ministerial responsibility. It seems in the last little while they have not dealt with ministerial responsibility at all. In fact, in the mind of the Prime Minister (Mr. Trudeau) it has been something that should be avoided especially when it is embarrassing, and sometimes I am led to believe that they substitute the doctrine of ministerial ignorance for ministerial responsibility. Nonetheless, that is the argument that they advanced. It was not until the eleventh hour, when they were belaboured by the public and perhaps by their own conscience, that one day in this House of Commons there was the dramatic announcement: "We are going to have a comptroller general." Some would have called it a deathbed conversion. If it had been made today it would be a deathbed conversion. They went on to say: "A distinguished Canadian has been appointed Comptroller General of Canada, and he has his place in the scheme of things as established by Bill C-10".

As I said at the outset, it is very important that we clothe that official with sufficient statutory authority that he knows where he stands. We must give him some authority which can stand with ministerial whim so we do not see a repetition of the practice of government by order in council, government by regulation, government by guideline, all of which gives tremendous power to the executive and removes from parliament the power to set the guidelines that ought to be in an agency responsible for an aspect of government which is eventually reported to parliament.

This amendment has not been advanced to cripple the Comptroller General in any way. It is to give him solidity in the scheme of things, to lay out certain statutory responsibilities that we know he has, that he knows he has, that the government knows he has, that his brother deputy ministers in the public service know he has and that the public know he has, so that he, parliament and the rest of us can make judgments in the appropriate way. That is the purpose of the amendment and why I support the hon. member for Edmonton West (Mr. Lambert) who before we adjourned said that we have to go much beyond that.

Treasury Board does a tremendous amount of evaluation and planning of government programs which should be referred to parliament. The objective of the amendment is to strengthen the office of the comptroller general and to put into the hands of the comptroller general the knowledge and the tools by which he can more effectively do his job, so that he and we know that there is the machinery available to look after the interests of the citizens of the country. That is the purpose of the amendment and I invite the House to support it.

Mr. Dan McKenzie (Winnipeg South Centre): I welcome the opportunity, Mr. Speaker, to speak on this bill. It is through the insistence of the members on this side that we have a large part to play in why the government has finally come around to creating a comptroller general position. Actually if the President of the Treasury Board (Mr. Andras) and the Minister of Finance (Mr. Chrétien) were doing their job, we would not need a comptroller general.

● (2022)

One cannot help but wonder if this comptroller general office that is being established is nothing but window dressing. If one looks back to 1970, this government introduced a bill to reduce the powers of the Auditor General, but thanks to the insistence and filibustering by members on this side that bill had to be withdrawn. The last thing this government wants is someone examining what it is doing. We will find out in time whether the Comptroller General will be able to do his job. When we form the government after the next election we will make sure that he has all the powers to carry out his duties, Mr. Speaker. How irresponsible can this government, which is now spending $1 billion more a month than it is taking in, get?

Perhaps the Canadian people would like to know just exactly what it is going to cost them to operate the Comptroller General's department. Initially Treasury Board estimated a total expenditure of $4.9 million and 124 man-years to run the office of the Comptroller General. Even they realize that they need a large department to keep track of what this outfit is doing. This includes $1.9 million of new spending and 35 new man-years. Another $3 million and 89 man-years comes from a transfer from the Treasury Board secretariat. The financial administration branch and the efficiency evaluation branch of the Treasury Board secretariat are being transferred to the office of the Comptroller General. So one can see that because the President of the Treasury Board cannot control expenditures and the Minister of Finance cannot control expenditures, the Canadian taxpayers will now have to pay almost $5 million to establish another department to keep track of what this government is doing.

I would like the Comptroller General to examine why the CBC had six units standing west of the main block for the last two weeks with a whole crew of technicians and truck drivers. There were six large mobile units sitting there waiting for the election to be called. Well, we are not going to have the election, Mr. Speaker, because the vans are being pulled away. I guess the Prime Minister (Mr. Trudeau) has notified the CBC that there will be no election. From information that I have obtained I understand that for approximately the last two weeks it has cost the Canadian taxpayers $1,200 an hour to have these six vans sitting there. This just shows the games this government plays and the cost of the games which the Prime Minister plays for this parliament and for the Canadian taxpayer. Tonight there are two vans left. We will find out tomorrow whether they will be pulled away, and that will be an indication of whether or not there will be an election this fall. I will try to get the total cost of having those six vans parked outside for the last two weeks.

I would like to quote from a recent article which appeared in the Ottawa *Journal*. It is written by W. A. Wilson who has summed up this cabinet's performance in an excellent way. It is headed "Trudeau cabinet incredibly careless". I do not need Mr. Wilson to tell me that; all of us are aware of it. In this particular article he states:

> The sensational aspects of the public accounts committee's investigation of nuclear sales abroad, the suspicion that payments were made for corrupt and illegal purposes, inevitably will secure the most public and political attention.

The new Comptroller General will certainly have his work cut out for him. What a challenge it will be to keep track of this government and what they are doing. Over the last ten years this group has spent $235 billion of taxpayers' money. All they have reduced from that $235 billion is $20,000. So that gives a clear indication of the disrespect this government has for Canadian taxpayers.

For another example I would like to quote from *Hansard* for November 26, 1976, some comments made by the hon. member for Crowfoot (Mr. Horner). These comments are in regard to the Government Expenditures Restraint Act which we were discussing at that time. The hon. member for Crowfoot stated:

> Mr. Speaker, in rising to resume debate on Bill C-19 I would refer to my remarks of last night when I said there is a shocking lack of planning by this government, particularly in the Department of Transport.

The hon. member for Crowfoot is now overlooking all this irresponsible spending and he is sitting on the other side with the rest of them. He goes on to say:

> There are heavy lay-offs in the steel industry, but no plans are advanced on how to assist the regions faced with these lay-offs which come as a result of lack of orders from railway companies

And on and on he goes. How could any responsible person join a government which operates in that manner? The member for Crowfoot goes on to say:

> I have read of the problems in the Department of Transport. In fact, I read a very revealing statement. The Minister of Transport (Mr. Lang) said that no additional airports would be built in Canada without consulting the airlines. That is an admission that when Mirabel was built, the airlines were not consulted with regard to the kind of terminal facilities they wanted.

How is the Comptroller General going to deal with the political pay-offs and political decisions which are how this government operates? Will he be able to stop their political decisions and pay-offs? Not very likely. The new Comptroller General will be in a most frustrated position when he deals with this government.

The hon. member for Crowfoot goes on to say:

> When talking to the former president of Air Canada, he informed me that he was not consulted about the public transit vehicles used between the terminal and the airport. In fact, when he was told that the system would be at Mirabel, he informed the government that it was a very costly and wasteful system.

As if that would concern them. It most certainly would not. I do not know how the Comptroller General will deal with a situation like this. The hon. member for Crowfoot went on to point out:

> Many members of parliament and the press have been making hay with regard to the Minister of Transport's abuse of the public trust placed in him, with his exorbitant travelling costs. He stated in all seriousness that he had to fly to Calgary a year ago for the Grey Cup game in order to represent the Minister of National Health and Welfare (Mr. Lalonde).

How will the comptroller deal with these JetStars? The minister from Crowfoot now flies around in one of these JetStars. He was the one who was so critical about this matter and was the one who revealed the Minister of Transport's travelling costs, which were three quarters of a million dollars

then and will be up to at least $1 million now. He is continuing to use the Jet Stars every weekend and so is the minister from Crowfoot. How will the Comptroller General control this? The government has no intention of setting an example of controlling expenditures. They never fooled me, Mr. Speaker, and they will not fool the Canadian people again.

In talking on this restraint bill the minister from Crowfoot said:

> The bill before the House suggests that the government is going to curtail expenditures.

The minister from Crowfoot went on to point out that they have no intention of doing any such thing. He is now part of this particular government and will operate in the same manner.

What is the Comptroller General going to do about a government that gives low interest loans to communist countries? These communist countries have the money to fight wars around the world; a prime example is Cuba. There are 45,000 Cuban troops in Africa now. We found out in 1975 that CIDA was trying to conceal the amount of loans to Cuba. They wanted to give a no-interest loan but apparently somebody over on the government side had a little bit of conscience and so they settled for 3 per cent. We are pouring millions of dollars into a communist country which has all kinds of money to fight wars. What is the Comptroller General going to do in a situation like that?

● (2032)

I wish to refer to a former finance minister, and we have had many of those. This particular one is Mr. Turner. When he inaugurated the current spending restraint program in the budget of June 23, 1975, at that time the main estimates had received the approval of parliament. They forecast budgetary spending of $32.2 billion. The main estimates for 1979 forecast budgetary spending of $46.5 billion. Thus during the three years of the restraint program, the main estimates of budgetary spending have increased by $14.3 billion, or 44 per cent. That is why I am so suspicious of this legislation to set up a comptroller general office. In fact, I do not trust the government. Their statements mean absolutely nothing.

I wish to refer to a statement made by the Prime Minister on August 13, 1969. He stated over television that we would have to control expenditures. He said we would be on the way to financial disaster if nothing were done to bring spending under control. He further stated that to spend vast sums on welfare, education and other programs while allowing inflation to continue would merely place hundreds of thousands of Canadians on a treadmill they could not escape. Since the Prime Minister made that statement, government spending has increased by 410 per cent to over $35 billion. How can we possibly have any faith in the office of comptroller general? We will have to support it and hope that it works, but I believe it is nothing but window dressing.

The President of the Treasury Board stated that federal spending will rise by 9.8 per cent in fiscal 1979. This figure is suspect, but even if it is accepted, a 9.8 per cent increase in spending is hardly evidence of restraint. It goes on and on. Today we received a press release from the Information Division of the Department of Finance. In it the Minister of Finance announced:

> Canada and the Deutsche Bank have reached an agreement for a private placement in Germany of 1.5 billion Deutsche Marks. The Deutsche Bank is a major commercial bank in the Federal Republic of Germany. It managed the private placement of DM notes issued by Canada in 1968.

All we hear from day to day is that the government are going to borrow more and more money. Where is the control? How is the Comptroller General going to control this? Today Canadian taxpayers have to pay $6.5 billion a year in interest on the money they are borrowing. We are borrowing money abroad to pay interest on money we borrowed abroad. How irresponsible can they get? What amazes me are the backbenchers, who sit opposite supporting this. They have no conscience. They have no respect for the taxpayer. It is unbelievable. Yet the government say they are going to control federal spending.

I say tonight that federal spending will increase at a faster rate in 1979 than it did in 1978. Total federal outlays are expected to increase by 8.3 per cent in fiscal 1978. The administration expects outlays to increase by 9.8 per cent in 1979. I do not understand how the Comptroller General can accept this challenge he is taking on. Maybe he does not know the facts. I do not think he knows what he is stepping into. He is being led down the garden path.

Another large item of inflexible expenditures is the interest and servicing costs of the public debt, which I have just covered. Primarily due to the large deficits tolerated by the present administration, debt charges have increased by 82 per cent since the 1976 main estimates. An increase of that magnitude during a restraint program indicates that this administration sees no connection between restraint and living within one's means. In more human terms, the increase in debt charges over the life of the restraint program, 1976 to 1979, works out to an increase of $215 per person employed, from a level of $382 in the 1976 main estimates to $597 in 1979. Public debt charges will become more burdensome in the future, as the present administration continues to tolerate sustained large deficits.

I do not know how the Comptroller General will deal with a government that allows the following kinds of expenditures under the Canada Council. This shows the disrespect they have for the Canadian people and their tax dollars. Here are some examples of how they hand out Canadian taxpayers' money. The council gave out $8,000 for an illustrated glossary of household objects in New France. We have five million Canadians living below the poverty line, yet they hand out $8,000 to somebody who does not want to work so he can study something like this.

Another one is $5,275 for research on themes taken from Apocalypse in the work of Russian "Symbolist" writers. How on earth can an elected official tolerate handing out taxpayers' dollars for such hairbrained schemes? Only a Liberal government could do that.

Then we have $14,345 for psychological research on the effect of foreknowledge on human reaction. What on earth does that mean? We then come to $9,502 to continue research on the psychology of individual behaviour in the face of unavoidable events. Every day we face unbelievable events in this House with this government, which is an absolute disaster. Next we have $8,000 for research on African psychological studies and their implications for traditional psychological theory. It is unbelievable!

I have three stars beside the next one, which is $43,000 to continue research in Vancouver and Winnipeg on how individuals are influenced to take an active role in politics. I can speak for Manitoba. They are taking an active role in that province. My fund raiser is a former Liberal. The people who operate my constituency office, a couple who have donated their services, are former Liberals. I have had former Liberals come to my office in Ottawa and say "Dan, we have had enough. We have seen the light and are joining the Conservative party." They say they will support us and do everything they can to get rid of this outfit across the way.

Mr. Cullen: Hallelujah, Brother Dan!

Mr. McKenzie: There will be a hallelujah for the hon. member from Sarnia. Maybe he will join us. The next one is $10,501 to prepare a critical edition of the complete works of the Mexican political pamphleteer, Pablo de Villavicencio, 1792-1832. I am sure the Canadian taxpayers will be sitting on the edge of their chairs with bated breath waiting for that report on what happened in 1792. The Liberals squander and throw around tax dollars and then sit back and laugh.

Here is a dandy, $19,900 to study population and social mobility in Huntingdonshire, England, in the fourteenth and fifteenth centuries. That is a top priority. Next, $13,240 to study reactions of infants to strangers and familiar adults. Oh, boy! Next, $3,600 to explore the motivational aspects of Western tragedy. We should be talking about the Canadian tragedy. Fifteen years of Canadian government is the biggest tragedy which ever happened to us. My God, at a time when 70 per cent of our people are never going to get into a home of their own we are squandering the taxpayers' money. I see that even the Speaker is getting a chuckle out of this, and he is a Liberal. I do not envy the Comptroller General. He will probably be taken away in a strait-jacket within a month after trying to deal with this group.

● (2042)

When he made his original growth forecast the Minister of Finance said he expected exports and consumer spending to lead the way to economic recovery. He forgot to say that this country is assisting the United States to recover through a serious outflow of capital and business to that country. People are bailing out because of the political climate created by this government. None of these make-work programs or appointments such as that of a comptroller general are going to keep them here.

[Mr. McKenzie.]

Mr. Bob Brisco (Kootenay West): Mr. Speaker, Bill C-10 takes up only one paragraph of writing, yet underlying that paragraph are a multitude of concerns, some of which have been expressed by the hon. member for Grenville-Carleton (Mr. Baker) and others more recently by the entertaining member for Winnipeg South Centre (Mr. McKenzie).

I am not at all surprised that my hon. friend succeeded in entertaining the House with some of the excerpts from the book he brought with him, "The Legacy of Spending", prepared by an incensed Canadian, a radio station commentator in Vancouver, a man who in all likelihood will seek the Conservative nomination in one of the lower mainland ridings, a man who daily discloses to Canadians in the lower mainland of British Columbia the kind of insensitivity, the kind of sheer thoughtlessness and idiocy which has been encouraged and allowed to continue by the present government. It makes no difference where you look, in what framework, department or Crown corporation, it is all there in this one book "The Legacy of Spending", a book which is enjoying massive sales across Canada, a book which is making a national impact, a book which will haunt the Liberal party. And so it should.

The time is long passed for the appointment of a Comptroller General. I echo the comment of my hon. friend: the man may be in a strait-jacket within a month when he is confronted with the irresponsible spending of some of these departments and Crown corporations. It is frustrating for a backbencher, and I have in mind particularly those who serve on the Standing Committee on Indian Affairs and Northern Development, to admit that for the past several weeks the Parliamentary Secretary to the Minister of Indian Affairs and Northern Development (Mr. Milne) has been periodically absent, that the minister himself has been almost consistently absent, and that the chairman of the standing committee has been absent for a protracted period. How is it possible for any member, myself included, even to ask the minister when he intends to summon up his courage and have his estimates brought before the committee?

I have made allegations in this House and also, without fear, outside this chamber with reference to the chaos in the auditing and in the management of that one ministry. Yet there has been no opportunity given us to examine and pursue these matters because the minister declines to bring his estimates before the standing committee.

Similar frustrations have been experienced by members serving on the Standing Committee on Labour, Manpower and Immigration. So in the final analysis, unless the ministers, the parliamentary secretaries and the chairmen of standing committees are prepared to demonstrate a measure of responsibility to parliament and to Canadians, our efforts, despite the appointment of a Comptroller General, go in vain.

Hopefully, outside this chamber there are Canadians who are prepared to demonstrate a measure of concern and who will express their concern at the polls. Nobody seems to care that the Department of Indian Affairs in one province alone is $12 million over its budget for a single fiscal year, 1976-77. How could one province be allowed to exceed its budget for

programs for 43,000 Indians in Saskatchewan by $12 million? How is it possible in the province of Ontario for somebody outside the department to accept money from Indian affairs, to put that money into a bank, to allow it to stay there for months gaining interest, and then to take the money out of the bank, put it where it was supposed to go in the first place and pocket the interest? We certainly need more than an Auditor General; we need a Comptroller General.

How is it possible that someone in the Department of Indian Affairs in a position of trust could arrange to have materials belonging to the department used in the construction of an apartment building in some other province, the stamp of the department being covered over with paint? Why is it that conduct of this kind is not answered for by the Minister of Indian Affairs and Northern Development (Mr. Faulkner)? Why is it apparently of no concern to his parliamentary secretary? Why is it totally ignored by the chairman of the Standing Committee on Indian Affairs and Northern Development? If things are that bad in one ministry, what are they like in others?

In the past year, Crown corporations have given us all cause for serious reflection. One of the classic cases is the affair involving Atomic Energy of Canada, Limited. If there was ever an urgent need for consistent standards of auditing public expenditure in the hands of Crown corporations, this is one outstanding example. Reading from the minutes and proceedings of the report of a sub-committee of the Public Accounts Committee on this matter, I note a letter from the judicial authority of Argentina. In this letter, which was sent to Canada through its ambassador, the Argentine attorney general's office had this to say—I am talking about the cozy little deal in which AECL took part:

● (2052)

(a) The actual payment of 5,000,000 dollars to a presumed "commercial agent" has been established.

(b) The commission was paid in equal parts by AECL and ITALIMPIANTI, for the apparent purpose of obtaining the award of the contract.

This, sir, is from the government of Argentina, written in Spanish and then translated.

(c) ITALIMPIANTI advanced 300,000 dollars towards payment of the commission between the months of March and May of 1973, depositing the final balance of 1,000,000 dollars in the month of January 1975.

(d) It has been possible to reconstruct the bank movement of these funds.

I am talking about Canadian tax dollars, not just the tax dollars of large corporations, businesses and industries. No wonder they are having problems surviving. The economy is a clear reflection of that. I am talking about the smelter worker in my home town and the pulpmill worker some 25 miles removed, in Castlegar. I am talking about the sawmill worker at Kootenay Forest Products in Nelson who has a wife, who has four children to raise and to put through school and who is working his backside off for five months out of twelve just to pay income taxes to this government so it can fritter them away and pour them down the drain.

(e) The responsible Canadian officials ordered payment of the part corresponding to AECL, following instructions from ITALIMPIANTI.

(f) The Canadian parliamentarians were unable to ascertain the identity of the presumed "commercial agent", in spite of having brought in the Royal Canadian Mounted Police, who appear not to have obtained concrete results up to the present.

I would bet it was not without one hell of a fine effort at trying.

(g) ITALIMPIANTI, which admits the intervention of the "agent", indicates that this latter was dispensed from issuing receipts or supporting documents and refuses to identify him.

(h) For the most part, the funds which made up the presumed "commission"—

Five million dollars.

—were concentrated in a Swiss banking institution, using a coded account for this purpose.

That is a very familiar story. It does not matter whether it is AECL or the mafia, it is an intrusion into Canada's democratic system. It is a distortion of honesty. It is corruption of the lowest and highest order at one and the same time. It demonstrates skill in manipulating funds through Swiss bank accounts. It demonstrates the total insensitivity and uncaring attitude of the government. It demonstrates one of the reasons that the taxpayers of Canada are absolutely fed up with the nonsense which goes on in this government, and that will be reflected in the next federal election.

In that legacy of spending we see some shocking examples of the blunders of the Canada Council. If hon. members would care to read the minutes of the Canada Council appearance before the Standing Committee on Broadcasting, Films and Assistance to the Arts, they will find that when the hon. member for Fraser Valley West (Mr. Wenman) questioned a director from the Canada Council, he was told that in no way would he, the Secretary of State (Mr. Roberts), who is responsible for the Canada Council, or the standing committee have access to the reports and files indicating the manner in which the Canada Council was spending the taxpayers' dollars which this parliament gave to the Canada Council, totalling $64 million, so that somebody could write a poem, the title of which is so obscene that I cannot repeat it in this House. That is the kind of garbage we have to put up with. It is time hon. members on both sides of this House were provided with the authority to act against people who spend amounts of money like that in such an irresponsible fashion.

We do not need one comptroller general; we need a dozen of them and a half dozen auditors general to clean up this mess which is the legacy of the spending of this government, and that is just the top half. The hon. member for Winnipeg South Centre has said that when there is a change of government and the cans of worms are opened, the smell will fill this chamber.

One of the difficulties with this bill is that the provision for a comptroller general is in one simple paragraph. How can that be arranged? It will be arranged by regulation. God knows we have seen other bills pass through this House dealing with regulations. I can account for half a dozen bills about which the minister responsible has said "Trust me". We trusted them with Atomic Energy of Canada, Limited. We trusted them with the Canada Council. We trusted them with Polysar. We even trusted the Minister of Transport (Mr.

Lang) to use some discretion when flying back and forth attending to the affairs and business of Canada.

It is a misplaced trust to allow a government to rule by regulation. The concerns referred to by the hon. member for Grenville-Carleton are very legitimate concerns. The bill should spell out what we expect of the Comptroller General. It should not be left to government regulation. Surely that lesson has been learned. Surely that concern has been advanced and repeated often enough. Surely it is not too much to ask, in the dying days of this parliament—if that is what these days are—that we address ourselves to spelling out what we expect from this man. Let us not hamstring him, but let us know.

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I am pleased to support this bill, but I cannot support the amendments which have been suggested, and I would like to indicate my reasons.

The bill has its origins in the report of the Auditor General presented in the fall of 1976. Hon. members opposite have quoted in vivid detail from that report of the Auditor General, and the measures which have been taken subsequently to correct the deficiencies in the control of expenditures have been put on the record by hon. members on this side of the House.

I am sure every member in this House will agree that the reports brought down by the Public Accounts Committee and tabled in the House a matter of two weeks ago dealing with financial controls of Crown corporations, with Atomic Energy of Canada, Limited and with Polysar are the result of many hours of hard work by hon. members from both sides of the House. The committee conducted its business in a very fair and non-partisan way. It would have been a little more satisfactory to me if those who are declaiming so loudly the need to do something about government expenditures spent a little more time with the Public Accounts Committee.

I invite the hon. member for Winnipeg South Centre (Mr. McKenzie), who unfortunately is not here now, and the hon. member for Kootenay West (Mr. Brisco) to do so. The Public Accounts Committee is an instrument of this House which has tried to deal with the complaints which the Auditor General so very vividly described and to do something about them. The Auditor General pointed out that in the implementation of the Glassco commission recommendations we went from perhaps one extreme to the other. We had a position called comptroller general of the treasury, and it was abolished in the mid-1960's.

● (2102)

That position was a line position, a position which required a very centralized control of every dollar of expenditure. As the public service of Canada grew, as the expansion took place in those fabulous years in the 1960's, Mr. Glassco pointed out that some kind of decentralization was absolutely essential for the efficient management of the public service. In a nutshell, the philosophy of Mr. Glassco was: let the deputy ministers manage, let them be the bosses, free them from this highly centralized line control of the former auditor general, free them from the centralized hiring policies of the Public Service Commission, let them have delegated authority to do their own hiring, and let them be responsible for their own spending.

In a way, the wheel turned full circle—we went to the other extreme. Now we see the re-establishment of a position called the Comptroller General, with significant differences from the previous post. This is not a line position, it is a staff position. The new Auditor General cannot directly control, but he can require systems to be set in place which will control expenditures under the direction of the deputy ministers, a very basic principle which must be recognized by those who are studying this legislation.

I sympathize with those hon. members who say that the Comptroller General's duties must be spelled out, and here we have amendments (a), (b), (c), (d), and (e) spelling out exactly what he must do. I invite hon. members to think for a moment. We have a position called the secretary of the Treasury Board who is responsible for many things. We have an Auditor General who has been given an act, recently passed by this parliament, stating that, among other things, the Auditor General will examine expenditures in order that they may be made with due regard for economy and efficiency, properly accepted accounting principles, and all the rest of it.

If the words sound familiar to hon. members opposite, let me tell them that they incorporate exactly the same words and phrases regarding the duties they are setting for this new position. It would call for the wisdom of Solomon to predict exactly what each is going to do. One thing is certain—the Auditor General is in the pre-eminent position. His duties do have a statutory base, his report must be laid before parliament according to the statute and it is automatically referred to the Public Accounts Committee. That is a treatment that no other agency of government has. No other individual in the public service of Canada has such a responsibility.

The Public Accounts Committee is a special committee whose chairman is chosen from the ranks of the official opposition and whose vice-chairman is a senior government spokesman. I happen to hold that position. The hon. member for Capilano (Mr. Huntington) has filled the job of chairman of the committee very ably, and I want to pay tribute to him for a very conscientious effort. But the facts are that the Comptroller General is in no such position. His report must go to his minister because he is at the deputy minister level; he does not have the statutory responsibility to report to parliament, and he is like another deputy minister of the Crown.

I invite hon. members on the other side to cite me any other deputy minister whose duties are prescribed to this degree, as the sponsors of these amendments would suggest, by statute. I invite them to cite one, because when they reflect about it they will realize that it is extremely important that there be no jurisdictional conflict between the Auditor General, the Comptroller General and the secretary of the Treasury Board. Their duties must be prescribed by regulation and in the normal way in which the duties of deputy ministers are set out and developed. Only the Auditor General can be chosen for the special treatment of a statutory responsibility because he has a

mechanism by which he reports in a very effective way directly to parliament.

I am sure that when hon. gentlemen and hon. ladies on the other side think about this matter they will realize that the pattern of the Auditor General Act cannot be repeated, that it would be a serious mistake to attempt to set out by statute duties which would involve a jurisdictional conflict, that an attempt to define the duties precisely would be self-defeating, and that the usual way by which the duties of a person of deputy minister rank are developed and described should be observed in this instance.

For this reason I will vote against the amendments, but I support the bill enthusiastically. I welcome it. I was delighted to have the opportunity to examine yesterday before the Standing Committee on Miscellaneous Estimates the incumbent who has just been appointed to the position. I wish him well, I congratulate him on assuming these duties at what must be something of a financial sacrifice for him, and I am sure the people of Canada will have reason to be grateful.

Some hon. Members: Hear, hear!

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I appreciate the opportunity to speak on this bill. I heard a comment from the other side to the effect that they want to have our two cents worth. Well, let me point out to the Minister of Employment and Immigration (Mr. Cullen) that the Progressive Conservatives have already given the government our two cents worth, but I do not know whether the hon. member for Crowfoot (Mr. Horner) likes it over there. If they would get inflation under control, he might still be worth that much to them. If he is only worth half that much, it is only their fault.

We are debating tonight Bill C-10 to amend the Financial Administration Act. Before I get to the specific parts of the bill I want to pause for a minute to recognize the situation in which we find ourselves tonight on April 27. We recognized that back in November, 1976 the Auditor General pointed out in his report that the government had lost control of its spending and suggested that it was so serious that, if it continued, he would be unable to approve government accounts.

Why is it necessary for us to have a comptroller general? There are many reasons why we on this side see the necessity for such a position, why we will support this legislation and why my colleagues have submitted from this side some reasonable amendments based on sound judgment.

Let us look at the situation we have in Canada today as related to government spending. I would like to compare the figures of today with those of 1968 when this government came to power. Because it is the ten year legacy of spending by this government that caused the Auditor General, in November of 1976, to say that government spending is out of control.

When this government came to power in 1968 the rate of unemployment was 375,000; today it is 1,045,000. That is the official figure. The real figure is closer to 1,400,000. Ten years ago UIC benefits amounted to $438 million; today they are $4.5 billion. We are paying Canadians $4.5 billion not to work, not to be productive. When this government came to office, the rate of inflation was 4.5 per cent; today, with the world champion wrestler who has wrestled inflation to the ground, the rate of inflation stands at 8.7 per cent, double what it was ten years ago. When this government came to office, the CPI was 89.4 per cent; today, ten years later, it is 168.9 per cent.

• (2112)

When the government came into office, the trade balance was $3.1 billion; today it is $11.6 billion, which is four times greater. This is the legacy of spending which caused the Auditor General to say that government spending is out of control. When the government came into power, total spending was $10.9 billion; in this fiscal year it will be $41.1 billion, which is almost four times as much. If there was a reward for spending, the government would receive unquestionably the blue riband. The amount of money the government spent which it did not have or would not realize in revenues, at the time it came into office, was only $800 million; today that deficit is $9.2 billion. The government spends more today than what its total budget was when it came to power.

When the Trudeau government came into office, the budget of the Post Office was $67.2 million; today that deficit is $567 million. When the government came into power in 1968, the Post Office employed 36,000 people; today it employs 61,000 people. The number has doubled. If it doubles again, we will never get our mail. When the federal government came ito power, there were 236,000 employees in the federal public service; today it has 331,000 employees.

One would think the increase in staff which has occurred in the office of the Prime Minister (Mr. Trudeau) would result in their at least straightening him out, but obviously that has not happened. When the Prime Minister came into office one decade ago, there were eight people on his staff. Today there are 90 people, which is an increase of 82. That is the legacy of spending I am referring to.

I could refer to more figures that would indicate the increase in government spending. We are happy to be able to debate tonight whether Canada will have the benefit of a comptroller general. The government does not seem to accept the urgency of such a position. Two years ago the Auditor General pointed out that government spending was out of control. It took a year and a half for the government to put the legislation in place. It was introduced on March 8. I should like to indicate just how serious the government was about the creation of this position. Was it the President of the Treasury Board (Mr. Andras) who moved and spoke on this bill? No, it was not; it was his parliamentary secretary. If this position is as important as the government indicates, and if it is as important as members of the official opposition know it is, why did it take so long to get the bill? The Auditor General made his recommendations in 1976. The bill was introduced on March 8. Today is April 27, and we are on the eve of a federal election. Why did the government bring in legislation of such

critical importance to Canadians and the workings of parliament at this time?

I believe Canadians will turf out this government and call upon the Progressive Conservative party and its leader to form the new government. We want the position of Comptroller General to be a position of authority, not simply a position of name. One of the deficiencies of this bill is the fact that it does not clearly set out the responsibilities.

In paragraph 2.15 of the 1976 report of the Auditor General, he clearly outlines what the responsibilities of the Comptroller General should be. On one hand, the government indicates it is following the recommendations of the Auditor General by creating the position of Comptroller General to somehow bring uncontrolled spending under control. Yet, his recommendations are accepted without putting teeth into the act as recommended by the Auditor General. One cannot have it both ways. Either what he says is accepted, or it is not. It is incredible that the government comes before parliament asking for support of a bill which is inconsistent with the recommendations of the Auditor General.

If hon. members opposite want to continue to defend this toothless bill, I ask them to look at paragraph 2.15 of the report, wherein the duties of the Comptroller General are spelled out clearly. The position of Comptroller General should be accountable to parliament, and his appointment should be referred to an appropriate standing committee. As was recommended by the Auditor General, he ought to be more than simply a deputy minister. His responsibilities must be clearly laid out.

I confess I do not know Mr. Harry Rogers; I understand he will be taking this position. I understand he is a man of some notable ability and credibility. I am looking forward to the expertise he will bring into this position. He comes to this position with the required enthusiasm and dedication. With the legacy of spending and the track record of this government, it is unfair for parliament to ask any man to take a position without legislation clearly spelling out his authority. I cannot emphasize enough the fact the Auditor General made specific recommendations as to what the responsibilities of that position should be. But this bill contains no specific responsibilities.

Quite frankly, I do not understand how government members can accept the Auditor General's suggestion to create this position and at the same time not support our amendments which were based on what the Auditor General suggested. I have the report in my hand, but I will not read it. It is well known to the government. I plead with the government to accept the amendments which stand in the name of the hon. member for Calgary Centre (Mr. Andre). As I have indicated before, the Auditor General suggested the establishment of the position of Comptroller General.

Mr. Francis: But he did not indicate that it should be spelled out in the statute.

Mr. Whiteway: Perhaps the hon. member for Ottawa West (Mr. Francis) missed my earlier remarks wherein I referred to paragraph 2.15 of the 1976 Auditor General's report. I stand on that. If we vote on this piece of legislation tonight, I appeal to government members to support our amendments. The legacy of spending of this government absolutely cries out for a responsible Comptroller General who will get government spending under control.

[Mr. Whiteway.]

● (2122)

I am happy to say that when Mr. Harry Rogers takes that position it will only be a matter of months before the Progressive Conservative party under the leadership of the Leader of the Opposition (Mr. Clark) takes the reins of government, and we will help him do his job of getting government spending under control. We will make his job obsolete. Ministers in our government will make his job unnecessary. In the meantime, with the position this legislation will create, I would ask the government to support our amendments in order that we can follow the recommendation of the Attorney General by giving this legislation teeth and the position the responsibility it deserves.

Mr. James A. McGrath (St. John's East): Mr. Speaker, one of the first things this government did when it took office ten years ago was to bring in major changes to the rules of the House. Those of us who were here at that time recall that debate very well. We remember that ironically those rule changes were put through by the invocation of closure.

It was the former auditor general in an article a few years ago who made the point that the take-off in government expenditures commenced at the time this government changed the rules of the House. What this government did to the House of Commons at that time was remove from this place parliament's ancient and traditional right to withhold or control supply and government expenditure.

There is not a member of this House who will not admit that the present system is just not working; it is not working in terms of an examination of the estimates and in terms of parliament having any control whatsoever of the government's purse strings. All we have to do is go to the standing committees of the House where the estimates are being examined. We will find in most cases, if not all, those standing committees which are now involved in what should be parliament's most important task, the scrutiny of government expenditures and holding the government accountable, cannot find a quorum. As a matter of fact, some of the committees cannot sit because there are not enough members there to go through the motion of hearing evidence.

My colleague says the fisheries committee this afternoon could not sit because there were not enough members. That committee was scheduled to sit today under the block system we now have by which a number of standing committees sit at the same time to examine the estimates. Members have lost interest. Interestingly enough, the press too have lost interest because this is a charade and a meaningless exercise.

Under the rules, which are no longer new, having been adopted in 1968, we took away from this place the right to

control supply. We put in rules which state that as of midnight at the end of May the estimates are deemed to have been reported to the House.

What does a minister have to do when he goes before a standing committee of the House with his estimates? All he has to do is turn up his collar and hang tough because he knows it is just a question of stonewalling long enough and his estimates will be passed anyway. What a stupid exercise. Is it any wonder we are faced with the situation today of having a bill before the House to set up the office of comptroller general, which arises from a report by the present Auditor General in 1976, and referred to in his 1977 report from which I quote as follows:

In my 1976 Annual Report, I wrote of my concern that Parliament—and indeed the Government—had lost, or was close to losing, effective control of the public purse. I said also that the full results of my Office's two-year study of financial management and control across Government had led me inescapably to the opinion that:

Based on the study of the systems of departments, agencies and Crown corporations audited by the Auditor General, financial management and control in the Government of Canada is grossly inadequate. Furthermore, it is likely to remain so until the Government takes strong, appropriate and effective measures to rectify this critically serious situation.

It is all well and good that we have this bill before us. Indeed, the government had no choice but to respond positively to the recommendations of the Auditor General and bring in this bill. I want to make this point, and we as a parliament should not lose sight of it, that the office of the Comptroller General of Canada will not be effective until we put our own house in order; until we change our own rules and until we get rid of this totally ineffective system we have now in which we as representatives of the people no longer have any control over government expenditures and cannot in fact hold the government accountable for its spending.

One suggestion that has been made time and time again, and I think it is a good one which will ultimately have to be accepted, is that the House, represented by the opposition, which has the principal role in this regard, should have the right to call at least one, preferably three, departments, and for the purposes of the rules this rule would be suspended in respect of those departments. Those departments would have to come before the House in Committee of the Whole and be accountable for their expenditures, without the imposition of the guillotine, as presently expressed in the rules, whereby all estimates are deemed to have been passed by the end of May. That would impose a discipline on government departments which does not now exist.

How can we possibly carry out this principal function of parliament when we have ministers who stonewall the committee and will not allow their officials to answer questions, hiding behind the excuse that the questions are ones of policy? Then when we are given the opportunity to probe and direct questions to officials of departments we really do not have the kind of back-up support necessary to take on these huge departments of government with the tremendous back-up and expertise they possess. We are just not a match for them, and it is that simple. I believe very strongly that the rules have to be changed.

Just a few days ago in the Standing Committee on Health, Welfare and Social Affairs we were examining the estimates of the Ministry of State for Urban Affairs. Included in the estimates of the Ministry of State for Urban Affairs was a vote for Central Mortgage and Housing Corporation, a Crown corporation. We have always had the right to examine Crown corporations separately from the government ministers who answer for those Crown corporations in the House, for the very simple and logical reason that Crown corporations are not represented here, hence they cannot be accounted for. We have always had the right in committee to examine the executive officers of those Crown corporations. We examine the estimates of CN, even though they come under the Ministry of Transport. They are examined separately from the Department of Transport without the minister being present, although there are cases when he might be there; but usually he is not and we are able to direct our questions directly to the management of CN. The same applies with Air Canada, whenever we can get them, and that is not very often. It also applies to the CBC which comes under the estimates of the Secretary of State (Mr. Roberts).

● (2132)

However, on this particular occasion I as a member of the committee had some very important questions relating to the way that the Ministry of State for Urban Affairs had been using CMHC in a partisan way as a political instrument of the government by having government members hand out cheques on behalf of this independent Crown corporation to municipalities, an improper procedure which was using the corporation in a political way. It was making announcements on behalf of the corporation. I wanted to pose these questions to the chairman of CMHC, who was present as he should have been because vote 10, the administrative vote of the corporation, was called, but I was denied that right. I was told by the chairman of the committee that I could not direct questions to the minister's officials, and that included, of course, the chairman of CMHC as one of the minister's officials. He said I would have to direct my questions to the minister. That is a dangerous precedent because that considerably weakens what is already an inadequate system. It considerably undermines a system that is at best barely functioning, and it is already the subject of a point of order which I have raised in the House.

If we do not have the right to examine Crown corporations, then how can we pursue the day to day operations of these independent agencies of the government set up under their own statutes, autonomous of the government? If they are not accountable to us, who are they accountable to? It is interesting to note that the Auditor General had this to say about Crown corporations in his 1975 report:

In the majority of the Crown corporations audited by the Auditor General, financial management and control is weak and ineffective. Moreover, co-ordination and guidance by government agencies of financial management and control practices in the Crown corporations are virtually non-existent.

If they do not answer to parliament, the representatives of the people who own those Crown corporations, who are they accountable to? That, sir, is a question that I intend to pursue

because, indeed, the House has a right to examine these Crown corporations independently when they come before committees with their estimates.

Getting back to the rules, I have already said that there is not a member of this House from the Prime Minister down who would not admit in his own heart that this system is not working, that we have to change it. That is why we, by order of reference in the last session, referred the whole matter to the Standing Committee on Procedure and Organization. We put in a lot of time and effort in that committee in the last session. Indeed, I can recall sitting when the House was in recess. We established sub-committees, and we went about our work seriously. We examined other legislatures around the world, and we really took our task seriously because we knew that the House took this matter seriously.

What happened to the report of that committee? It never saw the light of day. It just did not happen to suit the particular strategy of the government House leader at that particular time. He felt that the government was going to have to give too much and the opposition give too little. That was the way he proceeded, if I am not doing him an injustice. The result is that the whole matter was allowed to die and all of the work we did, the recommendations that we had put together after exhaustive study, travel and surveys, came to naught.

One of the things we looked at and reached consensus on was the establishment of a public expenditures committee that would have an ongoing function like the Public Accounts Committee. It would have an ongoing function in relation to the expenditures of all government departments and would be able to call any government department at any time throughout the year, as opposed to the present system whereby estimates are referred to committee for approximately three months. I forget when the estimates are brought in, somewhere around March, but they are reported back to the House at the end of May.

Indeed, sir, there is not a year that goes by that there is not at least one department, if not two and sometimes even more, on an agency of government that does not even get before committee. Their estimates are never examined by a committee or anybody else. The House then goes through the humiliation of having to pass an appropriations bill, knowing that we are going to be voting for $46 billion of expenditures without having properly examined these various departments as to how these moneys are being spent, or holding them accountable for how they spent their money last year. It is the day for humiliation in this House when we have to sit down at night and pass that appropriations bill year after year, knowing full well that we have not done our job, knowing full well that there have been estimates of government departments and agencies that have not even had cursory examination by committee. What an absolute farce! Is it any wonder that parliament is becoming irrelevant? Television in this House, in my view, instead of making parliament more relevant, will show it up for the irrelevancy that it has become.

Let the television cameras pan around this House tonight and see how many of us are here. And I am one of the guilty ones, for I am not here all that often at night. This is an important bill. Let the television cameras go into the standing committees of this House where we are charged with examining $50 billion of taxpayers' money and see how many members are in these committees—not a corporal's guard. We cannot even get the usual representatives from each party in order to proceed with the examination of witnesses.

There is an improper practice that has crept into our procedures which never should have been allowed in the first place, and that is where committees now function without quorums. Committees will now function if there are five members present as long as each of the two major parties are represented. I only wish that the television cameras could relay this live and in colour to the people of Canada so they would see how totally irrelevant this institution is. When it comes to accountability, the Prime Minister (Mr. Trudeau) and his government, which has brought this parliament to this sorry situation, will have to—when it gets up its nerve to go to the people of Canada—be accountable to Canadians for what it has done to this institution.

Some hon. Members: Hear, hear!

Mr. McGrath: There is no possible way that they can justify what has happened to this place. The main issue in the election is going to be the economy, and rightly so. It is going to be the inflationary situation, the consequence of runaway government expenditures. It is going to be the growth in government, a government that has been on a spending spree for the past ten years, a government that has total disregard for this place or anybody else because they know they are no longer accountable. The daily oral question period is the only area of the accountability that we have left, and even that has been emaciated and truncated to the point where it is becoming less and less effective. It is a serious situation in which we find ourselves today.

• (2142)

In placing before the House the amendment of my colleague, the hon. member for Calgary Centre (Mr. Andre), we have tried to improve the situation and this bill. We do so firm in the belief that unless we put our own house in order, and unless we change these grossly inadequate rules, then we will have the Comptroller General coming back with the same sense of utter frustration that the Auditor General has come back here with year after year, saying that he cannot control the situation, that it is out of control. That is something we cannot allow to happen.

If we do allow that to happen again, then we will see the printing presses at the Bank of Canada churning out more money to pay for a spending spree by a government that is out of control. There is only one way we can control it and there is only one way we can change it. That change is just as inevitable as day follows night. The solution is to change this tired government, which has nothing but contempt for the institution of parliament.

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, it is a sad time to rise in this House with the government on its deathbed and with a slip of paper coming across with a bill which more than anything else is supposed to pass as an earnest plea that there has been a deathbed repentance over there and that from now on things are going to be different. This, Mr. Speaker, after ten years of prodigality and the most profligate government this country has ever seen; ten years of ever increasing debt; ten years of endeavouring to train an entire generation of Canadians, young and old, to believe that public funds are available for everything and anything; ten years of misspending which has been documented by a variety of reports official and unofficial.

The government now has the nerve to bring forward a bill in these last days of the thirtieth parliament. This bill is to appoint an officer called the Comptroller General of Canada. I always think it is the "mp" in the word "comptroller" that is designed to add a measure of sophistication to the title and to suggest there is something unusually powerful about the office. In ordinary English it would be "cont" and it would just be "controller". But, of course, this person keeps count, one gathers, and "comptrols", and does it with force and power.

Yet there is no indication in the bill as to how this is to be done, what is to be covered, how long the individual will occupy the office, only that he will be there at pleasure and that the duties may be assigned—not necessarily will be, but may be assigned—to him. There would be no requirement on the government over there should they receive some hope for transfusion. I am sure the Canadian public is not going to give them some miracle cure at the last minute to change the situation. Should that happen we are led to believe that this might work; but we know that it is window dressing and there is nothing precise here.

Even the prodigal son after his fling was at least repentant. When he reached the bottom and there was nothing left he at least came home and made a genuine offer to go to work. I cannot for one moment believe that in Bill C-10 is a genuine offer from this government that from now on things will be different.

An hon. Member: How many times have we heard that?

Mr. Johnston: We have heard it far too often. We can look almost anywhere, whether at the report of the Auditor General of Canada, who looks "after the fact" and we see his concern for such items as the spending on bilingualism in education. This accounts for most of the expenditure under the depart-ment's bilingualism development program. It consists of payments to the provinces, includes support for a variety of suggestions as to what they are supposed to be doing there, yet there is a weakening of control in the financial management of contributions.

The Auditor General and the deputy minister of the Department of the Secretary of State admitted that there was no way of auditing how these moneys are used. As members of parliament we receive complaints from within the province of Quebec that the money does not get to where it is supposed to for the teaching of English. We know the stories from our own provinces that the money does not get to the point of being used for teaching the French language. It disappears and there is no way of checking on it.

The Auditor General refers to the Canada Council. That organization has been thoroughly taken apart in the last few weeks and months in this parliament and elsewhere. There again there is a great need for some control. I would suggest one of the easiest ways to obtain some control would be to make up the selection committees from a group of the general public instead of setting up selection committees that in themselves are teams of artists working with their fellows. There is the kind of set up which the hon. member for Provencher (Mr. Epp) describes as incestuous and which certainly produced on the west coast an interesting game. Readers of one of the Vancouver papers were challenged to match up the awards with the judges who were making them. That is the sort of thing that should not happen.

We can look at the Auditor General's report at page 199 concerning inactive loans. Accounts in this category comprise: Loans to China—Export Credits Insurance Act—$49 million; loans to Greece—$7 million with a total of $56 million. Then there is a note which states: that these loans are described in the public accounts as being neither currently revenue-producing nor realizable. In fact, there has been no change in the outstanding balances for over 20 years.

Another different example of lack of control occurred when nothing was done. How many Canadians realize what happened to the urban demonstration program? This was a con game played with the municipalities across this country. The then minister of state for urban affairs has now moved over to the national defence portfolio where the potentiality for expenditure is much greater. In urban affairs he launched an urban demonstration program supposedly funded by $100 million. Municipalities across this country were challenged to present projects to draw on that fund. It did not exist at all. There were man-hours by the thousands spent, and delegations came to Ottawa. But there was no money there.

One would hope that a comptroller general might also be able to finger that abuse of the federal estimation of expenses as well, so that one would not only have a firmer control of money that was going out, but in future we would not have situations where lower levels of government would be hoaxed into thinking money was available thereby wasting their limited funds applying for something which could never come to fruition.

● (2152)

We cannot have any faith in this bill. I believe the office is needed. However, we need the amendment because the bill as it is, is too narrow, too limited, too large a device for platform waving during the election campaign that is certain to come within the year. I am sure that candidate after candidate on the government side will hold this bill up and say "We have repented. We have become truly conservative. We are away to the right in the political spectrum from the official opposition

because we have brought forward this bill. We have set up a Comptroller General who will see that the kind of spending the government has been associated with will be kept under rigid control from now on."

I do not believe that control will happen. As long as this government is in power, this situation will be parallel to that presented by the Royal Commission on Financial Management and Accountability. I quote a paragraph from their report:

> Members of parliament with whom we have met have expressed additional concerns that centre primarily on the issue of accountability of the public service. Most agreed that the traditional doctrine of ministerial responsibility must somehow be adapted to the present size and complexity of the departments and agencies for which ministers—individually and collectively—are held to account. Equally, there is a consensus that information provided to parliament for its surveillance role is insufficient, often not pertinent, or unduly complicated. We have heard numerous suggestions for improving the procedures and mechanisms by which parliament could sift and digest the information it now receives. We have found particularly striking the testimony from those with the longest parliamentary experience that parliament's control of the purse is sound in theory, but seldom practised.

I suspect that will be equally true of the role of the Comptroller General of Canada. In theory it will seem as if this official will be able to keep an eye on the expenditures of the government. However, particularly in the past few weeks, the government has found with its usual ability surprisingly large sums to spend in various downtown cores across this country where a seat might be in danger. We find announcements of expenditures running into the millions of dollars being made at nominating conventions and by new candidates who hope they will be able to stave off the day.

This will not be enough to fool the Canadian people. To bring this measure in at this time, worthwhile as the idea may be, will not be enough. The Canadian people have come to realize that in order to get a public expenditure under control, there is only one solution, and that is to defeat this government and elect the official opposition to parliament in the election that cannot come too soon.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

Mr. Baker (Grenville-Carleton): On division.

[Mr. Johnston.]

Mr. Deputy Speaker: I declare the amendment lost on division.

Motion (Mr. Lambert (Edmonton West)) (for Mr. Andre) negatived.

Mr. Cullen (for Mr. Andras) moved that the bill be concurred in.

Motion agreed to.

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

Mr. Baker (Grenville-Carleton): At the next sitting of the House. If there is unanimous consent, Mr. Speaker, I am sure it would be appropriate to call it ten o'clock.

Mr. Deputy Speaker: Is it agreed that we call it ten o'clock?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

INDIAN AFFAIRS—WITHHOLDING OF FUNDS FROM NATIONAL INDIAN BROTHERHOOD

Mr. Bob Brisco (Kootenay West): Mr. Speaker, on one of those rare occasions when the Minister of Indian Affairs and Northern Development (Mr. Faulkner) was in the House, I addressed a question to him and received the rather insulting reply that he was going to speak to me privately about the nature of my question. I am still waiting for some kind of overture from the minister to speak to me privately.

I asked the minister why it was that the joint cabinet-National Indian Brotherhood committee only had one area of agreement in response to a comprehensive set of proposals advanced by the National Indian Brotherhood. That one area of agreement is on the subject of land surrenders and that they shall in fact cease.

There are two basic reasons why the National Indian Brotherhood have in fact absented themselves from the cabinet-NIB committee. The first is the government's failure to recognize aboriginal treaty rights as a basic framework of serious negotiation. The second reason for the breakdown is the withdrawal of services that can only be considered by most Canadians as basic, essential and expected.

Services such as hot lunches for Indian schoolchildren have been withdrawn or cut back. Services such as fire protection on the reserve have been withdrawn or cut back. In that framework I would like to add a remark. In one example in the

province of Saskatchewan, out of 42 native houses constructed last year, 21 have burned to the ground. Indian schoolteachers on reserves have been cut back or withdrawn. All of this is in the name of restraint, yet we see the same department, Indian affairs, increasing its internal administration by 17 per cent. We think that is the figure.

We on this side have been trying to persuade the minister, the parliamentary secretary and the chairman of the standing committee to call the minister's estimates before the standing committee. As remarked by one member on this side this evening, as of midnight on the last day of May, those estimates are to be presumed to have been passed without the careful scrutiny and examination they so richly deserve. It is little wonder, on the basis of the facts that are known and those yet to be disclosed, that the National Indian Brotherhood decided the time had come, after exhaustive discussion for months and months, that they should withdraw.

The Prime Minister (Mr. Trudeau) laid it on the line for the National Indian Brotherhood in his response to questions advanced by the hon. member for Egmont (Mr. MacDonald). I quote *Hansard* of April 18. As reported at page 4601, the Prime Minister, responding to concern which had been expressed by the hon. member for Egmont about the provision of basic and essential services which many of us have come to expect but which are denied to the Indians on the reserves, stated:

● (2202)

In times when the federal government is attempting to restrain the rate of growth of its bureaucracy and when federal budgetary expenditures are being restrained it is obvious that in some areas of Canada the public will not find services growing at the rate they would like.

We do not ask that these services should grow. We ask, however, that they be maintained. We are not interested in growth, now, if there is to be restraint. But we are interested in the continuance of the basic services which have been provided to the Indian people. The Prime Minister has said this is a period of restraint. He did not tell us that he did not care how much internal administration was costing. Then the right hon. gentleman in a typical display of arrogance went on to say:

Obviously, government restraint means restraining government expenditure toward some people.

Which people? The Indian people?

As far as details of each departmental expenditures are concerned, the blue book is before the House. It can be discussed in the standing committees.

That's a joke, Mr. Speaker. When is this standing committee going to be called? Then the Prime Minister, once more with his customary disdain and demonstrating his absolute ignorance of the functions of the House of Commons as well as a short memory of what he and his government have inflicted upon us, went on to say that the government House leader would be happy to discuss with House leaders on this side when they wanted those estimates to go to standing committee. What nonsense! The Prime Minister should know better than that. He should know there is no need for consultation among the House leaders on this matter.

In conclusion, let me say I have every reason to understand why the National Indian Brotherhood walked out of that cabinet consultative committee.

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, the hon. member for Kootenay West (Mr. Brisco), both on April 19 and this evening, has expressed concern about the state of affairs in the Department of Indian Affairs and Northern Development. I am advised that as a result of the budgetary and other control systems which have been initiated in the department there is a much firmer grip on resource management than may have been the case a few years back.

The hon. member has suggested that somehow the department is withholding funding from the National Indian Brotherhood. This is not so. Nothing is being withheld from the brotherhood. The brotherhood put forward its proposed budget three weeks ago, as is customary. This submission is being actively reviewed and it is expected that it will have been dealt with within the next two weeks.

Reference was also made to a sum of $28 million being held back. This appears to be a misunderstanding of the requirement by Treasury Board that the Indian and Inuit program submit a capital management plan to the board before the board authorizes expenditures of $28 million in capital funding. It is a reasonable precaution on the part of the board to require this five-year capital plan before authorizing use of those funds. The program is now in the process of complying with that requirement.

The hon. member also said administrative costs have increased by 17 per cent. Since the 1972-73 fiscal year administrative costs have, in fact, remained practically constant at 6.1 per cent of the budget. There is good reason to believe that the institution of financial management and controls on resource allocation and expenditure will result in an improvement even in that picture in the months ahead, while services to native people are maintained.

● (2207)

The hon. member also referred on April 19 to a large deficit in Saskatchewan. I am advised that over-expenditures which have occurred there have arisen from enrichment of services beyond the funds allocated. Steps have been taken to ensure that regional allocations are respected in future delivery of services through a system of budgetary controls instituted as a result of reviews conducted by the program's senior management and the Auditor General.

Hon. members are aware that the department's spending estimates were referred to the committee almost two months ago. When the committee meets, the minister will be pleased to discuss any further concerns of hon. members about the administration of the department.

Adjournment Debate

AGRICULTURE—PRICE OF HERBICIDES—STEPS TO ASSIST FARMERS

Mr. Jake Epp (Provencher): Mr. Speaker, on April 26, yesterday, as recorded at page 4884 of *Hansard*, I asked the Minister of Agriculture (Mr. Whelan) whether he would reconsider opening the border for the importation of herbicides in those cases where it could be definitively proved that costs of those herbicides in the United States were substantially lower than in Canada.

I think we have to remember that farmers receive the international price for their products. We must also remember that the input costs farmers face have increased dramatically, thus reducing the net incomes of farmers. Just the other day the Minister of Agriculture got up in this House and said—and how he could have said it I do not know—that farm income had increased by 187 per cent. What he conveniently forgot were input costs. How could the Minister of Agriculture tell us about that increase without talking about input costs? The Canadian Federation of Agriculture has said that in the last three years net income to farmers, after costs, has dropped 54 per cent.

I remind the minister that in my home province of Manitoba in 1976 net farm income, after costs, was $327 million. In 1977 it dropped to $281 million. In 1978 it is estimated that it will drop still further, to $248 million. In 1977, operating costs in the United States increased by approximately 5 per cent over 1976. In Canada those operating costs increased by approximately 10 per cent.

That brings us directly to the problem we are facing this evening. Last year the minister closed the border to Canadian farmers who were importing herbicides. Those importations were taking place because those herbicides were priced at a lower rate in the United States than in Canada. The minister tells us that there is no appreciable price difference. I have been checking with farmers in my riding. They have been calling me as well, and there are substantial price differences. If we take into account the discount on the dollar which is now 12 cents or 13 cents, imports, brokerage fees and transportation costs are still lower in the United States.

Hon. members do not have to depend on my figures or the figures of farmers in the riding of Provencher. Let us look at the minister's figures. In a letter dated April 13, 1978 addressed to the hon. member for Lisgar (Mr. Murta) the minister pointed out that in North Dakota and Manitoba Treflan, Cobex and Avadex were more or less the same price. He gave the highs and lows for the state of North Dakota and the province of Manitoba.

However, let us look at two other herbicides and the minister's figures with regard to them. The low price for Eptan 8 in North Dakota is $2.49, and the high price is $2.67. Those are base prices related to pounds of active ingredient. In Manitoba the low price is $3.50, and the high is $3.95 per pound of active ingredient. That is a 70 per cent differential. How can the minister say that the price is more or less the same?

[Miss Nicholson.]

What about Eradicane? In North Dakota—I am using again the minister's own figures—$2.67 is the low and $2.92 is the high. In Manitoba, $4 is the low and $4.31 is the high, an increase of 65 per cent.

• (2212)

All that Canadian farmers are saying is this, and it is a very simple request: we must compete on the international markets. We receive the price for our products that the market will bear. Why must we be penalized by the Minister of Agriculture, who claims he is a friend of the farmer, and why can we not buy herbicides at prices that are most beneficial to Canadian farmers? They are proving time after time that their input costs are rising. The herbicides which they buy in Canada come from the United States in the first place. Who is taking the mark up? Here is the Minister of Agriculture, the self-proclaimed friend of the farmer, willing to jeopardize and to penalize Canadian farmers to the extent of 65 per cent to 70 per cent, which is his own figure. Where is the justice?

In his own letter the minister says that on March 9 when this survey was done they had minimal figures on hand. He said that the consultative committee made up of members of the industry and farm groups was to meet on April 27, which is today. If I can take the minister's letter at face value, that meeting has taken place. I say to the minister clearly that he better come up with much better evidence other than what the farmers are giving him, what the farm groups are giving him and what the brokers are giving him, as well as what members of parliament who have done their own research are saying.

I say to him that if he can justify a penalty of 65 per cent to 70 per cent to Canadian farmers, then the service that he is giving to farmers is of no benefit. I challenge him and his parliamentary secretary to give Canadian farmers an equal break and allow them to compete in the international market at prices that other farmers, such as farmers in the U.S., have to pay. We must allow them to compete. If we do not, this basic agricultural community which is so essential to Canada's economy will continue to flounder, input costs will continue to rise, and farmers' income will continue to drop. How are we to maintain family farms? It is the responsibility of this Minister of Agriculture to start defending agriculture in the practical ways which I have mentioned tonight.

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): Mr. Speaker, I am very happy to reply to the question raised by the hon. member for Provencher (Mr. Epp) in the "packed" House this evening.

The closing of the Canada-United States border to imported pesticides does not seem to have adversely affected the prices of pesticides in Canada over that period. The pesticide price and supply committee mentioned by the hon. member which was set up to monitor prices and supplies when the border was closed on March 4, 1977 has now met six times and is in its second year of operation. It has not found any price spreads inconsistent with the usual cost factors in the pricing of herbicides. As a matter of fact, as the hon. member mentioned, that committee did meet today.

A comparison of the 1977-78 closed border period with the preceding three years does not indicate any increased price trends due to the border closing. In fact, pesticide price increases still lag behind the cost of living index increases. The general picture this year seems to be similar to that of last year.

As was the case in 1977, some pesticides are being offered at some United States locations more cheaply than directly across the border in Canada. Some products are lower priced in Canada than in the United States and others are offered at comparable prices in both countries.

While there is no common price for any given pesticide because of the nature of the pesticide market, the committee finds that prices reflect in the usual way the quantities sold, different profit margins and local costs that depend on location, cost of credit, package size and other factors. Casual comparisons of United States and Canadian prices can be misleading if all factors, including currency exchange rates and the difference in units of measure between the two countries, are not taken into account.

● (2217)

The pesticide price and supply committee have come up with some very interesting findings. For example, based on equivalent measure and Canadian dollars, we have compared the highest Canadian price versus the highest United States price. Let us look at some of these. A corn herbicide, atrazine 80W, was found to be 11 per cent less in Canada; semcor 50W, a bean herbicide, 17 per cent less; zolone 30W, a fruit and vegetable herbicide, 27 per cent less.

What about the phenoxy herbicides and wild oat killers. Such as 2,4-D amine 80; MCPA amine 80; MCPA ester 80; treflan; carbyne; avadex BW and avadex 10G? Using the highest price comparisons, Canadian prices range from 1 per cent to 18 per cent less than United States prices. One must remember this is on a corrected measurement and Canadian dollar basis.

For these last items I have just mentioned, I also have a comparison of the lowest Canadian price found and the lowest U.S. price. Looking at 2,4-D amine 80 on this comparison, Canadian prices were 41 per cent less than the lowest U.S. prices. Of course, some products for the same uses are more expensive to varying degrees in Canada than in the United States, depending on the retailers and geographic areas compared. For instance, eptam, which the hon. member for Lisgar (Mr. Murta) mentioned this afternoon, is sometimes more expensive in Canada than in the United States. But we must remember atrazine and 2,4-D, two of the most important weed killers in Canada, are cheaper than in the U.S.A.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m.

Motion agreed to and the House adjourned at 10.19 p.m.

HOUSE OF COMMONS

Friday, April 28, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

FINANCE

STUDY OF FINANCIAL SITUATION BY HOUSE COMMITTEE—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise under the provisions of Standing Order 43 to raise a matter of urgency. In view of the announcement by the Minister of Finance (Mr. Chrétien) that the government is borrowing 1.5 billion marks through the Deutschbank—the third large borrowing or credit arrangement in two months, for a total of $5 billion—along with rumours that further borrowing will be required to maintain the Canadian dollar at its current rate, and in view of the fact that this extraordinary borrowing is mortgaging the next generation of Canadians to such an extent that they may not be able to carry the financial load, bearing in mind that government debt already costs $6.5 billion annually, I would move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That the Minister of Finance request the governor of the Bank of Canada to appear before the Standing Committee on Finance, Trade and Economic Affairs immediately to inform hon. members what the financial situation is and how many more loans will be needed this fiscal year.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

THE CANADIAN ECONOMY

REQUEST GOVERNMENT REIMBURSE QUEBEC FOR SALES TAX—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with an important matter of pressing necessity.

In view of the fact that the Quebec National Assembly, including the Liberal party, have agreed that the federal government should reimburse Quebec for its selective sales tax cuts, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the House direct the government to accept the advice of the National Assembly and reimburse the province of Quebec for its selective sales tax cuts.

Mr. Speaker: Order. Under the provisions of Standing Order 43, presentation of such a motion requires the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

TERMS OF REFERENCE OF MCDONALD COMMISSION—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the body of evidence which has now been placed before the McDonald commission with respect to criminal activity by the RCMP, in view of the limited mandate given to the commission, one which contains no specific reference to recommendations for the laying of charges, and in view of the delay which may take place before the report of the commission is received, I would move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That the Solicitor General amend the terms of reference of the royal commission to provide that a specific mandate be provided to the commission as follows:

"The commission shall make recommendations to the appropriate law enforcement officials of charges to be laid forthwith when prima facie evidence of violations of the Criminal Code comes before them."

Mr. Speaker: Presentation of such a motion for discussion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

ENVIRONMENTAL AFFAIRS

POLLUTION OF OTTAWA RIVER—MOTION UNDER S.O. 43

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Considering that certain psychic disturbances characterized by irritability, shyness, tremors, coarse, jerky movements of the lips, tongue and extremities and, finally, gross inco-ordination, can sometimes be caused by mercury poisoning, considering also that a federal-provincial study on pollution levels in the Ottawa River, not yet released but known to exist, is reported to reveal high levels of phosphorous and mercury, both seriously hazardous to health, I move, seconded by the hon. member for Ottawa West (Mr. Francis):

That this House implores the minister for the environment, who admitted last April 19 in the House that he was aware of this particular report, to table the report forthwith so that residents on both sides of the river can understand the risks to their health and, in so doing, gather strong public support for all levels of government to intensify their efforts toward remedial action with better control to de-pollute the Ottawa River.

Some hon. Members: Hear, hear!

Mr. Speaker: Under the terms of the Standing Order, such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1112)

COMMUNICATIONS

CRTC RULING ON USE OF TV CHANNELS IN SASKATCHEWAN—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of a conflict between licensed cable operators in the province of Saskatchewan and the owner of the cable hardware, namely, Saskatchewan Telecommunications, with respect to a ruling of the CRTC concerning the use of channels by a co-operative network in the province of Saskatchewan, I move, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale):

That this House direct the Minister of Communications to make a statement on motions at the earliest moment with respect to the position taken by the government, and particularly by the minister, with respect to this very important matter to the people of Saskatchewan and Manitoba.

Mr. Speaker: Presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

HOUSE OF COMMONS

VACANCIES

Mr. Speaker: I have the honour to inform the House that I have received a communication notifying me that two vacancies have occurred in the representation, namely, F. Hugh Poulin, Esquire, member for the electoral district of Ottawa Centre, and John Gilbert, Esquire, member for the electoral district of Broadview, by resignation.

Accordingly, I have addressed my warrants to the Chief Electoral Officer for the issue of new writs of election for the said electoral districts.

* * *

TRIBUTES TO LT. COL. DAVID V. CURRIE, V.C., ON RETIREMENT AS SERGEANT-AT-ARMS

Mr. Speaker: Hon. members will have noticed that today, as has been the case on almost every day that the House has been in session since January of 1960, the mace was carried into the chamber by a very distinguished Canadian, Lieutenant-Colonel David V. Currie, holder of the Victoria Cross, and the Sergeant-at-Arms of the House of Commons.

Some hon. Members: Hear, hear!

Mr. Speaker: The presence of a good many members of the security staff, over which the Colonel presides, in the corridors as he carried the mace today perhaps was an indication that this is a very special moment, because it is the last day on which the Colonel will fulfil that function. I have to take some responsibility for the fact that it may even have been an irregularity, due to the fact that the order in council appointing his successor has already been signed, and therefore he may be in here against the rules which he has been around to enforce for these 18 years. However, that is a responsibility which I will be glad to accept.

The responsibilities of the Speaker, at least those which are visible to the public, are well known. What is not well known is the range of responsibilities which touch the administration of the facilities which exist for members of the House of Commons, and that includes five buildings, two of which are under extensive renovation and all of which have to be provided with maintenance staff, security, all kinds of catering, restaurant facilities, and a whole range of services for which the Sergeant-at-Arms of the House of Commons bears full and total responsibility. I think I can say without fear of contradiction that any member of this House of Commons who has had the opportunity to travel to other legislative buildings around the world is able to return here and say that we rightfully take a very special pride in the first-class appearance and condition of these facilities which serve us in our work here in Ottawa.

Some hon. Members: Hear, hear!

Mr. Speaker: During the four years I have had the honour to serve as the Speaker, I can faithfully relate to hon. members that the dedication of the Colonel has been one which has gone far beyond the normal hours of work of anyone occupying any kind of post around these premises. He is here early in the morning and stays late at night. He is here on weekends, and he is always here when special events are on. He has served this House with such great devotion and dedication that I know all hon. members will want to join with me at this moment in saying to him, and to his good wife, that the rest and retirement to which he now proceeds are richly deserved, and all of the work he has done will make him one who will be fondly recalled and remembered by all hon. members of this House.

He is a distinguished Canadian, a distinguished soldier and a holder of the Victoria Cross before coming to this House. In this House he has served with the same kind of distinction with which he served his country prior to becoming the Sergeant-at-Arms, and I know all of us wish him a happy retirement and rest. Bon voyage; a job well done; and congratulations, Colonel, on behalf of all of us.

Some hon. Members: Hear, hear!

• (1117)

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, your words have so well expressed our feelings this morning that it might seem unnecessary to add a single additional comment. However, this is one of the rare occasions in the House of Commons when the House can be in total agreement, even in the absence of all-party consultation. That total agreement, of course, is one brought about by our desire to express gratitude and good wishes to Lt. Colonel Currie.

I believe that words on this occasion can hardly do justice to the contribution that Colonel Currie has made to our country and to the House of Commons. Your Honour has already referred to his gallantry in time of war when he was awarded the Victoria Cross, held by very few persons. Indeed, in that select company Lt. Colonel Currie would be regarded as one of the most distinguished. He has carried into the House of Commons during his years of service that same dedication to duty and patience which was his hallmark during his service career.

I am sure that in all the years he has served us we have tried his patience and his endurance, but despite all these provocations he has maintained his fairness, his authority and his good humour. Accordingly, it is easy for me to express to him our admiration and respect on behalf of all those on this side of the House, and to add our good wishes to Mrs. Currie and to himself for many future years of happiness.

Some hon. Members: Hear, hear!

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I am honoured to be associated with my colleague, the government House leader, in this tribute to Lt. Colonel Currie today, not only as House leader for Her Majesty's Loyal Opposition but in a very personal way. I hope that Lt. Colonel Currie has not forgotten that when he first came to Ottawa in 1960, he came to a very young lawyer, who has the floor of the House of Commons today, for advice on the purchase of his first house. It was on that occasion that I first met Lt. Colonel Currie. I have always admired his choice and judgment ever since.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): He helped me, sir, when I moved into this House in 1972. I appreciated his kindness then, and his kindness to me and to all of my colleagues ever since.

In the citation recommending Lt. Colonel Currie's Victoria Cross, these words appear about him; that he showed "gallant conduct and contempt for danger." I can think of no greater attributes for a Sergeant-at-Arms in this House of Commons.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): More than that, sir, it says that he "set a magnificent example to all ranks under his command". He has set an example to those who serve under him, to those of us who have had the privilege and honour of serving with him, of devotion to duty and adherence to principles. All of us in this House of Commons are sad to see him go.

• (1122)

I should like to join with my friend, the hon. government House leader, in paying a special tribute to Mrs. Currie. It was a happy occasion for members of parliament, during the course of their duties and their sojourn in this building, to meet Mrs. Currie, who is a kind, affable, warm and generous woman, second to none. I pay a very special tribute to her.

On behalf of my leader and my colleagues in the House of Commons, I hope the years of retirement for Lt. Colonel Currie are long and fruitful, that he enjoys the good health and the time to do the things which a very busy and distinguished career heretofore made impossible. He goes to the fruits of his retirement with our blessings and our thanks.

Some hon. Members: Hear, hear!

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I am happy to join with Your Honour, and with the two House leaders who have spoken already, in this moment of tribute to our friend, Lt. Colonel David Currie. I do so on behalf of my leader and all members of the New Democratic Party.

I do so, as well, in a very personal way because of the privilege I have had these many years of being associated with him. In that connection, may I underline what has been said already about the fairness and the impartiality of his administration, which indeed carried with it a great many responsibilities. Certainly, Lt. Colonel Currie has performed the visible aspects of his office with distinction. He has been a part of this

institution in a way that we shall long remember. But we are also conscious of the fairness and the impartiality with which he has dealt with the many requests we have made of him over the years.

Also, I join with the others in paying tribute to the gracious presence of Mrs. Currie. We have enjoyed very much having both of them with us in this building.

We are happy that Your Honour asked the House to take this time today to express our thanks to a distinguished servant of the House of Commons. Your Honour presented a problem when you suggested, because the relevant order in council has already been signed, that he is not properly here; but since the Sergeant-at-Arms is the only person who can eject someone from this place, I guess we have no option but to say we are glad he is still with us.

There is one other custom which is frequently followed in this place, namely, when comments are made by way of tribute to one in this place, that person can respond. It is unfortunate today that our rules do not permit a response from our Sergeant-at-Arms who is retiring. Perhaps that is just as well for the rest of us. He might have some things to say out of his 18 years of experience that are better put in his memoirs than on the record of *Hansard*.

On behalf of my party, I am happy to pay this tribute to Lt. Colonel David Currie. We are honouring him, but I should like to take the liberty of asking him to do something for me before he leaves the chamber today. One of my valued possessions is a book entitled, "Valiant Men—Canada's Victoria Cross and George Cross Winners", edited by John Swettenham. Before he leaves the chamber today, I should be very happy if Lt. Colonel Currie would autograph the page on which appears his picture and the citation related to his being awarded the Victoria Cross on August 18, 1944.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, we, of the Social Credit Part of Canada, are quite pleased to join with other parties in extending our congratulations and thanks to Lt. Colonel Currie who has reached the age of retirement, and we are assured that he will know how to fill his retirement years as he did so well when he acted here, in the House of Commons, as Sergeant-at-Arms.

Mr. Speaker, I think that our party is doubly indebted to Lt. Colonel Currie, because members of our party have always sat closest to him, either to the left or to the right. I do not know whether it was because of our affection for him or if he was the one who attracted us to this side of the House, but we were pleased with it because we felt truly protected in the House. I feel duty bound to mention his sincere devotion towards us. When we first came here in 1962, since everything was new for us, we needed much guidance and it took a great deal of patience on the part of the Lt. Colonel. But we were fortunate enough to deal with such a diplomat—indeed I term him a diplomat—a conscientious and honest diplomat and, Mr. Speaker, a fair and honest man is hard to find nowadays. He knew how to deal with problems quietly and promptly. We can say of Lt. Colonel Currie that he did well what he had to do. I think it is the finest tribute one can pay to him. I wish him and his wife a long and happy retirement.

• (1127)

[*English*]

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, the years roll by. My memory goes back to the occasion when Colonel Currie first took his position as Sergeant-at-Arms. Of all the recommendations I made during my period of office, none gave me greater pleasure than the recommendation that he should be the Sergeant-at-Arms. Great in peace, great in war, and great in the hearts of the members of this institution through the years!

There is nothing one can add to what has already been said, except a personal word to Mrs. Currie and the Colonel. May happiness and sweet content be yours for years to come. Colonel, you have earned a rest after having presided over this institution, in so far as the administration of the law is concerned, for so many years. God bless you both and keep you.

Some hon. Members: Hear, hear!

Mr. Speaker: The question period will conclude at 12.15.

• (1132)

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

CANADA-U.S. AUTO PACT—REPORTED IMBALANCE IN EMPLOYMENT BENEFITS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in the absence of the Minister of Industry, Trade and Commerce, I would like to direct my question to the Minister of Finance. It deals with the overview of the North American auto industry just completed and released by the treasury department in Ontario.

As the government has had these figures for several days, my question to the Minister of Finance centres on the revelation in the report that if Canadians had their fair share of employment in relation to retail sales in this country respecting the auto industry, we would have 25,000 more Canadians employed in that industry than we have at the present time: we would have 120,000 employed in the industry instead of 95,000 at the present time. Would the minister indicate if he agrees with that observation set out in the Ontario report and, if so, what is the government going to do to correct this imbalance?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have not had the occasion to read the report presented by the Ontario administration. On some scores it is a subject of disagreement. But I would like to inform the House of Commons that since we signed the auto pact some years ago, the situation in the auto industry has improved fantastically in Canada. We have more than doubled the number of jobs and activities in that industry compared to the situation before the auto pact. Of course, the auto pact is not a perfect instrument and the government is always working to improve it. This is what the Minister of Industry, Trade and Commerce is attempting to do at this time.

Mr. Stevens: Mr. Speaker, my supplementary is to the Minister of Finance. It is revealed in the report that if Canada had its fair share of North American investment as far as the auto industry is concerned, we would have an additional $866 million invested in Canada. Would the minister indicate if any discussions have taken place with the large automotive manufacturers in this country with a view to, first, determining whether they are giving us a fair share of the investment and consequently jobs and, second, if not, why are they not giving Canada a fair share of jobs and investment?

Mr. Chrétien: As I said, Mr. Speaker, I have not seen the report. The report has been made public. Nor do I know whether the Minister of Industry, Trade and Commerce has had occasion to read it. I would like to say that the auto pact has been extremely good for Canada, although it is not a perfect instrument. The hon. member should know the type of criticism that the auto pact is receiving day in and day out in the United States: the people there are saying that it has been too good for Canada.

RESEARCH AND DEVELOPMENT IN AUTOMOTIVE INDUSTRY

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my supplementary is to the Minister of State for Science and Technology. The Minister of Finance has indicated that the auto pact is extremely good to Canadians. The report from Ontario indicates that if we had our fair share of research and development in the auto industry, we would have 2,500 people employed in research and development in that industry alone, compared to virtually nobody at the present time.

Bearing in mind that $203 million, on average, in the last three years has flowed into the United States for research and development because we do not have people employed in that field, would the minister indicate whether he is aware of this fact? If so, what is his department doing to correct this imbalance?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, we are very much aware of this imbalance and one of our major concerns is the fact that the auto pact did not make provision for significant research and development in Canada in this industry. I know my colleague, the Minister of Industry, Trade and Commerce, is negotiating with at least one of the major companies to establish a significant research and development facility in Canada.

To follow through on an additional point, it is my understanding that we enjoy in the automobile manufacturing industry, over-all, roughly 11.3 per cent of the employment and Canada represents approximately 8.8 per cent of the North American automobile market.

Mr. Stevens: That is not accurate.

Mr. Buchanan: Hon. members opposite keep saying it is not accurate, but I am told that the figures are, in fact, accurate.

CANADA-U.S. AUTO PACT—CANADA'S DEFICIT IN AUTO PARTS MANUFACTURE

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, in the absence of the Minister of Industry, Trade and Commerce, I direct my question to the Minister of Finance. It concerns the conclusions of the Ontario treasury and economic affairs department which state that Canada is not getting its fair share of the benefits of the auto pact. In my riding of Parry Sound, for example, many people are out of work, which reflects the human problems behind the mounting deficit in auto parts.

In view of the fact that investment in Canadian auto parts capacity is stagnant in this country, while it continues to increase in the United States, will the minister tell the House why this government allowed the $3.2 billion deficit in auto parts to develop and why it has done nothing to correct the situation?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not think I can add much to the point made by the hon. member. I have just informed the House that we are working constantly on this problem. I remember that some ten years ago, when we decided to set up an auto pact, the number of jobs in relation to the market in Canada was approximately 5 per cent or 6 per cent. We have doubled that percentage in the last ten years and increased substantially the number of jobs in proportion to the Canadian share of the North American market.

Mr. Stevens: That is not true.

Mr. Chrétien: You can always divide statistics here and there. I have said the auto pact is not perfect; however, it is a big improvement over the situation in that industry ten years ago. We are always working very hard to improve it.

Mr. Darling: Mr. Speaker, will the government assure the House that at the tariff negotiations at Geneva the auto pact will be treated as a package with other tariff measures, and there will be no signing of the GATT agreement without negotiation aimed at reaching a fair auto pact? Will he also assure the House that the standard tariff of 15 per cent which the automotive sector report said was vital to the health of the industry will remain in place?

Mr. Chrétien: Mr. Speaker, the auto pact is an agreement negotiated between Canada and the United States; it is not a subject for bilateral discussion at Geneva because the GATT negotiations are of a multilateral nature.

COST OF MAINTAINING FLOATING DOLLAR

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance concerning the recent announcement by his government that it intends to continue the insane policy of borrowing to prop up the Canadian dollar. Considering that the government has either borrowed or has on standby credit some $4 billion and is negotiating for another $1 billion, would the Minister of Finance confirm that the daily charges for the Canadian taxpayer, in terms of interest rates, for this monumental loan amount to approximately $750,000?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it is false. I have replied to this question before. We are borrowing that money from abroad, which means that we do not have to borrow internally in Canada. Borrowing in either the United States or Canada involves interest rates. When we have American dollars in our reserves, if we lose those reserves the Canadian dollar balance-sheet increases and we do not have to borrow an equivalent amount in the Canadian market.

Mr. Broadbent: Mr. Speaker, I wish the minister would answer the question. Will he tell us how much in interest charges it is costing the Canadian taxpayer by borrowing? I say it is approximately $750,000 a day down the drain. I would like the minister to correct that figure if it is wrong.

Dealing in terms of job creation, considering that President Carter of the United States has maintained a floating dollar which has been a major instrument during the past 12 months leading to a situation in which the number of unemployed there has been reduced by one million, while the number of unemployed in Canada increased by 100,000, would the Minister of Finance tell the House why he has not opted for the policy pursued in the United States, that is, not to prop up the dollar but to increase export sales to benefit from the result of a lower dollar?

Mr. Chrétien: Mr. Speaker, the hon. member is not on very solid ground. We used to be stronger than the American dollar, but in the past 18 months we have been approximately 12 points lower than their dollar. We floated our dollar and at the present time we are lower by 12 points. We are floating the Canadian dollar, but we are intervening in the market to ensure that it floats in a rational way. We have used this instrument to supplement the flow of capital into Canada that was lacking in the last three months.

● (1142)

Mr. Broadbent: A supplementary question, Mr. Speaker. The Minister of Finance is the only one who could maintain a sinking dollar and a floating dollar simultaneously: that is some achievement. Notwithstanding the $750,000 per day he is pouring down the drain in interest charges, has he read, or have his officials passed on to him a report prepared by the government of Ontario which points out that for each increase in the interest rate of 1 per cent, there is a negative impact on the economy—and we need stimulus in order to create jobs—of about $1 billion? If so, will he take action to stop any further increase in interest rates which the banks have indicated they are going to pursue?

[*Translation*]

Mr. Chrétien: Mr. Speaker, we raised the interest rate of the Bank of Canada by 1 per cent last month and in fact most interest rates have not followed suit. For instance, Mr. Speaker, the interest rate on mortgages has gone up by one quarter of a point only whereas the interest rate of the Bank of Canada has increased by one point. Why? Because there is so much disposable savings in Canada at the present time that the various institutions compete against each other and therefore have not dared to boost their interest rates by as much as the Bank of Canada did, which is very good for the economy. As I see it, the hon. member's suggestion is not valid because the higher Bank of Canada rates have not been followed by a proportional rise in the interest rates of other institutions in Canada.

[*English*]

VALUE OF CANADIAN DOLLAR—EFFECT OF GERMAN BORROWING

Mr. James Gillies (Don Valley): Mr. Speaker, I have a supplementary question to the Minister of Finance for clarification. Did I understand the minister to say that the borrowing was made in Germany, that if it had not been it would have been made in Canada, and that the borrowing in Germany has absolutely nothing to do with the value of the Canadian dollar on the exchange market?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I said that we are borrowing in foreign markets in order to increase the amount of United States dollars in Canadian reserves. When, through speculation or otherwise, we lose some reserves, the United States money is transformed into Canadian money. We are not losing, we are just transforming United States dollars, through the exchange market, into Canadian dollars. Our cash balance increases by that much, and as our cash balance is higher we are not forced to borrow as much in the Canadian market.

Mr. Gillies: Mr. Speaker, I am glad to have that explanation, but it is exactly opposite to what the minister said in answer to the first question. I ask the minister why the government does not borrow from the International Monetary Fund, where the borrowing rate is 30 points cheaper than it is in the commercial market?

[*Translation*]

Mr. Chrétien: Mr. Speaker, we borrow from the International Monetary Fund only when we have exhausted our credit

and it is now obvious that Canada's credit is very good not only in the United States but also on the European markets.

NEW OFFER OF QUEBEC CONCERNING SALES TAX

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to direct a question to the Minister of Finance.

Following the last letter which the federal Minister of Finance addressed to his Quebec counterpart, a copy of which I have before me and for which I am deeply grateful, could the minister advise the House whether there have been any new developments in this conflict? Has the proposal he has made been received with either enthusiasm or reserve by the province of Quebec, and are there other possible solutions to this conflict which I consider very serious, considering the current state of the Canadian economy?

Hon. Jean Chrétien (Minister of Finance): It is like this, Mr. Speaker. In order to meet the particular situation which had resulted from Mr. Parizeau's unilateral proposals, I have modified my own proposal after consultations with my counterparts from the other provinces who had made commitments based on my proposal. I have changed mine and offered Mr. Parizeau to reduce the sales tax by 2 per cent on other items sold in Quebec and to assume the full costs. I am quite surprised that Mr. Parizeau should want to deprive Quebec taxpayers and consumers of this opportunity. I dare hope that when the election campaign is over sometime this year, Mr. Parizeau will realize that causing Quebec to lose this money will serve no purpose and that we will be able to compromise.

Mr. Lambert (Bellechasse): Mr. Speaker, on a supplementary.

As things do not seem to be improving, would the Minister of Finance be willing to remedy the situation by some other means, since the sales tax cut is intended to make more money available to consumers? Is the Minister of Finance willing to intervene in that field under federal jurisdiction, and let the provinces exercise their own jurisdiction, by reducing taxes at the manufacturing level which comes under federal jurisdiction? Thus the same objective would be attained, the same advantages would be given to all Canadian consumers and no one would quarrel. Is the minister willing to consider that proposal?

Mr. Chrétien: Mr. Speaker, when my budget was being prepared, I did consider the possibility of reducing the federal sales tax, and had I not thought I could reach an agreement with most of the provinces, I should have opted for that possibility. The reason why I did not is that the federal sales tax is levied at the manufacturing level and I could not be sure that the tax cut at that level would have been passed on to the consumer while the provincial sales tax is paid after prices are set, and all Canadian economists, chambers of commerce and several other bodies advocated a provincial sales tax cut. That is why I offered to help them. Of course, if during the next five or six months, Mr. Parizeau maintains his stand, we may look into the alternative proposed by the hon. member, but then, if I resort to that, benefits will accrue not only to Quebec but to all the rest of Canada. In the circumstances, one must bear in mind that if Mr. Parizeau wants to deprive Quebec of $185 million, a solution must be found that is acceptable to the federal government and the finance ministers of the other provinces.

INQUIRY WHETHER GOVERNMENT WILL CONSIDER QUEBEC'S SALES TAX PROPOSALS

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, in spite of the statement made by the right hon. Prime Minister yesterday, I shall ask the following question as a good federalist, not as a separatist. The hon. member who has already asked a question saw yesterday that the unanimous vote includes the good Liberals in the Quebec National Assembly. Considering the unanimous vote to support Mr. Parizeau's proposal and given that in the manufacturing industries in Canada 30,000 out of the 36,000 jobs lost were in the province of Quebec, in a traditional sector such as the textile industry, is the minister seriously considering Mr. Parizeau's proposal without calling us separatists?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have already made some observations on this subject. If Mr. Parizeau wants to help the footwear and textile industries through his budget, which is what we have been doing for several months when we imposed quotas on imports, I think he is free to do so. If Mr. Parizeau now wants to cut the sales tax on children's clothing, a tax which he imposed last year, when everyone was saying it was a foolish step, if he wants to correct his errors, we should not have to foot the bill.

Mr. Speaker, I think that no other province had ever put a sales tax on children's clothing. So, if Mr. Parizeau wants to remove it in his budget, it is his own responsibility. As far as I am concerned, I made a proposal which was accepted by all the other ministers of finance. As the federal government, we made a number of proposals to the nine other provinces, and now Mr. Parizeau comes after the fact, just like a hockey player who jumps on the ice after the others have gone to the dressing room, and tries to score. I think it is rather ridiculous.

OBJECTION TO USE OF "SEPARATIST" IN CONNECTION WITH QUEBEC SALES TAX PROPOSALS

Mr. Roch La Salle (Joliette): I have a supplementary question.

In view of the fact that in a recent memorandum the Minister of Finance informed his colleagues that he considers Quebec's proposal a separatist measure; in view of the unanimous vote given last night at the National Assembly and in

view of the unanimous support given to the Quebec proposal by the minister's cousins, that is the Liberal members of Quebec, would the Minister of Finance have the honesty to withdraw the word "separatist", to answer all Quebecers—since all parties unanimously reject that word of the Minister of Finance—and to be fair, if only out of respect for his own province?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, during three weeks we have had discussions with the other ministers of finance of Canada—

Mr. La Salle: Yes or no?

Mr. Chrétien: —and we have made proposals—

Mr. La Salle: It is a betrayal of the interests of Quebec. If I were you, I would feel embarrassed. It is a conspiracy.

Mr. Chrétien: And during three weeks we have in good faith put forward proposals to the nine other ministers of finance. We have made commitments. Mr. Parizeau has decided he wanted something completely different. He can put what he wants in his budget. As for me, I say the Canadian government is prepared to pay the $185 million if the Quebec government agrees to reduce by 2 per cent, without any cost to the Quebec treasury, the sales tax on other items in Quebec. Thus Quebec consumers would benefit from our measures as do all other consumers in the rest of Canada.

Mr. La Salle: I would be ashamed.

Mr. Ouellet: Tell us what Mr. Lévesque promised you, Mr. LaSalle!

* * *

● (1152)

[*English*]

EXTERNAL AFFAIRS

ATTENDANCE OF IDI AMIN AT COMMONWEALTH GAMES

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, in the absence of the Prime Minister I will direct my question to the Deputy Prime Minister. There being widespread objection across Canada to Idi Amin being present at the Commonwealth Games, will the Deputy Prime Minister advise whether, in view of his diabolical, murderous conduct, he has been informed he would not be a welcome visitor to Canada during those games?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I am not sure whether there has been any direct communication with Idi Amin on this particular point. I think the Secretary of State for External Affairs has already expressed the view that he would not be particularly welcome in Canada. However, as the right hon. member knows, Idi Amin has made it a point to escalate his interest in these events, saying he will attend in order to gather international publicity, so probably the most constructive thing we can all do is to forget about him.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: There has been too much forgotten about him already. I direct a supplementary question to the Acting Secretary of State for External Affairs. Has he brought to the attention of Idi Amin, either officially or diplomatically, the fact that he will not be welcome in Canada, with his record which shocks the conscience of all people who believe in democracy?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, that question was physically directed at me. I do not have responsibility for matters concerning the Secretary of State for External Affairs. I will take notice of the question.

An hon. Member: Turn it over to the McDonald commission.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Mr. Speaker, I was quite surprised at the answer of the Deputy Prime Minister when he said the Secretary of State for External Affairs had answered this problem. I now ask him this question: Will he convince the Government of Canada to let Idi Amin know he is not wanted here, as he was told in respect of the prime ministers' conference in London last year.

Mr. MacEachen: Mr. Speaker, I think the Secretary of State for External Affairs has already commented on this particular point along the lines of the answer I gave. I believe the right hon. member suggested that we ought to make it clear that we do not welcome him to these games. I think I have already made that clear.

Mr. Diefenbaker: I don't think so; there is too much pussyfooting here.

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NATIONAL SECURITY

DESTRUCTION OF RCMP SURVEILLANCE REPORTS

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is to the Solicitor General. He informed us yesterday that presumably the 24 monthly reports covering the two-year period during which the present Minister of Supply and Services was solicitor general were destroyed. Can he explain today how a document of this nature, a report prepared exclusively for the Solicitor General, covering very important activities by a unit for which he is responsible, could be destroyed as a matter of routine procedure?

Second, how can such destruction take place without either a certificate of destruction or some record of destruction that would be immediately available to the Solicitor General?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the hon. member knows I replied to a question on the order paper relating to the destruction of records within the RCMP. I advised the House at that time there is no statutory requirement to keep any records of the destruction. I explained quite extensively the process that was followed in the destruction of these documents.

Mr. Jarvis: To say the least, it is alarming that, regardless of the statutory requirement, any solicitor general would not want to know when records of such a vital nature are destroyed. Yesterday the Solicitor General said the directives were fairly explicit that this type of report be destroyed after three years, but the reports for 1973, 1974 and part of 1975 were not destroyed because of the establishment of the McDonald commission.

I point out as a matter of arithmetic that the McDonald commission was established in mid-1977. Therefore, we have at least 18 of these monthly reports which miraculously are available subsequent to the tenure of the present Minister of Supply and Services which must have been retained in contradiction of these fairly explicit directives. Why can we get the documents for 1973 and half of 1974 but we cannot get the documents which predate those?

Mr. Blais: Mr. Speaker, the documents themselves are the subject of destruction, as the hon. member has said. The McDonald inquiry was not formed until 1977. Indeed, there was an explicit order issued by my predecessor that no further documents should be destroyed which could be material to the McDonald inquiry. That order was followed. If the hon. member has any knowledge of large administrations, he will know that sometimes explicit directives are not followed explicitly.

Some hon. Members: Hear, hear!

Mr. Jarvis: Is the Solicitor General telling us that his immediate predecessor found out about this destruction and ordered it to stop with the 1973 reports? If I understood him correctly, he said that a counter order to the explicit directive was issued by his predecessor. Will he tell the House now whether his predecessor found out about the 1971 and 1972 destruction? If so, when did he find it out, and as a result of finding it out did he order such destruction to stop?

Mr. Blais: No, Mr. Speaker, I believe the order was a more general one, not directed to any specific event but just to ensure that all evidence was made available. Questions were asked of my predecessor in this House relating to destruction policies by, I believe, the hon. member for New Westminster. At that time, the then solicitor general indicated that he had issued an order that no further document be destroyed notwithstanding the directives contained within the administration itself.

Oral Questions

EXTRAPARLIAMENTARY OPPOSITION LISTS

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I wish to direct a question to the Solicitor General. Since it was the practice in the crucial 24-month extraparliamentary period for which these surveillance reports are missing to compile lists called extraparliamentary opposition lists, can the minister tell us the connection between the extraparliamentary opposition lists and the surveillance reports? Also, are these lists still with the security analysis group, in his office at this time, or have they been destroyed? Further, were the people who were innocent and named in those lists notified and offered redress?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the hon. member has directed a very involved and complex question to me: there was an indication that somehow the extraparliamentary opposition lists were connected with these documents. I want to assure the hon. member that there is no connection.

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THE CANADIAN ECONOMY

CANADA-U.S. AUTO PACT—SUGGESTED CANADIAN AUTOMOBILE INDUSTRY

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I wish to direct my question to the Deputy Prime Minister: it is a return to questions on the Canada-U.S. auto agreement and why the government has failed to ensure that we get a proper proportion of jobs from it. The minister, in replying, said the Americans probably think it is too good for Canada. That is very likely true, given the fact that we have not been doing very much bargaining, and bearing in mind the government's defeatist attitude.

● (1202)

In order to ascertain government policy, I should like to put this question to the Deputy Prime Minister: Is there an alternative plan within the government to develop a national automobile industry if we do not get our fair share of jobs from the Canada-U.S. auto agreement?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): The hon. gentleman's question is hypothetical, but I understand its implications. I gather he is recommending that we do away with the idea of a North American market for Canadian production and employment. That seems to me to be a somewhat unusual proposal.

Mr. Saltsman: Mr. Speaker, I hope I will be excused if I do not make recommendations to the government, since ministers do not seem to pick them up. The Deputy Prime Minister paid attention to only part of what I was saying. The fact that at present the government has no alternative to the auto agreement simply means that the Americans can thumb their noses at this country because we have no bargaining position. I am asking the Deputy Prime Minister whether we are prepared to go on our own with a national auto industry should we fail to get our fair share of jobs out of the auto agreement.

Mr. MacEachen: I believe the Minister of Finance and others have stated in the House on more than one occasion that Canada has benefited greatly from this auto pact. Obviously there are problems which must be overcome, but to suggest that the pact be junked in favour of a Canadian domestic automobile market is, to my mind, somewhat preposterous.

Mr. Saltsman: I think the most preposterous suggestion is the one we have just heard, because Americans listening to it will simply refuse to pay any attention to improving our position. I asked the minister, and I hope he will reply, this question: Does the government have an alternative program so that we will not be at the mercy of the U.S. under this agreement and so they cannot do as they please with us?

Mr. MacEachen: Mr. Speaker, I have already attempted to answer that question twice, and I do not think I would do any better if I were to make a third effort.

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[*Translation*]

AGRICULTURE

STABILIZATION PAYMENTS TO POTATO GROWERS—GOVERNMENT POSITION

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, my question is directed to the Minister of Agriculture. In view of the fact that it has now been twelve days since the minister announced in the House the decision to provide potato growers with stabilization payments, and in view of the fact also that the terms and the amounts of such interim payments have not yet been determined, can the minister advise the House this morning when a final decision will be made, since potato growers, especially in the maritimes, are protesting the fact that this decision is being delayed?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I would hope very soon.

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REVENUE CANADA

CIRCULAR RESPECTING POLITICAL ACTIVITIES OF CHARITABLE ORGANIZATIONS

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is directed to the minister answering for the Minister of National Revenue who now rests in the other place.

An hon. Member: May he rest in peace.

Miss MacDonald: It concerns the circular sent out by Revenue Canada to all charitable organizations warning them that if they involve themselves in so-called political activities such as writing letters to MPs or to editors, their status as charitable organizations, and hence their tax exemptions, may be cancelled.

Since in the minds of many Canadians this is in direct violation of the right of individuals and groups to take an active interest in issues of important political significance, will the government immediately withdraw these ridiculous guidelines and bring in an amendment to the Income Tax Act which would do away with these outdated regulations? I am sure the minister will recall that this matter was first raised by the hon. member for St. John's East—

Mr. Speaker: Order.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I am not the Acting Minister of National Revenue.

An hon. Member: Who is?

Mr. MacEachen: I can tell the hon. member, however, that the circular or guideline to which she has referred is presently under consideration. I cannot give her any assurance that it will be withdrawn, but I can tell her that it is being looked at.

Miss MacDonald: Will the minister give the House the assurance that an amendment to the Income Tax Act will be brought in to do away with these outdated regulations? Further, will he explain why at this time it was felt necessary, in light of the work done by the churches and charitable organizations in this country in addressing themselves to matters of social significance, to remind them that the making of written or oral representations "to all or mostly all members of parliament or ministers of the Crown as part of a campaign to influence intended or specific legislation is a political activity and as such cannot be properly carried on by a charity that wishes to maintain registered status"? What kind of interference with freedom of speech is that, Mr. Speaker?

Some hon. Members: Hear, hear!

Mr. MacEachen: I cannot give the hon. member an assurance that we will introduce amendments to the Income Tax Act with respect to this matter within a short period. If the House is in session for an extended period, it may be possible to do so. I will look at the portion of the guidelines to which the hon. member has referred and try to provide an explanation of why it was thought necessary to communicate this advice to the churches.

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FISHERIES

FOREIGN FISHING VESSELS VIOLATING QUOTAS

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I will direct a question to the Minister of Fisheries. According to recent reports, there is at present uncontrolled harvesting of fish stocks on the southeastern and southern edges of the Grand Bank just beyond the 200-mile limit, reports confirmed on Thursday of this week by officials of the Department of External Affairs.

Is the minister aware of this situation? Which countries are exceeding their quotas in this area where the International Commission for the North Atlantic Fisheries still establishes quotas, and what steps does he intend to take to ensure that foreigners do not continue their uncontrolled harvesting while Canadians are required to adhere to strict quota regulations?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): There are reports that violations are taking place in the ICNAF area outside 200 miles. This question will, of course, be raised at the meeting of ICNAF which is to take place, if my memory is correct, in June. It is obvious that the regime outside 200 miles is in a state of flux until a new organization replaces ICNAF. This constitutes a difficulty. In fact, it argues rather strongly against those who believe that Canada's interests can be protected by closing the fence around waters within the 200-mile limit. In fact, we have vital interests outside that area. We are negotiating internationally. Indeed, a session of NAFO, which will be the successor to ICNAF, will be held in Ottawa for two days next week.

The situation to which the hon. member has referred may be just a pressure tactic on the part of some nations, designed to secure more liberal concessions, but we have made it clear that continued protection of Canadian interests outside will mean co-operation by Canada with respect to access inside. If there is a regime of disorder outside, we cannot then condone entrance into the Canadian zone to those who hurt our interests.

Mr. Crouse: The fishermen from Digby who appeared before the fisheries committee last week complained bitterly about quota regulations, and the provincial fisheries minister in Nova Scotia stated publicly on April 26 that the federal minister had failed to honour his pledge to consult and co-operate with his department and local fishermen.

In the light of the arbitrary, restrictive and discriminating regulations which have recently been applied against Nova Scotia fishermen, regulations which do not conserve fish stocks, I ask the minister whether he intends to implement the promise made at the recent first ministers' conference and consult all provincial ministers and fishermen before implementing regulations. If he does this, hopefully he will gain some information which will help him resolve the offshore problem which presently troubles all Canadians.

● (1212)

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, the hon. member raises another very important issue, which is the access to Georges Bank by the scallop fleet which traditionally has not fished there. The allegation that there were no consultations really does not hold water. In fact, I met with the group in Nova Scotia many months ago. My officials met repeatedly in an effort to find a solution to a very simple conflict, which is the conflict of the interest of one group which is totally dependent on the Georges Bank scallop fishery and the interest of another group which has access to other types of licences. It is obvious that these are management problems.

As for the complaint of the minister from Nova Scotia, I really must say that we cannot have negotiations with fishermen's groups, with processing groups and with provincial governments and then try to synchronize all of these every time we have to make a management decision. It is obvious that in the case of the management of the stocks the federal government, which is responsible—and, by the way, which has to carry the can when there is a disaster—will continue to assume that responsibility, even if it means that at times provincial ministers are not satisfied.

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CANADA MANPOWER

BELL NORTHERN RESEARCH—ADVERTISING JOB VACANCIES IN ENGLAND

Mr. Jake Epp (Provencher): Mr. Speaker, I would like to direct my question to the Minister of Employment and Immigration: it relates to advertisements appearing in the *Daily Telegraph* in London, England, placed by Bell Northern Research. Bell Northern Research is advertising for people to come to work in Canada where the main laboratories are situated in the green belt of Ottawa.

In view of the fact that this company is advertising outside Canada for employees, were these positions made available to Canadians? Were they cleared by Canada Manpower, especially in view of the fact that the electronics industry has been very hard hit: there is high unemployment in that industry. I wonder how the minister justifies the clearance of advertising jobs abroad when this industry has a very high unemployment rate.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the hon. member has pointed out that the advertisement was placed by the company. It was not placed by the government. We have made it quite clear to all industries and, as a matter of fact, to all governments that we have a "Canada first" policy and that if there are Canadians capable of doing a particular job, no one will be given either a work visa or a permit to come into the country to take that job.

Mr. Epp: Mr. Speaker, is the minister saying that job openings in advertisements such as the one in the *Daily Telegraph* have not been cleared by Canada Manpower, and that if people in the United Kingdom apply for these jobs they will not necessarily be cleared by Canada Manpower? Has that not taken place previously?

Mr. Cullen: Mr. Speaker, I am not familiar with the specific instance to which the hon. member refers, but in the ordinary course of events companies in this country are well aware of the fact that we have high unemployment, that we have a "Canada first" policy and that if they intend to bring people into the country they must be people with skills which are needed and which cannot be found in Canadians. If jobs can

be filled by Canadians, foreign workers will not be given work visas or permits to come into the country.

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FISHERIES

ENFORCEMENT OF 200-MILE LIMIT

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment and is supplementary to the question asked by my colleague, the hon. member for South Shore. Given the fact that by international treaty we already have mineral rights to the continental shelf, and that the continental shelf—and hence the Grand Banks—exceeds the 200-mile limit by certainly over 300 miles in places, is the minister prepared to use the substantial clout he has by virtue of his licensing authority within the 200-mile limit and the port facilities which we are now prepared to make available to foreign fleets to enforce quotas on our continental shelf? Failing this, is the government prepared to consider imposing the same jurisdiction on our continental shelf that we now have on the 200-mile limit?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I am not an international lawyer but I think that the two issues, the question of mineral rights and the question of living resources, are quite separate. It is obvious—I think this is recognized by serious fishing countries—that there should be a regime of international co-operation in which stocks which move in and out of the 200-mile zone are managed as a unit and not fought over as they move in or out of the zone.

That would be a preferable system, and there is broad acceptance of the principle that Canada has a special interest outside the 200-mile zone. This is reflected in some bilateral agreements we have with at least five nations which have traditionally fished off Canadian shores. There is one difficulty: the European Economic Community finds it difficult to agree with that clause, but that will be the subject of further negotiation. I will certainly tie permits to access to the Canadian zone to behaviour outside the Canadian zone, because I think that is one of the strongest cards we have to play.

* * *

Mr. Speaker: Order, please. There are two outstanding questions of privilege. One was raised by the hon. member for Halifax (Mr. Stanfield) yesterday, and I indicated I would hear argument today. However, before doing that, the hon. member for Capilano (Mr. Huntington) has given me notice of a question of privilege and also indicated that he may want to reserve argument to another day.

[Mr. Cullen.]

PRIVILEGE

MR. HUNTINGTON—LEGAL PROCEEDINGS LAUNCHED BY VANCOUVER BRANCH OF CUPW

Mr. Ron Huntington (Capilano): Mr. Speaker, I just returned from my riding last evening, so this is the first opportunity I have had to raise in this House what I believe to be a serious matter. In my opinion this matter involves an attempt to intimidate a member and to inflict pecuniary loss on a member through the use of the judicial process.

It involves a dispute which Mr. Whitaker, the president of the Vancouver local of CUPW, believes he has with me as a result of statements I made on May 5, 1977, before the Standing Committee on Transport and Communications. There was an interview subsequent to those statements on May 6. On April 17 of this year I received a statement of claim from the solicitors for CUPW. I have been in my riding for almost a week. The writ was issued back in July of 1977, on the original statement made in May of 1977.

I have discussed this with research personnel here, and I am told that the matter is serious enough to deserve serious research on the part of the research branch of the Library of Parliament. Therefore, I seek Your Honour's permission to guard my question of privilege by raising the matter after it has been properly researched, on Monday or Tuesday of next week.

Mr. Speaker: The hon. member has given notice, and requests time to research the matter before delivering argument. I see no problem.

MR. STANFIELD—SURVEILLANCE OF CANDIDATES SEEKING PUBLIC OFFICE

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I rise to speak on the motion introduced yesterday in this House by the hon. member for Halifax (Mr. Stanfield) on a question of privilege.

I have given serious attention to the hon. member's concerns because, in my view, they express the feelings of hon. members on all sides of the House not only as they relate to privileges of members but also as they relate to the cherished democratic process which brings them here. In a democratic society such as ours, where freedom prevails and where freedom is dependent upon the electoral process, we should not suffer from any interference which would either enhance or hamper the efforts of candidates seeking office.

Following the publication of the article which appeared in the *Globe and Mail* on Wednesday, April 26, some hon. members of this House may have been led to believe that there could be surveillance of candidates, which might be construed as interference, or that the RCMP may have been involved in surveillance activities in the past and again more recently, contrary to guidelines issued by the Prime Minister (Mr. Trudeau) in 1975, and contrary to assurances given by the Prime Minister to the Leader of the Opposition (Mr. Clark) to the effect that no member of this House has been the subject

of surveillance by the security service of the RCMP since 1968.

I wish today to deal with those concerns and dispel any doubts that privileges of hon. members of this House may have been infringed.

Immediately upon reading the article on Wednesday I convened a meeting attended by senior members of the security service. The allegations referred to in the article were raised, and the existence of the documents confirmed. I then read very carefully their contents and had the opportunity to get acquainted with and discuss at some length the process outlined in those documents.

During Wednesday's question period, and again during the question of privilege raised by the hon. member for Halifax, I referred to those documents as being related to national security and indicated that they referred to procedures which were the subject of review by the McDonald commission.

I would now like to deal with the first issue raised in the hon. member's motion. Contrary to what the motion states, I did not refuse to provide information with respect to surveillance of candidates by security forces. I merely pointed out repeatedly the sensitive nature of the documents and their review undertaken by the McDonald commission.

● (1222)

I am pleased to review the procedure followed by security forces as it relates to candidates during an election.

When the names of candidates seeking office become available to the security service, a name check is conducted against a list of persons known to belong to subversive groups or involved in subversive activities. If and when a candidate is positively identified as falling into that category, the fact of his candidacy is duly noted, and the security service continues to be legitimately interested in his or her activities. The security service has no interest in the other candidates, and the fact that their candidacy is brought to the attention of the security forces does not result in the initiation of any inquiry and surveillance of those candidates.

This is why, Mr. Speaker, I can reiterate to this House that no person who has been a member of this House since 1968 has been the subject of surveillance by the security service. As I indicated earlier to the House, and to the hon. member for Halifax on Wednesday, and in this instance refer the House to page 4888 of *Hansard*, this assurance had been given previously by the Prime Minister and by my predecessor.

As to the second issue raised in the motion, I never contended that the "McDonald commission was the only vehicle to investigate a question affecting the privileges of all members of the House of Commons." I am sure, Mr. Speaker, that no member of this House would advance that proposition.

I repeatedly stressed in previous statements to the House that the procedures contained in the operational manuals were the subject of review by the McDonald commission, and that, being relevant to security service operations, were not discussed openly in the House. Throughout my answers, and in reply to the question of privilege raised by the hon. member for Halifax, I always referred to the procedures as being reviewed or under study by the McDonald commission, and again I never gave an indication that none of them could be discussed in this House.

I think that all members of this House realize the necessity of the existence of a security force. I am sure that the hon. Leader of the New Democratic Party (Mr. Broadbent) was stating the position of all members of this House when, in a letter to my predecessor on August 12, 1977, he raised that particular issue, and I quote:

> In a free society, it is foolish to argue that no security forces are required. Both our own history and that of the modern world in general have revealed the existence of small groups committed to the use of violence in pursuing their objectives. No serious democrat can ignore this reality. Security forces have then a democratic mandate to monitor such groups as a means of ensuring civil order.

The mandate of the security service is one which is in accordance with the objectives seeking to protect our democratic institutions in this country. No candidate is the subject of surveillance because he adheres to a legitimate political party. But members must realize that if anyone in this country is acting contrary to the interests of our nation by advocating undemocratic means or violent means to attain their goals, those people then become legitimate targets of our security forces.

And this is where, Mr. Speaker, every member of this House, and every citizen of this country sharing our belief in our democratic system, must understand and realize the importance of countering activities which, under the cover of legitimate organizations, seek to undermine the basis of that very system.

I believe that the Prime Minister in his answer to the Leader of the Opposition last October stated very clearly the position of this government and the role of the RCMP when he said:

> No person in Canada is immune from observation, surveillance or detection, if it is determined that such person has been or is engaged in activities that are defined in the Official Secrets Act as being subversive.

I am certain that members of this House share the concern of the government in ensuring that the political process not be interfered with by known subversive elements intent on weakening or even destroying our national democratic institutions. The political parties represented in this House will not stand for such an infiltration.

I therefore submit, Mr. Speaker, that there is no question of privilege.

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, first of all I believe that the Solicitor General (Mr. Blais) has cleared up one aspect which formed the subject matter of the motion put forward by the hon. member for Halifax (Mr. Stanfield). If I understand the Solicitor General correctly, he has now confirmed that questions in this general area may quite properly be put in this House from time to time. That was one aspect of the concern of the hon. member for Halifax.

Secondly, the Solicitor General has confirmed the existence of documentary material generally called, I believe, an opera-

tions manual, or whatever title it might have, that would contain the procedures under which our security service would operate in terms of political candidates and their supporters. I would maintain that the existence of the manual may raise a question of privilege, sir. I believe the Solicitor General said quite clearly that there is no question of privilege because of the way the procedures have been implemented. I am not quite sure I am prepared to accept that, nor would I believe that many members would be quite prepared to accept that.

We have a situation where a person nominated for political office is checked against a subversive list. I do not know what lists are subversive. In this House we have heard for many months now about the EPO list. Is that a subversive list, sir? I do not know. My name may be on it, and other names may appear on it. It could be that the name of a candidate to be nominated tonight in any one of our ridings may be on that so-called extraparliamentary opposition list. In my opinion that would give rise to a question of privilege.

While the Solicitor General did not confirm the accuracy of the entire *Globe and Mail* story, neither did he deny it. For example, I notice in that story that a contributor who gives more than $10 to a particular candidate may be the subject matter of a report in the implementation of the procedures in this manual. I think that would affect my privileges. If a number of my potential supporters, who are prepared to contribute to my campaign a sum in excess of $10, might be subject to surveillance simply because their contribution was over that specific amount, I believe my rights and privileges would be affected. These contributors might choose to support me in ways other than monetary donations and similarly become the subject matter of surveillance under these manuals.

I am happy to hear from the Solicitor General the manner in which he believes a manual is being implemented. However, I would suggest that the mere existence of a manual, which is quite properly before the McDonald commission but in no way abrogates the rights of the highest court in the land, has to give rise, in my opinion, to the dangers that can flow from two things; the existence of the manual and the fact that its procedures are being implemented by cross-checking against certain lists of which I know absolutely nothing.

As a potential member of parliament from any one of the more than 280 ridings in the next election, I would feel very strongly that in this particular case this should form the subject matter of a serious question of privilege and be referred to that group of our creation which is charged with the responsibility for investigating such matters.

● (1232)

The fact that no member of parliament has been the subject of surveillance since 1968 is of precious little comfort. I am happy that is so, but it provides me with no comfort for the future. If a candidate for the 1978 or 1979 election potentially is subject to surveillance because of this manual, that provides me with little comfort. If he is the subject of surveillance because he is a candidate and not because he has been involved in subversive activities—

Mr. MacEachen: No.

Mr. Jarvis: The Deputy Prime Minister and President of Privy Council (Mr. MacEachen) can indicate no; but if a nominated person in my riding happens to be on the EPO list, for example, according to what was said by the Solicitor General, he can be subject to surveillance. That affects the rights and privileges of members, as well as of potential members. I am not sure there should be a distinction, because the ballot boxes determine that, and not the House of Commons.

While I welcome much of what was said by the Solicitor General, and his apparent willingness to acknowledge the right of hon. members to ask questions in this area, I disagree with him when he denies that this is the proper subject matter of a question of privilege.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, we heard a good many words from the Solicitor General (Mr. Blais) this morning. Of course some of them are reassuring, but we are not reassured as to the basic issue.

The question raised by the hon. member for Halifax (Mr. Stanfield) deals with the fact that privileges of parliament may have been breached, because certain members of parliament are to be subjected to surveillance by the Royal Canadian Mounted Police. We realize that being a candidate or a member of the House does not grant absolute exemption from normal security inquiries. What we are talking about here is someone who, by reason of his candidacy, is considered to be subject to surveillance. We are told the only persons concerned in this matter are those who are on a list of subversives.

The word "subversive" is so broad that it might include a wide variety of individuals. We do not know which of us is regarded by the police as being subversive for some reason or other. We do not know which of the candidates in the forthcoming election will be regarded as subversive. So, we are left with the proposition that a list can be used for the purpose of selecting members of parliament to be put under special surveillance. This is not because they were suspected of some wrongdoing long before they became candidates or members, and thus are subjected to surveillance, but simply because of the fact they were nominated, and thus are subject to potential surveillance by the police. That is an infringement of the rights of hon. members.

I forgot to bring with me the report of a statement made by the Prime Minister (Mr. Trudeau) yesterday. The report appeared in the newspaper this morning. He defined the list of those who could be subjected to surveillance, which definition was far more broad than that of the Solicitor General. The definition of the Solicitor General is very loose. I do not know of anything which could be considered looser than the use of the word "subversive". For example, in the State of New York, under the American constitution the word "subversive" has been found to be unconstitutional because of its vagueness

and the impossibility of giving any particular meaning to it. What we are told envisages an investigation which may well breach the privileges of members of the House.

I hope I correctly understood that the minister withdrew his suggestion which indicated that because some of the matters involved in this were being considered by the McDonald commission, the privileges of this House may well be curtailed. I understood him to withdraw that suggestion. Thus, obviously it is not worth my time, nor the time of the House, to enlarge upon it. However, I want to repeat what I said the other day. This House is supreme. Perhaps it is some sort of perversion that a person cannot be tried twice on the same matter; but because subject matter is being looked into by a commission there is no reason for the rights or privileges of members to be curtailed in any way.

I am not clear as to how far the minister withdrew his suggestion. I think he indicated that it was not a consideration. He referred to this subject being a security matter once again. I warn the minister and the House against taking a blanket like the word "security" and casting it over entire subject matters. In the name of security, crimes have been committed and many rights have been denied to people. The use of the word "security" as an alibi for wrongful deprivation of rights is all too common.

If a member of this House is accused of some subversive activity, he is not subject to immunity; but because his name happens to be on a list he should not be subject to surveillance. We know how accurate these lists are and the lack of gifts certain police officers have in their selection of people who are regarded as being subversive. In fact we have been told that everyone in the province of Quebec who is a separatist is also a subversive. I do not have to agree with separatists, but the idea that the entire province of Quebec and a large number of the people in that province are subversive is absurd. Therefore, I maintain the question of privilege put forward by the hon. member for Halifax is proper.

I hope Your Honour will consider the matter and that it will be referred to committee. There is nothing which infringes the privilege of members more gravely than this. Simply because a person ventures to run for office does not mean he should be subjected to surveillance, which otherwise he would be free of, Mr. Speaker.

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I believe there is a certain amount of misunderstanding as to the procedure which is alleged to be the basis of this question of privilege. I hope I can assist in clearing up some of that misunderstanding. Before doing so I should like to refer to the motion before us submitted by the hon. member for Halifax (Mr. Stanfield).

● (1242)

If the allegations in the motion were found to be accurate, and I submit they are not, I do not see how the motion itself could become the basis for a question of privilege. What the motion does is make allegations against the Solicitor General (Mr. Blais) that he has refused to provide certain information and has taken a certain view in respect of the McDonald commission and what is its role. Even if the allegations were correct, I do not believe the motion itself is a basis for privilege. It could be a grievance against the minister registered by the hon. member for Halifax.

However, even within the motion there are a number of factual errors. For example, it is assumed there is surveillance by the security forces of political candidates. Of course that is not the case. The hon. member for Greenwood (Mr. Brewin), in the course of his remarks, returned again and again to the notion that merely because a person was a candidate for political office he was then a fit subject for surveillance by the RCMP or by the security force. Of course that is not correct.

It ought to be put clearly on the record that we are not dealing with a procedure that has been commenced recently. I am advised that this particular procedure, which is the subject of these discussions, goes back to the mid 1940's, and that it may extend earlier than that. Certainly it was not commenced in 1971, which is the alleged date of the manual. It extends back to the mid 1940's and includes the regime of the present Prime Minister (Mr. Trudeau) and his predecessor, of the right hon. member for Prince Albert (Mr. Diefenbaker), and of several prime ministers earlier than that. It is very difficult to suggest, on the basis of history, that the privileges of the members of parliament have been infringed upon in any way as a result of this particular procedure.

There is a feeling constantly being put forward in the House of Commons that because we are members of parliament we have special privileges, and that special privileges are sought for members of parliament on such a broad front. I was elected to this House of Commons not to extend privilege but to do as much as I could to narrow the scope of privilege, and I take a rather dim view of the suggestions that have been made, not only in this case, that members of parliament have certain privileges which are not available to other citizens of the land.

I want to make the point very clear that privilege is a very narrow concept when it is applied to members of parliament, and we ought to be rather prudent and economical in attempting to draw to ourselves certain privileges which are not accorded to other citizens and are not necessary to us in order to discharge our duties as members of the House of Commons.

If this particular procedure has been in operation, as is my information, since the mid 1940's, it is difficult for any hon. member to suggest that his performance as a member of parliament has in any way been infringed.

What the Solicitor General has said is that the names of political candidates are cross-checked against existing information within the security service. There is not an investigation of candidates, there is not surveillance of candidates, and there is not a reporting upon of candidates as has been suggested in the press and in the House.

Names of candidates are checked against security information within the files of the security service. It is another matter

to debate what is security, but we are not debating that today. The names are checked against existing information within the files, and if a particular name is correlated to existing information then that particular candidate could be of further security interest to the security service, and that is all.

Surely it is the mandate of the security service to direct its efforts against subversion and subversive activity in Canada conducted by any person against Canada. That mandate reflects the provisions of the law of the land contained in the Official Secrets Act and other federal statutes such as the Criminal Code.

Any argument that the security service ought to be fettered simply because an individual is a candidate for public office or, indeed, if he becomes elected to the House of Commons, would certainly be contrary to the spirit of the letter of the law and, I believe, to the wishes of the Canadian people.

It is assumed in all the arguments that any particular individual who might become a subject of interest to the security service because of information already existing in the files of the security service has provoked a reaction or provoked a response that might require further interest on the part of the security service. To suggest that candidates or members of parliament are the object of surveillance, investigation, or reporting upon during a campaign is wrong. It is only when a particular name has a correlative body of information within the security files that any further interest is exhibited. That is as I understand it.

The fact that the interpretation has been quite strict and narrow is, it seems to me, clearly demonstrated by the assurance that has been given by the Prime Minister that no member of parliament has been the subject of surveillance by the security service during his period as prime minister. It seems to me in this particular case it is impossible to draw exaggerated conclusions from a practice that has existed for a long time and which, in its application, has not resulted in surveillance by the security service of any member of parliament during the last ten years.

● (1252)

I am not going beyond that because what I have said is not to suggest that surveillance has taken place earlier, but the assurance has been given that it has not taken place during the leadership of the present Prime Minister. We are talking about a varied procedure, as I have described, which comes into play only when a name provokes a response based on existing security information, or if there is an association with subversive activity. I do not believe that this can be concluded as being a breach of the privileges of any member of parliament, or the breach of the privileges of any citizen of the land who would be subjected to precisely the same kind of interest.

Mr. Jarvis: That is not right, that is the point.

Mr. MacEachen: Hon. members may say that candidates for elective office should not be treated in this way at all, and I can agree with that. That can be argued both ways, and I think that on the grounds of privilege it is very difficult to argue that this particular procedure, which has been in effect since 1945 and which has not resulted in the surveillance of any member of parliament, on the assurance of the Prime Minister, in the last ten years, could be construed as a breach of the privileges of the members of parliament. I am not implying, by using the ten year period, that it has not occurred earlier. I am using the ten year period because it is based on the statement that has already been made by the Prime Minister of Canada. I hope that we are not drawing unwarranted, exaggerated conclusions from this particular procedure that has operated in the way that I have described. I have attempted to describe the situation faithfully based on conversations I have had with the Prime Minister and others who are involved in this particular problem.

Mr. Speaker: I see that four other hon. members have indicated their desire to contribute to this discussion. Obviously, it will have to be continued after the lunch hour adjournment.

There is a matter to which I would like those who are intending to participate in the debate to direct their attention. What the hon. members are concerned about, and what they ought to be concerned about, is whether in fact some regime or procedure exists which may call into surveillance a candidate for office to the House of Commons, or in fact a member of the House of Commons. That is the concern that is at the core of the question and, certainly, the members who have spoken already have expressed their concern about that.

The difficulty that I want to bring to the attention of members at this time is that we are now arguing this point under a motion which has got two procedural difficulties and which, in fact, prevents us really from arguing the basic question. I have permitted hon. members to argue up to this point, and I indicate that I will let other hon. members participate—the hon. member for Grenville-Carleton (Mr. Baker), the hon. member for New Westminster (Mr. Leggatt), the hon. member for Prince George-Peace River (Mr. Oberle), and the hon. member for Maisonneuve-Rosemont (Mr. Joyal). There may be others as the discussion carries on.

Before one o'clock, perhaps we may be able to solve the problem that the present motion raises. There are two matters: first, the refusal of the Solicitor General (Mr. Blais) to provide information, and secondly, the contention advanced by the Solicitor General that the McDonald commission is the proper vehicle for this. Regardless of the arguments one way or another as to the merits of both matters, the Solicitor General has in fact denied those statements. He has said that he has provided information and, furthermore, that he has never contended that the McDonald commission is the only vehicle for this. He has said that today, and whether that can be totally accepted or not is not the point. It merely brings it into dispute.

Therefore, in a very fundamental, procedural way, what we are talking about is a matter that is in dispute and that has never formed the subject matter of a question of privilege. We have never taken a dispute or a disagreement between members of this House and transferred it to a committee to

determine who is right and who is wrong. Thus, we are labouring at least under that procedural difficulty, and possibly others. The hon. Deputy Prime Minister (Mr. MacEachen) may be right when he says that, even if these allegations were true, they might be a grievance and not a question of privilege.

For the moment, let us agree that we are labouring under difficulties which seem to be insurmountable in the procedural sense, and, even if it did constitute privilege, it has now been denied by the Solicitor General which, therefore, makes it a matter of dispute and not of privilege.

The difficulty for the Chair is that that procedural problem does not set aside the basic problem that rests at the core of this matter, which may now come to light, or it may not, I do not know. However, the contributions that have been made now indicate that there may be some regime in existence which may be offensive to members and which they may want to put in the form of some motion. I refer, not to the actions of the Solicitor General, but to the existence of some regime, if it is in fact an offensive one, that has been disclosed today in argument.

I am considering that those members who may want to participate would be better served in their position if the contributions to the debate today could be reflected upon. Of course I would set aside the outstanding motion on procedural grounds, because I have to do that on the basis of what I have just put forward. Then hon. members who are concerned with this problem will have the opportunity to examine the contributions that have been made and to determine if, in their opinion, there is at the core of this the existence of some regime. This in turn might form the substance of another motion which could be renewed and introduced on Monday.

However, I am perfectly prepared, in fairness, to hear all the hon. members before trying to decide on this particular question of privilege which, in any case, would be without prejudice to the introduction of another motion on the basis of these arguments. In any event, we ought to deal with this basic procedural problem, and I am in the hands of the members who I have already indicated are prepared to participate. Perhaps I could have some indication as to how we should proceed.

Mr. Walter Baker (Grenville-Carleton): It is interesting, Mr. Speaker, that we basically deal with these things from a procedural ground. That is not a criticism, but merely a comment. I could give you argument as to why, when the motion was put by the hon. member for Halifax (Mr. Stanfield), it was relevant on the day it was put from the point of view of the question period of that day. However, that is something I feel I should not engage either you, sir, or the House in at this point.

It is important that we examine the statements made today in light of what has been said by you, sir, on procedural grounds so that the matter will not be lost and we can deal with the merits of it. The merits certainly are not those put forward by my friend, the government House leader, that any member of parliament, least of all the member for Halifax, was trying to garner unto himself as a member a matter of special privilege that ought not to be vested in anyone else in the community. The fact of the matter is, and my friend overlooked it or skated around it, that with respect to political candidates there is a special manual.

The question that arises in my mind, and I am sure in the minds of a lot of people, is whether there is a special manual for lawyers, bankers, priests and others. The question is just what is the procedure, and not that a security procedure exists. Having said that, sir—and if you could take your eyes from the clock for a moment—would it be appropriate, since the hon. member for Halifax is not here, if we did stand this matter over until Monday so that he could consider what was said? He could also consider your observations with respect to the motion, and then we could deal with the matter on Monday in a way that would be procedurally correct. With respect, that would be my suggestion to you.

Mr. Speaker: The only other step that I had in mind would be to set aside this particular motion on procedural grounds, without prejudice to the right of the hon. member for Halifax (Mr. Stanfield), or for that matter to any other member, to reintroduce a motion on the same subject. I do not have to take that step now, however, but I wanted to indicate my thinking on it.

● (1302)

There is a procedural difficulty with this particular motion, but there still is at the core of the matter the possibility of a regime which may be odious to members of the House of Commons and which might form the subject of another question of privilege entirely. Therefore I shall suspend further discussion on this particular motion until Monday afternoon at three o'clock, at which time there may be an indication, after study, that some other motion might be introduced or some other indication that might be helpful to the House in these deliberations. This matter is therefore suspended.

Before leaving the chamber I wonder if we might not attempt to tidy up the routine proceedings in order that we may go to orders of the day at two o'clock.

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*Translation*]

FINANCE, TRADE AND ECONOMIC AFFAIRS

Third report of Standing Committee on Finance, Trade and Economic Affairs—Mr. Trudel.

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

Order Paper Questions

[*English*]

THE ECONOMY

TABLING OF ECONOMIC REVIEW

Hon. Bud Cullen (for the President of Privy Council): Mr. Speaker, I should like to table three copies, in both official languages, of the Economic Review prepared by the Department of Finance and dated April, 1978.

* * *

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE ACT

AMENDMENTS RESPECTING NEW DEFINITIONS OF CERTAIN TERMS

Hon. J.-J. Blais (Solicitor General) moved for leave to introduce Bill C-50, to amend the Royal Canadian Mounted Police Act.

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

* * *

[*English*]

QUESTION ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following question will be answered today: No. 1,417.

[*Text*]

PRIVATE PENSION PLANS

Question No. 1,417—**Mr. Knowles (Winnipeg North Centre):**

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

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

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

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

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

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

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

[Mr. Speaker.]

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

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as Statistics Canada is concerned: 1. In the taxation year 1975 benefits from private pension plans in Canada were received by 690,500 beneficiaries. The average benefit for the year was $2,607.

3. Participation in private pension plans in Canada stood at 3.9 million workers at the beginning of 1976.

4. (a) 754,517 members were in plans that provided for the annual escalation of pensions after retirement at a rate equal to the Consumer Price Index. (b) 281,343 members were in plans that provided for the annual escalation of pensions after retirement at a lesser rate. (c) 2,866,638 members were in plans that provided no escalation of pensions after retirement.

In so far as the Department of National Revenue is concerned: 2, 5, 6, 7 and 8: There are no departmental programs to capture this information either by analysis of documentation filed for registration purposes or through filing of special information returns.

[*English*]

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

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

FINANCIAL ADMINISTRATION ACT

AMENDMENT TO ESTABLISH OFFICE OF COMPTROLLER GENERAL

Hon. Bud Cullen for Mr. Andras, seconded by Mr. Ouellet, moved that Bill C-10, to amend the Financial Administration Act, be read the third time and do pass.

[*English*]

Mr. Speaker: Order, please. It being one o'clock I do now leave the chair until two o'clock this afternoon.

At 1.04 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Campbell: Mr. Speaker, I rise on a point of order. I seek the consent of the House to revert to presenting reports of standing and special committees.

Mr. Deputy Speaker: Is there consent to revert to presentation of reports?

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*English*]

TRANSPORT AND COMMUNICATIONS

Fourth report of Standing Committee on Transport and Communications—Mr. Campbell.

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

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VOTES AND PROCEEDINGS

ERROR IN FRENCH VERSION

Mr. Deputy Speaker: Before reverting to orders of the day and putting the question to the House for third reading on Bill C-10, I draw the attention of hon. members to a discrepancy that appears in yesterday's *Votes and Proceedings*. The English version indicates that the motion in the name of the hon. member for Calgary Centre (Mr. Andre) on Bill C-10 was negatived. In the French version it is indicated that it was adopted. I wish to inform hon. members that a correction will be made and it will be indicated in both versions that the motion was negatived.

● (1412)

GOVERNMENT ORDERS

[*English*]

FINANCIAL ADMINISTRATION ACT

AMENDMENT TO ESTABLISH OFFICE OF COMPTROLLER GENERAL

The House resumed consideration of the motion of Mr. Cullen (for Mr. Andras) that Bill C-10, to amend the Financial Administration Act, be read the third time and do pass.

Mr. Ron Huntington (Capilano): Mr. Speaker, it is indeed a pleasure to be back in Ottawa, having arrived back last night to find Bill C-10 before the House. I am sorry I missed the opportunity to debate it on second reading but I am grateful to be here to make a few comments on third reading.

In my capacity as chairman of the Standing Committee on Pulbic Accounts I would take this opportunity to pay tribute to the members who have served so well and worked so hard this session on that committee. We have been deeply involved in the subject of the establishment of a comptroller general as well as in finding ways to improve the financial control and management systems throughout the departments, agencies, and Crown corporations of the government.

I would particularly like to pay tribute to the members on the Public Accounts Committee from the government side. I hesitate to single out any particular member, but in the work we have been doing these last few months, involving an average of four meetings a week, the hon. member for Ottawa West (Mr. Francis), the hon. member for Pontiac (Mr. Lefebvre), the hon. member for Vancouver Quadra (Mr. Clarke), and I have all worked long and hard on the second report of the committee on Crown corporations, which we tabled two weeks ago. For members on the government side, particularly, this is a low profile committee which works hard at fundamental subject matter, trying to build a new and stronger foundation, under the operation, control, and management of our federal resource. I am grateful to these members as well as to my colleagues on this side of the House for the hard work they have put into the carrying ont of their responsibilities.

I would also like to pay tribute to the Auditor General, Mr. J. J. Macdonell, who has presented the House with three fundamental reports which have led to improving the structure, the financial management control system and the degree of accountability. He has acted in a manner which will relieve the Public Accounts Committee from having to deal with matters which repeat year after year in the Auditor General's report. As a result of Mr. Macdonell's approach to his responsibilities, and he is an officer of parliament reporting to parliament through the Standing Committee on Public Accounts, a sound foundation is being laid for the departments, agencies, and Crown corporations of the federal government, and I believe the Standing Committee on Public Accounts is functioning in a manner whereby proper review and accountability are now being noticed throughout these various aspects of the federal government.

In considering Bill C-10 to amend the Financial Administration Act, an act primarily to appoint a comptroller general, it is important to note that the growth of government has probably been too fast and has been ahead of any infrastructure offering the type of control and accountability that we, as members, should demand on behalf of our constituents.

The tireless efforts of the Auditor General through the Standing Committee on Public Accounts have brought a realization that a chief financial officer is indeed needed at the Treasury Board level. Having worked on this subject matter for some time now, I can see the sense of the chief financial officer, the comptroller general, reporting through the Treasury Board to the House, though some of my colleagues may disagree with me. He is the one responsible for putting in place within our agencies, departments, and Crown corporations,

mechanisms which will demand a better performance in the management of our tax resource.

The Auditor General is always dealing in a post-audit capacity, and the Public Accounts Committee is always dealing after the fact. Now we have a man who can start to structure and put in place very capable people. Although I have not met Mr. Rogers I look forward to doing so. Comments I have already heard about the gentleman are very well worded indeed and it would appear that this thirtieth parliament will at least have taken an effective approach to financial management controls and utilization of the tax resource. It will be up to the members of the Standing Committee on Public Accounts in the future, along with the Auditor General, to make sure that this new office functions properly. I am sure it will come under review on at least an annual basis.

The duties, responsibilities, and relationships of the comptroller general are well known. They are on public record in several places, and for the purposes of this speech I can refer to the statement of the President of the Treasury Board (Mr. Andras), made in this House on April 25, 1977. Again, in the 1977 Auditor General's report, on page eight, the Auditor General highlighted the duties of this new officer, and I would like to put them on the record again at this time. I am quoting from paragraph 2.7 of the 1977 Report of the Auditor General as follows:

> In general terms, the comptroller general will be responsible to the Treasury Board for the quality and integrity of the financial control systems and administrative policies and practices in use throughout the federal public service. The greater part of the responsibilities of this new office will comprise those which were assigned to the Financial Administration Branch of the Treasury Board Secretariat, on its creation in March 1976. There will be a special "functional" relationship between the comptroller general and the chief financial administrators of departments, agencies and corporations, thus enabling the Comptroller to provide necessary guidance, while maintaining the principle of decentralized management adopted as a result of the Glassco Commission's recommendations . . .
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> By this action, this appointment, which will entail a major restructuring of the Treasury Board Secretariat, we reiterate our determination to maintain the highest possible standards of control through the creation of an office that could best be described as the "chief financial administrator of the Federal Public Service".

● (1422)

These duties and responsibilities are also outlined in the report of the Standing Committee on Miscellaneous Estimates of March 16, 1978, issue No. 7 at pages 14 and 15. I will not burden the listening ability of my hon. colleagues, but I suggest that the responsibilities of the comptroller general as outlined there are very important. There are about 20 of them in all, and it would probably take too much time to put them all on the record here in this House.

I think it is important that we do not lose sight of the fundamental recommendations of the Auditor General. One of those recommendations is that we should establish the office of comptroller general, which we are doing with Bill C-10. It would be advisable to select carefully a truly outstanding individual as the first comptroller general. I understand that Mr. Rogers has come to us and is prepared to take this position. He comes to us from a very high and successful position in the private world. I would like to pay tribute to that man for placing the public interest and his own sense of responsibility ahead of material gain which he could perhaps have continued to enjoy in the private sector.

I pay personal tribute to him for coming into the federal system and accepting this high and important office. He will be pioneering the role of delivering to the people of Canada a new standard of accountability and a new and more effective utilization of resources. I think it is very important that he not only audit and put into place control mechanisms for financial accountability but also, as part and parcel of that internal audit system, that he go back and view the original objectives which brought about the original appropriations. In too many cases we have found that departments, agencies, and some Crown corporations have gone far beyond the parameters which were originally intended. Mr. Rogers, the new comptroller general, certainly has a challenge ahead of him and, judging by what I hear, he is certainly the man who can lead us out of the wilderness and into a more disciplined way of life and standard of performance.

I would not like to lose sight of the major task which will confront this office, and that is to regain control of the public purse. I believe a few people have quoted from reports of the Auditor General which pointed out that public expenditures are out of control, so with this appointment we have a chance to regain control of public expenditures before the fact rather than after the fact. We will have a chance to control the growth of government expenditures to the extent that the Canadian taxpayer will get value for his tax dollar in terms of economy, improved efficiency, and effectiveness of government programs.

That leads us to another very fundamental concept which the Auditor General would like to see, particularly through the office of the comptroller general, and that is the value for money concept which has been so lacking in the past performance of this government, its departments, agencies, and Crown corporations.

Another objective is to improve greatly the present state of financial management and control systems of departments and agencies of government which, according to the Auditor General in his 1975 report, is significantly below acceptable standards of quality and effectiveness. Another objective is to improve greatly the present weak state of financial management and control in Crown corporations by providing the necessary co-ordination and guidance which, according to the Auditor General in his 1976 report, are virtually non-existent.

I am basically not in favour of putting the comptroller general into a straitjacket at this time. I can understand the anxiety of my hon. colleagues on this side of the House who say they do not trust the government on the basis of past performance. They have tried to tie this new office down within some parameters which are recognizeable and which can be defined, but I submit that in the references I have given, and particularly in the record of proceedings of the Standing Commmittee on Public Accounts regarding responsibilities of the comptroller general, the government and the

Treasury Board have made it clear as to what these responsibilities will be. The Auditor General has urged that this new office be created to watch the situation, and there are some very knowledgeable people on the Standing Committee on Public Accounts who will be watching with astute interest and who will be very anxious to see what is happening. If this new office fails, it will be our fault for not following through with a continuous watch on procedures and on improvements. I question whether we should tie the new comptroller general into a strait-jacket. He comes to us well recommended and with a reputation for great ability at organization.

I suggest that the new comptroller general be given a period of time to review procedures and the concerns which are on record, and to meet with the Auditor General, the President of the Treasury Board, and the various officers of the Treasury Board. I can see coming out of that a pattern of gradual organization which will last well into the future. If that does not happen, then we in this House must again make demands through the Standing Committee on Public Accounts.

Let us not forget the important distinction between the responsibilities of the comptroller general and those of the Auditor General. I remind hon. members that the comptroller general, as the most senior financial officer of the government, must be responsible for the introduction and implementation of sound financial systems and the correction of defective systems, and can be accountable to parliament for the financial policies of the Treasury Board and for their successful implementation. The Auditor General, on the other hand, as an officer of parliament, must be responsible to the House of Commons for the annual statutory review of the accounts of Canada and for the identification of financial mismanagement, inefficiency, waste and so forth in government departments, agencies and Crown corporations owned or controlled by the government, including the office of the comptroller general.

The duties of the Auditor General are well established. The function of the Public Accounts Committee of reviewing the progress of departments, agencies, and Crown corporations and their financial management and control systems is also established. That review process is well in place and working. The committee calls before it only those departments, agencies, and Crown corporations which are not making a truly genuine effort to put sound accounting and financial management and control systems into place. The challenge ahead for the committee and for the comptroller general is to implement value for money concepts for which I think every taxpayer in Canada would be very grateful.

Let us not forget the importance of the role of the Public Accounts Committee. It has been an underestimated, low profile committee. However, I believe its day has come. I urge more hon. members to get involved with that committee because that committee is an avenue by which we can start to understand the fundamental structure under the Government of Canada, its performance, and its weak points. Those things are exposed to the committee. The interesting thing about the Public Accounts Committee is that it has moved into areas of fundamental structure. The last two reports of that committee, if read in detail and with attention by members, would show the substance of the work that has taken place. It is interesting to note that the Standing Committee on Public Accounts is becoming well staffed with research capabilities. The research officer who has been assigned to the committee has done yeoman's service. I believe he is entitled to our thanks.

● (1432)

In addition to that we have a person with a Master of Business Administration degree, as well as lawyers and chartered accountants from outside the government who are available to us for consulting purposes. I believe the quality of the report and the work which is being tabled in this House are directly due to the ability of parliament to start structuring a committee which has such a fundamental importance to this House.

The committee's desire to see the system of financial accountability to parliament by Treasury Board, departments, agencies, and Crown corporations has been strengthened, as I have just outlined. That is fundamental to the work of the comptroller general and the ongoing work of the Auditor General. The government House leader has now allowed permanent reference of the report of the Auditor General and the Accounts of Canada, which means that committee is one of the first to get off the mark in any session of parliament. The committee will be responsible for the review of the performance of the office of comptroller general and his progress in strengthening the financial management and control practices within this government.

I explained to the House that the committee is starting to take on a structure of importance which perhaps has not been generally recognized by members at large before. I believe the new office of comptroller general is the dawning of a new era in financial management in government. It behooves all of us to give it full encouragement and to make it work.

The tabling of the second report of the Standing Committee on Public Accounts dealt at length with the problems that exist within Crown corporations. The growth of Crown corporations is an example of the degree to which the operations of the government went out of control. Actually in terms of legislation, there are only 41 legitimate Crown corporations. And yet, in the proceedings leading up to our second report, we asked Treasury Board what was the total number of Crown corporations, and it could not tell us. It took several weeks before a total inventory was available, and it finally netted 384 or 386.

We must look again at the condition of legislation, the lack of accountability and lack of control which exist in the present legislation pertaining to Crown corporations. I would also urge members who are seriously concerned in this whole matter of control and accountability to read that report, and perhaps read also the first report on Atomic Energy of Canada Limited. There is much substance in there which will be of ongoing value as we move toward a more stable and more structured condition of management, accountability, and use of resources

in the federal government, its agencies, departments and Crown corporations.

I will not take time to remark on areas of abuse, Mr. Speaker. However, I see there is enough time to put into the record what the responsibilities of the comptroller general will be. I would like to point out that the comptroller general would be responsible for the Treasury Board's interest in the following items: first of all, respecting financial officers. One of the weaknesses which we found in our work in public accounts was the lack in many departments of persons with the capability of basic bookkeeping or financial control.

As I understand it under the comptroller general's responsibility he will put in place people who are capable of conducting financial audits and people capable of conducting audits toward objectives throughout departments and agencies. He will also ensure that internal audit procedures support the Treasury Board Secretariat's audit for compliance. He will ensure that financial systems are compatible and support procedures recommended by the Treasury Board are designed to provide for the measurement of program effectiveness. He will design and implement guidance with respect to systems of financial reporting, financial management, and financial control to provide assurance that public moneys and assets are expended with probity, economy and efficiency, and that public moneys and assets are under effective custody and control. There will be an assessment of the adequacy of such systems in departments and agencies.

The comptroller general will report to the President of the Treasury Board on the adequacy of departmental and agency systems and procedures for effectiveness evaluation. These are all pioneering efforts which are long overdue.

The comptroller general will report to the President of the Treasury Board on the adequacy of departmental and agency systems and procedures for measuring efficiency. He will be preparing and signing the public accounts and certain other financial statements of Canada. Accounting principles and practices for the accounts of Canada will come under his jurisdiction. I would hope that he will make an extra effort respecting the form of estimates so that they will be a better instrument for the use of parliamentarians, whereby parliament can control the expenditure and use of funds from the Blue Book all the way through to the accounts of Canada. This will take the place of the very complicated system which exists today, with its shortfalls as far as members of parliament are concerned who are not highly skilled professionals and trained in the cash flow accounting structure of the federal civil service.

I hope that he will make recommendations on the form of the estimates so that they will comply and tie right into the accounts of Canada. The comptroller general will be responsible for a review and approval of all accounting systems and procedures supporting the financial information and statements included in the public accounts. The comptroller general will appear before parliamentary committees on matters of expenditure control and financial reporting. He will recommend how capital budgets might be changed to improve expenditure control and financial reporting. He will be responsible for the preparation of briefing material and recommendations for the minister on all memoranda to cabinet having to do with the responsibilities of the office of the comptroller general.

The comptroller general will have a functional relationship with chief financial officers of the departments, agencies, and corporations, providing them with functional guidance in this area of responsibility. There will be provision for assistance to departments, agencies, and corporations in the design and development or improvement of financial management, control, and reporting systems. The comptroller general will provide liaison between the President of the Treasury Board and Auditor General, including the coordination of the response to the Auditor General's annual report. He will be ensuring that effective and prompt remedial action is taken by departments and agencies on matters raised in audit observations, and on recommendations of the Public Accounts Committee.

The comptroller general will be responsible for the development, maintenance, and evaluation of detailed policies and guidelines on the internal financial and operational audit function of the government; the evaluation of the scope and quality of this internal financial and operational audit in departments and agencies, as well as the provision of advice and leadership to the internal financial and operational audit community of the government.

Lastly, he will oversee the provision of a central advisory service to departments and agencies concerning financial administration policies, principles, and standards of the government, and the provision of authoritative interpretations of legislation, regulations, and policies related to financial administration. The provision of advice to the Treasury Board secretariat on financial administration aspects of issues submitted to the Treasury Board for consideration will come within his responsibilities.

● (1442)

Bill C-10 is another milestone in the progress of the Parliament of Canada. The appointment and selection of a comptroller general is something I endorse personally, and I am grateful to see it in place. Many of the shortcomings of the rapid expansion of the federal service will commence to come under control, and a standard of performance which all of us can be proud of will come about in the future.

The combination of the office of comptroller general as an officer of the Treasury Board, the office of the Auditor General as an officer of parliament, along with a strengthened and more fundamentally structured Standing Committee on Public Accounts, augurs well for the future performance of the Public Service. On the basis of what I have seen, a new standard in the use of and respect for our tax resources is upon us. I compliment those who have worked on bringing this bill about. I feel privileged to have had an opportunity to offer a few comments on it.

Some hon. Members: Hear, hear!

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to take a few moments to participate in third reading stage of Bill C-10. The hon. member who preceded me is filling an honoured tradition in this House which was inaugurated first by the government of the right hon. member for Prince Albert (Mr. Diefenbaker), that is, the election of an opposition member to chair the Standing Committee on Public Accounts. That tradition has served the House and the people of Canada well.

The first chairman of the Standing Committee on Public Accounts was the hon. member for Mount Royal, Mr. A. G. L. McNaughton, who subsequently became the Speaker of the House. He distinguished himself as the first chairman of the Standing Committee on Public Accounts. I think of the hon. member for Capilano (Mr. Huntington) who now serves in that honoured position well and with distinction. I think of his immediate predecessor, the hon. member for South Shore (Mr. Crouse), who equally filled the role in the best traditions established by the House. Also I think of the hon. member for Peace River (Mr. Baldwin), and of a former distinguished member of the House, Mr. Alf Hales, both of whom served the House well as chairmen of that Standing Committee.

I am pleased to see the right hon. member for Prince Albert has just entered the chamber. As I indicated, it was under his administration that the practice of the Standing Committee on Public Accounts being chaired by a member of the opposition was first started. I am pleased to indicate that practice continues today, and continues to serve the Parliament of Canada and Canadians well.

Some hon. Members: Hear, hear!

Mr. McGrath: The purpose of Bill C-10 is to establish the office of comptroller general. In making reference to the Standing Committee Public Accounts on third reading, I do so to emphasize the importance of this committee. The hon. member for Capilano referred to the participation of hon. members on all sides of the House in that committee. This committee works hard, and usually has a low profile. Its work receives publicity only when it reports to the House in connection with the report of the Auditor General. It is the only Standing Committee of the House which normally operates on a year-round basis.

If that committee is to continue to function and serve the House and Canada, especially when the office of comptroller general has been established, it is important for the government to give consideration to providing it with adequate support staff in order for the committee to be truly independent of the government. Although I have not served on the committee, I have been present for some of its hearings. At the present time the only support it receives, apart from the committees branch which serves all standing committees of the House, is from the Department of the Auditor General. That is a rather awkward situation in that it could pose a conflict of interest.

Mr. Cullen: That is not true.

Mr. McGrath: I am attempting to make the argument that it is essential for that committee to be provided with support staff by the government, if its role is to be carried out effectively and well. The hon. Minister of Employment and Immigration (Mr. Cullen) was the chairman of a special standing committee on food prices. Because he is nodding, I am sure he agrees with that fact. I hope the government gets around to doing that.

Regretfully during third reading of this bill, and during part of the report stage yesterday, the President of the Treasury Board, who is the responsible minister, was not present in the House. Perhaps that minister had important official duties elsewhere, but he should have participated because it is one of his important functions as a minister carrying out his duties. Notwithstanding what may be considered as the role of a minister in the House, it shows a certain arrogance and contempt on the part of the President of the Treasury Board that he would not be present to pilot this bill through the House, as well as listen to the excellent suggestions made by all hon. members during the course of this debate. It says a lot for the attitude of this government to parliament; in fact it says it all, in my opinion.

I see the Minister of Employment and Immigration sitting opposite. He represents the government, but he cannot possibly represent the special interests of the President of the Treasury Board in connection with this bill. Only the President of the Treasury Board can do that. It is his responsibility to be present in the House today for third reading of this bill. For him to be elsewhere displays nothing but contempt for the House and its members. The absence of the President of the Treasury Board today exemplifies the attitude of this government toward parliament.

• (1452)

We have in fact only one effective functioning standing committee of this House today, in my view, and that is the Standing Committee on Public Accounts. It is the only committee, or one of a few, the exceptions being the Standing Committee on External Affairs and National Defence and, to a lesser degree, the committee on finance, that has retained any degree of collegiality in terms of tenure of service of members of the committee. The rest of the standing committees of this House are nothing short of a farce. It is a sort of passing parade; members come and members go, and government members come in merely to vote and move out again, not even knowing for what they have voted. That spectacle goes on day after day, especially in connection with the examination of the estimates.

Mr. Francis: Mr. Speaker, would the hon. member permit a question? I have listened to the hon. member and I agree—

Mr. Deputy Speaker: Order, please. I would suggest that perhaps the hon. member should indicate whether he will accept a question.

Mr. McGrath: Mr. Speaker, I would be glad to entertain a question from the hon. member when I finish my speech. I

know he will want to make a contribution to this debate, as he always does.

I was referring to the role of standing committees, the lack of collegiality and the attitude of the government toward these standing committees. Nowhere is this more apparent than in respect of our examination of estimates. What an absolute farce that is, Mr. Speaker.

We refer the estimates of the Government of Canada, some $45 billion of public expenditure, to the standing committees where they are supposed to receive examination by members of this House, yet there is not one of those standing committees which functions with a quorum. Indeed, my friend, the hon. member for South Shore informs me that the Standing Committee on Fisheries yesterday could not even meet because it could not get enough members there to hear evidence.

When I say it could not get enough members to hear evidence I have in mind another illegal practice that has crept into this House whereby standing committees function without a quorum. We have adopted the practice whereby standing committees of the House can hear evidence if five members are present, including members of the two major parties. Committees sit with five members present and hear evidence, but they cannot do anything such as passing motions, moving amendments, or raising points of order.

Yesterday when the Standing Committee on Fisheries was to meet to examine the estimates of the fisheries service of the Department of the Environment it could not continue because it could not get even five members present. Under the rules adopted by this government in 1968, through the invocation of closure these standing committees are deemed to have reported the estimates back to the House by midnight as of the end of May. There is not a year that goes by when there is not at least one, sometimes two, and often three, departments of government which never even have this cursory examination of their estimates under this inadequate committee system. Even those departments that do go through the motions of appearing before standing committees with their estimates know that all they have to do is hang in there, because their estimates will be passed in any event and there is nothing the committee members can do about it.

This is why I believe, as I have already indicated, that for the new office of comptroller general to be effective there must be a fundamental change in the rules of this House, and a fundamental change in the committee structure and the procedure for examining estimates, as well as a change in the form of the estimates, as our amendment that was voted down would indicate. Unless there is this basic and fundamental change in the committee structure and in the form of the estimates, and in how the estimates are examined and reported back to the House, the comptroller general will find himself with the same degree of frustration the Auditor General has year after year when he reports to the Public Accounts Committee that spending is out of control and he can do nothing about it.

It has to be repeated again and again and again that this House has lost control of public spending and the government is no longer accountable to parliament for this spending. There is no accountability and there is no control. We in this House have lost the ancient and traditional parliamentary privilege of withholding supply.

These changes to the rules were invoked by closure. The former auditor general, and this has to be said again and again until the message gets through, identified the change in the rules of this House in 1968 with the take-off in government spending. Let us just look at what has happened. When we lost the committee of supply in this House in respect of estimates and the right to control them, government expenditure took off to the point that today, ten years later, the projected deficit of government equals almost the total budget of the government ten years ago. That is what has happened to us here. We have to restore parliamentary control and government accountability.

My friend, for whom I have the greatest esteem, looks at me and laughs, and he is one of the guilty ones. If there were this degree of control and accountability, I submit that the Minister of Employment and Immigration would not have taken $1 million of public funds and given it to one of the government's friends in the advertising business to launch a nation-wide advertising campaign pointing out abuses of the unemployment insurance program. This is $1 million that has been wasted via the government pork barrel. He could have achieved the same result with practically no cost to the government by merely inserting in each envelope to each unemployment insurance recipient a little card pointing out the regulations of the Unemployment Insurance Act, the consequences of circumventing those regulations, and the penalities for fraud. That would have been much simpler. With this government's penchant for spending public funds we had to have a $1 million advertising account, which was not only a waste of money but was also an insult to the vast majority of unemployment insurance recipients who do not cheat.

That attitude prevails throughout the government structure, and that is why it is a matter of some considerable regret that the President of the Treasury Board did not even think it worth his while to be present in the House today for third reading of this bill for which he is responsible.

We have to change the rules of this House. If we do not, the people of Canada will lose what little regard they have left for this institution. It has been said that the advent of television in the House would make this institution more relevant. I was one who felt that way, but I am now coming to the view that television in this House is showing this place up for the irrelevancy it has become under this government, and that is a matter of some regret.

● (1502)

The government has nothing to fear from a strong opposition. Good opposition makes good government. You cannot have good opposition if you are going to tie the hands of the opposition and refuse them the right to hold the government accountable for the expenditures of public funds.

I admit that it was not possible to continue with the committee of supply where estimates would be brought into this House and each member would have the right to address his grievance and hold up the estimates. That system had to change because our country was becoming more complex, and that was the argument that favoured having estimates referred to committees. However, there has to be some means of reinforcing the committee structure so that departments of government, ministers and their public servants will know that when they go before those committees with their estimates they will not only have to explain those estimates but they will have to be accountable for the expenditures of the previous year. If they do not adequately explain their estimates and if they cannot account for the expenditures of the previous year they should be aware they could be penalized by the House.

Unless you have that discipline then the structure falls down and will not work. I hope that with the passage of this bill and with the establishment of the post of comptroller general in the next parliament we will get around to addressing this problem. As a matter of fact, I know we will because the next Parliament of Canada will be led by a Progressive Conservative government, and our leader has committed himself to making parliament more relevant and to restructuring the committees of the House, giving them a support staff and an ongoing investigative role.

That is the problem that we as a House addressed ourselves to in the last session when we referred this matter to the Standing Committee on Procedure and Organization. We in that committee came up with a consensus in a number of areas, including a restructuring of the committee system. For example, we proposed the expenditures committee which would function parallel to the Public Accounts Committee on an ongoing basis and would be able to call any department at any given time to examine any aspect of that department's expenditures throughout the year. That is a reform that is long overdue and whose time has come. I am very proud to be able to say to this House that these reforms will in fact be put into effect in the next parliament of Canada because there will be a change of government in this country.

[*Translation*]

Mr. Pinard: Mr. Speaker, I rise on a point of order.

The Acting Speaker (Mr. Ethier): The hon. Parliamentary Secretary on a point of order.

Mr. Pinard: Mr. Speaker, would the hon. member for St. John's East (Mr. McGrath) accept a question?

[*English*]

The Acting Speaker (Mr. Ethier): Order, please. Would the hon. member for St. John's East accept a question from the parliamentary secretary to the House leader?

Mr. McGrath: Yes, Mr. Speaker.

[*Translation*]

Mr. Pinard: Mr. Speaker, I have great respect for the hon. member and I should like to know whether the three reports prepared by the Standing Committee on Procedure and Organization were supposed to be submitted to the respective caucus of each party. Moreover, could he confirm to the House whether his party caucus did in fact ratify these three reports, because his party has never indicated its concurrence in these reports. We on this side would have liked to ratify them, too, a lot sooner, because we have long been in favour of a complete reform of the House procedures. I can assure the hon. member that this type of reform is quite acceptable to the government side.

[*English*]

Mr. McGrath: I am very pleased to respond to the question of my colleague, the parliamentary secretary to the government House leader, an hon. gentleman for whom I have the greatest respect. However, he poses the question out of ignorance. I say that in sorrow because he was not the parliamentary secretary to the government House leader during the last session of parliament, although I do believe he was a member of the Standing Committee on Procedure and Organization.

Mr. Pinard: I was.

Mr. McGrath: He served well. The report of the Standing Committee on Procedure and Organization, containing the three packages that the hon. member refers to, did not get back into this House because of the stubbornness, the intransigence and the bullishness of his colleague, the government House leader. He refused to go along with the concessions that we made as an opposition because he felt the government would have to give too much. For our part, we were prepared to make compromises. As my colleague the House leader for the opposition indicates, we were prepared to make concessions and go a long way. The government was not prepared to do so because it did not at that particular time fit in with the House strategy of the government House leader, and regretfully the committee's work was allowed to die with the session.

Mr. Pinard: Will you answer my question, please?

Mr. McGrath: I have already answered the question, Mr. Speaker. I told the hon. member that there was a consensus in my party that we were prepared to make concessions, and that government was not prepared to accept because they felt they were giving too much.

Mr. Pinard: You did not let us know.

The Acting Speaker (Mr. Ethier): The hon. member for Ottawa West on a point of order.

Mr. Francis: I would like to ask a question of the hon. member. I endeavoured to ask one in the course of his speech.

The Acting Speaker (Mr. Ethier): Would the hon. member for St. John's East permit a question from the hon. member for Ottawa West?

Mr. McGrath: Yes, Mr. Speaker. I must say I am flattered at the interest in my speech by the members opposite.

Mr. Francis: The members on this side are always interested in following the events of the House. I listened to the hon. member's complaints about the committee system, and he seems to have a most unfortunate record in those committees in which he participated. He singled out the Public Accounts Committee, and I want to pay my tribute to the way in which the chairman of that committee, who is present here, has conducted that committee.

I would like to ask the hon. member for St. John's East: Is not a very significant factor in the way a committee functions the degree of partisanship shown by the members who participate in it?

Mr. McGrath: Yes, Mr. Speaker, that is unfortunately the case. Of course, you cannot have committees functioning in an objective, non-partisan way when they are presided over by partisan chairmen. We had evidence of that when the hon. member for Ottawa-Vanier (Mr. Gauthier) behaved in a most partisan way last week when we were examining the estimates of the Ministry of State for Urban Affairs, including a vote for CMHC, and he refused to allow members of the opposition the right to direct questions to the president of CMHC. It is that kind of partisan conduct that has killed any degree of objectivity.

The other point that has hurt committees badly is the rule whereby the whips can change the membership on committees without so much as a by-your-leave. There was a time when, in order to change membership in committees, you had to come to this House with a resolution. Today, if the whip finds any member of the committee getting out of hand—and it happens on both sides of the House—all he has to do is notify the Clerk that so-and-so is no longer a member of the committee. In fact, there are even times when the member involved is not given the courtesy of being notified. All these things combined are helping to destroy the committee system in this House.

Mr. Francis: The members have a responsibility as well as the chairman.

[*Translation*]

Mr. Lachance: I rise on a point of order, Mr. Speaker.

The Acting Speaker (Mr. Ethier): The hon. member for Lafontaine-Rosemont (Mr. Lachance) on a point of order.

Mr. Lachance: Would the hon. member for St. John's East (Mr. McGrath) allow a question?

[*English*]

The Acting Speaker (Mr. Ethier): Order, please. I think we should get back to the business at hand. This is not a question period nor are we in committee of the whole.

Mr. MacFarlane: Mr. Speaker, I have a point of order. The hon. member referred to the whips replacing members. I would like to remind him that during my term as whip this has not occurred, although a member of the opposite side once referred to me as the whip when I was deputy whip.

[The Acting Speaker (Mr. Ethier).]

The Acting Speaker (Mr. Ethier): Order, please. I would just remind the hon. member for Hamilton Mountain that that is not a point of order and therefore he is not recognized on a point of order.

• (1512)

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I should like to make—

[*Translation*]

Mr. Pinard: Mr. Speaker, I rise on a point of order.

The Acting Speaker (Mr. Ethier): The hon. Parliamentary Secretary to the President of Privy Council (Mr. Pinard) on a point of order.

Mr. Pinard: I would simply like to understand the situation. Was there not unanimous consent of the House to allow the hon. member for Lafontaine-Rosemont (Mr. Lachance) to ask his question of the hon. member for St. John's East (Mr. McGrath), who showed willingness to reply, since he will probably never have the opportunity to reply to questions in the House in future years. Could the hon. member for Lafontaine-Rosemont ask him a very relevant question about his speech if there is unanimous consent, as seems to be the case, Mr. Speaker?

[*English*]

Mr. McGrath: Mr. Speaker, I would be glad to because the hon. member is going to need all the practice he can get.

The Acting Speaker (Mr. Ethier): Order, please. The hon. parliamentary secretary has a point. If there is time and the time of the hon. member for St. John's East has not expired, the question can be put, if there is consent. Is it agreed?

Some hon. Members: Agreed.

Mr. Lachance: Mr. Speaker, I want to thank hon. members, and especially the hon. member for New Westminster, for their patience.

[*Translation*]

Since I will probably not see him on this side of the House in the future, I would like to ask the hon. member whether, in view of his comments about the reform of this House, which we both agree is extremely important, he can promise on behalf of his party to accept the recommendations contained in the three reports of the Standing Committee on Procedure and Organization and whether he will co-operate with the government when it introduces amendments to the Standing Orders of the House?

[*English*]

Mr. McGrath: Mr. Speaker, I cannot speak for my House leader but he is able to speak for himself. I can certainly say, however, that we can make such a commitment—if the hon. member can make the same commitment on behalf of the government House leader.

Mr. Leggatt: Mr. Speaker, I will not take too much of the time of the House this afternoon. As I understand this particular bill, the comptroller does not have responsibility to parliament or the House of Commons but has responsibility to the President of the Treasury Board (Mr. Andras). If there is one significant change we must make in this place it is to ensure that parliament regains control over the spending of government.

Most of us who come here have had experience on school boards or municipal councils. I do not think that any municipal comptroller or school board trustee need feel inferior to a member of parliament. We all know the job they do at the local level in controlling or examining spending on behalf of the ratepayers or taxpayers of their community. A good deal of the time of locally elected officials is spent on the examination of spending. We have all had the experience, I am sure, of deciding whether to put shingles or some other kind of roof on the bicycle shed!

It is a scandal that members of parliament have so little clout when it comes to examining the massive amounts of public spending. Some of that spending cannot be objected to but there are no facilities or techniques to control it.

I listened with interest to previous speakers who had some suggestions about what could be done. I rise to make one principal suggestion only, Mr. Speaker.

One of the difficulties about our responsibilities as members of parliament, I suppose, is that a lot of us want the press to know what we are doing. Working on committees to control expenditures is not as attractive as attending question period in the House and taking one shot at an interesting subject with a full press gallery listening in. This afternoon, Mr. Speaker, you will notice there is not a great attendance in the press gallery; there are two members present and that is 100 per cent more than is usual on a Friday afternoon. I suppose we cannot kick the press around too much here.

Question period in the House is where all the attention is focussed and that is fine, but the work in committees to control expenditures is where the press should be. It is time they started to take responsibility and do that kind of work. Members of parliament have to do it.

I suggest there should not be a question period Mr. Speaker. For a period of three or four weeks we should spend our time exclusively examining expenditures. Every member of the House should be dedicated to examining the estimates in his particular area and putting questions that deal with the cost of running government. Three weeks would probably be enough to accomplish this.

I should like to give credit to the hon. member for Capilano (Mr. Huntington), Mr. Speaker. We had some discussions and this is a compromise position. We have talked about changing the rules in this place so that a member of parliament will have some influence.

Another point that bothers me is that in committee sometimes witnesses seem to have been coached to read their statements slowly and we run out of time. Our experience has been that witnesses are actually coming forward determined to take the full time of the committee so that questions cannot be asked. A member who does not happen to get in on the first round of questions can be totally frustrated.

Once in a while perhaps we should deal with a question that is not of great national import, not something that every press reporter will scribble about—perhaps the fact that there are 25 more people working on a project than is necessary, or an instance of waste somewhere in the public service. We must change the way our committees operate in any case.

We should also think about changing the rule that allows estimates to be approved automatically after a certain date. The time between when estimates are submitted and they are deemed to be approved should be extended. We should perhaps even suspend sittings of the House for a period and devote all our attention to examining government expenditures. In that way responsibility for that vital and important question would be returned to members of parliament.

Along with many other members, Mr. Speaker, I am increasingly concerned that parliament is becoming irrelevant. Government spending is not examined by the opposition in an appropriate fashion. That is not the fault of the opposition but rather of the rules we have fallen victim to over the years. We need to have a clear examination of the prime functions of a member of parliament and certainly one of them is to exercise some control over the spending of government.

This bill falls short of providing anything which would be of assistance to members in the political role constituents have assigned to us and which we are unable to carry out as a result of our failure to amend our own rules.

Mr. Jake Epp (Provencher): Mr. Speaker, I do not want to take too long. I believe it important, however, that it be put clearly on the record what is happening in regard to the examination of supply.

I appreciated the comments of the hon. member for New Westminster (Mr. Leggatt). He related to the House the frustration that I think every member has faced in committee. The public expects us to examine the estimates and see what happens to their tax dollars which are "in trust" dollars. The government has responsibility for its expenditures but we are here to ensure they use that money scrupulously and as carefully as possible.

● (1522)

The situation is such with the committee system at the present time that it does not even give lip service to the scrutiny of estimates. How many of us have been at the

committee well prepared and ready to proceed and then been only allowed ten minutes? By the time you ask a question and get the answer, you have only introduced the subject. The chairman then goes on to the next member of parliament.

On the other side of the coin, other members of the committee sit there hour after hour waiting to get in their ten minutes' worth. How many of us have been prepared at the committee and were not even able to ask a question in that session? When there is a specific branch of the department before us, we might not have an opportunity to again ask a question of that branch during the course of that year. All we can hope for is that supplementary estimates, more spending, come before us so that we will have a chance at that point. It has become a farce. That is why I appreciate the comments of the hon. member for New Westminster. At least he got up to bat and got the estimates before his committee.

What are we to do in the Standing Committee on Labour, Manpower and Immigration when they have not even called the ball game? Those estimates came down in February and March. We have $4 billion in unemployment insurance and one million people unemployed, yet we have not examined the estimates, not even in the perfunctory manner described by other members.

We have not looked at the Department of Employment and Immigration. I see the minister smiling. If I were the minister, I would smile too for not having to be held accountable in public. However, if you ask the minister, I am sure he would agree that better government comes from scrupulous study of estimates. I am sure he would have a better department and feel more confident if those estimates were reviewed by the committee.

We have not looked at the Department of Labour estimates. Even if we get them now, at the end of May, if we sit that long, they will be deemed to be passed, even though we have not yet started on them.

Just to show how partisan those committees can become, in the time we had the estimates referred to the committee and never studied them, we studied Bill C-8 in detail. When we were through with Bill C-8, committees were not called. We then got Bill C-45 which took away the right to strike during the time of an election campaign. It was top priority legislation. We sat again to examine Bill C-45. I say quite openly the issue got somewhat heated as to when we were going to get the estimates. That is the only chance I have had as a member of this House to say to the chairman of that committee, "Look, sir, when will you give us a chance to examine the estimates?" Bill C-45 has gone through the committee, this House and the other place.

Where are the estimates now? We have a block system. The Standing Committee on Labour, Manpower and Immigration is locked into the block system. There are times when we should be sitting, but the chairman chooses not to call the committee. This week I moved a motion under Standing Order 43 asking this House to direct the chairman of the standing committee that we examine the estimates. Should it be necessary for a member of this House to rise in his place two months after the estimates have come down and one month before passage of time will pass them and plead with the Speaker for an opportunity to look at the estimates? That in essence was what I was doing.

Later on a point of order I asked the Speaker to intervene and look at the situation in order that we might deal with the estimates. I was very gratified by his comments. He seemed to be as astounded as the rest of us. He stated that one of the primary functions of a member of parliament is to look at estimates. I have looked at the schedule of committee meetings up to next Tuesday, May 2, but they are still not scheduled. To my knowledge, a steering committee has not been called. Maybe because of my tirade today we will get some committee hearings next week, I do not know. The point is that even if we do, we will only have three weeks to look at millions of dollars of estimates. I am sure no member of the government can say to us that is good government. I suggest, with respect, to the Minister of Employment and Immigration (Mr. Cullen) that he had better get out of his seat fast, get to the chairman of that standing committee and tell him he wants his estimates before that committee.

It does not end there. I called the chairman two weeks ago to ask when the estimates will come before the committee. I was told that he was out of his office and in his constituency. I do not criticize that; we all go to our constituencies or on trips. I was informed that the deputy chairman was in charge. I knew the deputy chairman was out of the country for a legitimate reason.

I get up to speak today in absolute frustration. Although I support the concept of a comptroller general, there are much more fundamental issues that have to come before this House. Do the government actually want their estimates examined? I have come to the conclusion they do not. They at least gave the hon. member for New Westminster three strikes. They did not even call me into the batter's box. I say to the minister with all the sincerity I can muster that it is this kind of activity which raises in the minds of the Canadian taxpayers deep cynicism, which they feel not only for the government but for every elected official.

Mr. Young: Get on with the bill.

Mr. Epp: The Parliamentary Secretary to the Minister of Justice (Mr. Young) says I should get on with the bill. It is through this very bill that we are trying to bring into this public forum some methodology from the ground up to examine estimates properly, to have public money spent in as valid a way as possible. If the hon. member thinks I am not debating the bill, I say to him the very heart of the bill is how we get spending under control. And he has the audacity to tell me to get to the bill.

Mr. Young: I said if you were sincere you would get on with it.

Mr. Epp: All I can interpret from the hon. member is that the complaint I have now made a number of times in a number of forums is not valid. We are told "Pass the bill. Don't ask

about estimates; don't raise that." The hon. member will not muzzle me about overspending. He can say what he wants but I will continue to show to the Canadian people the sums that this government is spending.

While these fundamental issues have to be looked at, there must also be some mechanism whereby the estimates are referred to committee. The chairmen of these committees cannot stall day after day, week after week, month after month, and not call the committee. That is the best defence. We have seen the other defences. I suppose it is good politics but the minister just turns up his collar and lets the arrows fly and hopes that May 31 will come and his estimates will be passed automatically. Under this procedure we do not have the right to criticize.

● (1532)

I hope the government takes our representations very seriously. It is absolutely necessary that we get a branch such as this which can exercise much more careful supervision over the daily expenditures of the government. The government is overspending this year by an amount which is more than was spent in the first budget under the Prime Minister (Mr. Trudeau). That first budget totalled $10.9 billion. Today, the Minister of Finance (Mr. Chrétien) says the over-expenditure will be in the neighbourhood of $11.5 billion. To put it in another way, the government intends to overspend on an average at the rate of about $1 billion a month more than its revenues produce.

I should like to read a comment by one expert. This statement was made on October 20, 1975: "You can never spend more than you have, otherwise there is needless inflation." Do you know who that expert was, Mr. Speaker? It was the present Prime Minister. Yet he will be overspending this year by more than $11 billion.

In the first hundred years of this country's existence our forefathers put it together, built railroads, opened the West, went through a depression and two world wars. The deficit in 1968 was in the area of $32 billion. Ten years later this government had created a deficit larger than had been accumulated by our forefathers in the first hundred years. It was larger than it was at the end of the first hundred years of our history.

When is this going to stop? I pray that the comptroller general and the Auditor General will have sufficient clout to bring government spending to heel. I know one thing: members of parliament and the committee system are not able to do so. I should like to quote another expert. This is the statement he made on May 6, 1974:

> This budget represents my determination to deal with inflation. It recognizes the need for all governments responsible to parliament, including this one, to restrict spending.

Do you know who that expert was, Mr. Speaker? He went to his reward as a corporate lawyer in Toronto. I am referring to the Hon. John Turner. There have been other experts in this House and I should like to quote from one of them:

> Our goals are clear. Our first objective must be to maintain the underlying trend to lower inflation.

That was said on March 31, 1977, by another person who went to his just reward in Toronto as a corporate lawyer.

An hon. Member: Not old Thumper?

Mr. Epp: Old Thumper himself, the former minister of finance. Government spokesmen have paid a great deal of lip service to the idea of restraining spending, cutting deficits, having scrupulous regard for the public purse. I am taking their words at face value. Then what happens? They do not want the estimates examined in committee. I think a medal should be struck for the minister who comes up each year with the best idea for the expenditure of public funds. The Minister of Employment and Immigration (Mr. Cullen) is here—I am sure he will get a chuckle out of this one. Does he know that under the Young Canada Works program the Canadian taxpayer spent $15,407 on a project "to survey graveyards old and new"?

Mr. Baker (Grenville-Carleton): There is a new one over there.

Mr. Epp: How can we expect people to have any confidence in the democratic process when they see these wild expenditures day after day in areas where no return can be expected? It has been estimated that it takes two dollars or three dollars of income to produce one dollar of tax revenue. Consider the volume of production in which the Canadian economy must engage to enable this kind of money to be siphoned out.

I might go on to refer to a celebrated case involving the Canada Council. Everyone familiar with the subject has heard about the Bill Bassett affair. He, along with the publishers, received funds in excess of $100,000 to publish poetry which I am sure the average Canadian would call pornographic. I wrote to the minister, the Secretary of State (Mr. Roberts), and received the nicest letter from him in return. It said, in effect: We cannot get involved in censoring this kind of thing; we do not want to become involved in censorship. Mr. Speaker, is the Canadian taxpayer obliged to continue funding this kind of stuff, stuff I would not want to read into the record, stuff that no decent newspaper would publish? Yet when I raised this matter with the Secretary of State, pointing out that the Canadian taxpayer was insulted, not only by the material but by the fact that he was financing it, I was given the bland answer that the department could not become involved in censorship.

● (1542)

It is high time this government controlled its expenditures. Because if it does not, the democratic process will suffer very dramatically. This legacy of spending has now become a legacy of debt. I have already mentioned the amount of the increase in the national debt. By the government's own figures, 14 cents out of every dollar of tax revenue is spent to service the national debt. That is not to pay off the debt, just to service it.

I think it is important for this House to realize what can happen. Manitoba Hydro has given excellent service to the province of Manitoba. Manitobans have paid some of the lowest hydro-electric rates in the country for hydro generated from the Winnipeg River. In the last years of the former administration, however, Lake Winnipeg was regulated. Russian turbines were put in at the northern end of Lake Winnipeg, but those turbines are not producing electricity. There have been the Nelson River diversion and the Churchill River diversion. All those programs in themselves might have been valid, but today of every dollar Manitoba Hydro takes from Manitoba taxpayers 50 cents is spent on debt. The comparative advantage we had is gone.

I say to this government that the way it is spending and overspending, the legacy of debt we have in Manitoba Hydro will be the legacy of debt which will accrue to every Canadian. We will never repay that debt, but the generations who will follow us will.

With regard to the estimates, I suggest that the federal government seriously examine a method used in Manitoba, not because Manitoba is my home province or because this method was developed by the former NDP administration and the Conservative House leader of the day, but because the system is quite simple. Under the system X number of hours are provided for the examination of supply in the legislature. The opposition has the right to call whatever department it wants to call. The opposition has the right to hold ministers in their seats answering questions for as long as it wishes. When the total number of hours are used, that is it. So it is up to the opposition to bring public attention to spending in the legislature, because that is where the public attention is directed. It is not directed to committees, as is the case here in Ottawa.

In response to public pressure the opposition in Manitoba has the ability to hold ministers accountable. If they choose to start with agriculture, for example, and spend all the hours on agriculture, obviously the estimates of the other ministers do not come before the legislature. However, by that time the opposition should have analyzed clearly which departments it would like to scrutinize publicly, and that is the method used.

At times the legislature agrees not to see the clock at the end of the day and to go beyond the appointed hour. That might be of some advantage here. Under the system I am describing the government has an opportunity to know how much time will be spent. I think governments have to know that. We cannot go on here forever, but I think the government should be able to respond in a positive way. Under this system the opposition is able to apply public pressure and to hold a minister and his government responsible. I say to the Minister of Employment and Immigration (Mr. Cullen), as I said earlier, that I think we would have better government and I think ministers would be more confident in their roles if they knew that their estimates had been scrutinized and passed after a meaningful debate.

I welcome the appointment of the comptroller general. I just hope that we will not stop there but that we will go much further in the examination of estimates and that parliament once again will be able to do the job it is called upon to do. The democratic process can demand nothing less.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the hon. member mentioned me in the course of his remarks. It is true that I did throw a quip across the aisle while he was speaking, and I want to clarify for his benefit that I said that if he was sincere about wanting to get on with control procedures in order to control government spending, and if he was sincere in wanting to see an improvement in the watchdog role of parliament, he and his colleagues would get on with the bill, pass it and install the comptroller general in office.

It is true that time and money is wasted in this institution, as in any institution. Time is wasted by repetitious speeches when some hon. members are ready to go on with other measures, particularly when they have been given an indication that certain other matters might be proceeded with, as was the case a day ago. It was indicated to us that we would be through with this measure and go on with some other measures. I want to point out that I have been waiting here with notes to deal with Bill S-8 and Bill C-42 since yesterday. As a result of some indications I cancelled three very serious appointments in my riding today, one of which had to do with a model parliament. When some 400 or 500 interested students at a local high school look next week in *Hansard* for the remarks I told them I undoubtedly would be making today on those two other measures, they will not find them. I want to point out that my remarks will not be there because we have been delayed by a series of repetitious speeches today on this bill, which I thought we would get on with.

Improvements could be made, and that is why we have this bill. We want the comptroller general not one day, one hour or one minute later than necessary, and if opposition members want to continue delaying this measure by making speeches, that will be upon their shoulders.

Mr. Towers: Mr. Speaker, I rise on a point of order. Apparently the hon. member does not realize that the comptroller general has been appointed and has been in his office for three weeks. He is doing his job, and that has nothing whatsoever to do with this point.

Mr. Young: Mr. Speaker, I think the hon. member knows that, whether the man has been appointed or not, he needs legal authority through this bill to do his job, and I repeat, not one day, one hour or one moment later than necessary.

If there is a delay and if the cause of it is repetitious speeches, that will not be on the shoulders of hon. members on this side of the House. The public will be quite aware through television where that responsibility lies.

Some hon. Members: Hear, hear!

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I listened with great respect and great interest to my friend, the Parliamentary Secretary to the Minister of Justice (Mr. Young), who advanced a complaint which is, I suppose, the

complaint of all hon. members. From time to time their duties in this House of Commons do take them away from other functions which are also their duties in their constituencies and in other parts of the country. That is one of the difficulties of this life. I am happy to see the hon. member for Ottawa West (Mr. Francis) in the House today. Both he and I have a particularly acute problem in that regard sometimes, and sometimes greater difficulty explaining than perhaps does a member who comes from southwestern Ontario or from some other part of Canada. It is a difficulty hon. members face from time to time, particularly when the government brings forward important legislation.

I do not think there is any topic which ought to engage the attention of the House in any more direct way than a procedure which involves the control of the expenditure of money, because that is the whole reason, I suppose, that we are here. The hon. member for Winnipeg North Centre (Mr. Knowles) has said on many occasions that he regards the prime function of members of parliament as that of watchdogs on parliamentary expenditures. After all, it is in the hands of the cabinet that the initiating authority lies, and parliament disposes of or deals with the initiatives that are dealt with and which are brought forward by the government. That is the essence of our system.

● (1552)

Therefore, when the government brings forward a bill which is as significant as the Parliamentary Secretary to the Minister of Justice has said it is, then I think that no member of parliament, whether he or she be a member of the government or a member of the opposition, ought to quarrel with the debate on that bill on the basis that he or she must be somewhere else. Basically members of parliament are elected to serve in this place. They are elected to serve on committees and they are elected to consider the expenditures of government regardless on which side of the House they sit. This is the essence of our procedures.

It is interesting that on third reading this debate has focussed a great deal of attention on a subject matter which the hon. member for Scarborough East (Mr. O'Connell) has directed his attention to over the years. I see he is in the House. He and I have discussed this matter in this Chamber and we have dealt with it in committees. We have accomplished through committees the two objectives that seem to be always running in conflict, namely, the necessity in the hands of the government to advance legislation at a reasonably rapid rate, on the one hand, and the necessity for members of parliament to be able to examine expenditures, programs, et cetera, of government on the other. This is in an effort to see whether we receive benefit for the money spent or allocated by parliament or whether the objectives of the program are sound or ought to be changed. I say to my friend from Scarborough East that I have admired the way he has pursued this objective. Notwithstanding the fact that he sits on the government side, I think he recognizes the necessities of this matter.

The hon. member for Ottawa West was extremely generous to the hon. member for Capilano (Mr. Huntington) today and last night regarding his chairmanship of the Public Accounts Committee. Indeed, the hon. member for Capilano has followed in the best traditions of the chairmanship of that committee. This chairmanship was given to a member of the opposition so that the public will know that we approach government spending and its appropriateness in a serious and non-partisan manner. For that same reason the vice-chairman of that committee is a member of the government side, namely the hon. member for Ottawa West. He too has conducted himself in the best traditions of that committee.

I mention also the Procedure and Organization Committee whose chairman is from the government side, at least up until his resignation yesterday. I am referring, of course, to the Hon. Mitchell Sharp, formerly the member for Eglinton, who always approached his work on that committee in a non-partisan way. The vice-chairman, who is equally interested in the functions of this House, is the hon. member for Edmonton West (Mr. Lambert), a former Speaker of this House of Commons.

The Parliamentary Secretary to the President of Privy Council (Mr. Pinard) serves on that committee. It is interesting to know when that committee met, it operated in a relatively non-partisan way. On the one hand it advanced the government's views in getting legislation through. Whereas the opposition's job is to preserve the rights of parliament and to examine what the government does. That is our job and one of the reasons why we are here.

That is why it is important that we consider this structure most carefully. The structure of the comptroller general is not a method by which the government is interfered with in any way or by which parliament's rights or duties are interfered with. This duty to examine is actually a method by which parliament will be helped. It is the hope that there will be less spillage and less wastage in the promotion of government programs with this kind of person in office.

I listened last night with great care to the hon. member for Ottawa West when he spoke on the amendment which stood in the name of the hon. member for Calgary Centre (Mr. Andre). He and I have a basic disagreement. This disagreement is not with respect to the function of the comptroller general but basically with respect to the question whether he ought to have a certain kind of legislative assistance by setting out in the law his terms of reference. The member for Ottawa West said it would be better if he were free of those kinds of legislative tools, free to operate in his own way as he saw the job developing. He said that the Auditor General who occupied a particular place ought to have his powers spelled out because his function is different.

I differ with him. I do not believe there is any reason why the comptroller general would be in conflict or at odds with the Auditor General if the Auditor General is given certain terms of reference by statute. But that is a difference of opinion about operation. There is basically no difference of opinion

with respect to the importance of the Auditor General and the comptroller general.

Evidence of interest on all sides of the House with respect to the job of parliament in the twentieth century has been shown in this debate by the fact that the tools of parliament are inadequate as part of the function of Treasury Board, the comptroller general, the Auditor General, and ultimately parliament in the supervision of government expenditures.

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

Mr. Baker (Grenville-Carleton): Mr. Speaker, may I call it four o'clock?

Mr. Lefebvre: Mr. Speaker, I rise on a point of order. There may be some agreement now that everything to be said has been said on Bill C-10 and the office of the comptroller general. If you followed the debate, Mr. Speaker, everyone has emphasized how important this office is. Maybe there is now unanimous agreement and we can pass third reading. Perhaps we can make it official.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I would be quite pleased to do that if I could say to my good friend, the Parliamentary Secretary to the President of the Treasury Board (Mr. Lefebvre), that I have completed what I wanted to say with respect to the matter. However, I understand there may be other members who might wish to say something on the matter. I must say to him in order to allay any fears he may have that I do not anticipate that the bill will be long before this House.

Mr. Lefebvre: Mr. Speaker, in other words there is no agreement to having third reading today.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I would have liked that very much and I would have had no objection to the matter going to third reading today except that I just began what I wanted to say.

The Acting Speaker (Mr. Ethier): Order, please. I gather we do not have unanimous consent. It being four o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills, notices of motions, private bills.

● (1602)

PRIVATE MEMBERS' PUBLIC BILLS

[*Translation*]

OFFICIAL LANGUAGES ACT

MEASURE TO DEFINE STANDING OF BOTH OFFICIAL LANGUAGES

Mr. Pierre De Bané (Matane) moved that Bill C-202, to amend the Official Languages Act, be read the second time and referred to the Standing Committee on Broadcasting, Films and Assistance to the Arts.

He said: Mr. Speaker, the bill which I have the honour to introduce jointly today with my colleague the hon. member for Maisonneuve-Rosemont (Mr. Joyal) deals with the unity of the country or, in other words, with the inequality between both founding groups of this country. Indeed, Mr. Speaker, while most people agree to raise their voices in favour of a united country, when time comes to try to find the means to ensure that unity those same voices weaken, not to say that they express conflicting opinions. Let us recall the incident which occurred a year or two ago in Vancouver when one of the 12 TV channels was to become French-speaking and the strong protests which were raised by the Anglophone majority in the British Columbia metropolis.

I wondered then what group felt less inclined to defend the country. How sincere are we if on one hand we speak in favour of Canadian unity when on the other hand we are not ready to make the necessary sacrifices? How sincere are the people of Essex in Ontario where the members of the school board are no more separatists than the present Quebec government when they refuse to accede to the request of an important Francophone group? In my opinion, it is quite easy to speak in favour of Canadian unity, justice, virtue and motherhood, but the important point is to translate those words into convincing action.

To my mind, it is not just by talking about national unity that we are going to solve the problem but only when the English majority will accept measures which will give equal opportunities to both groups. I remember the famous statement made by the leader of the official opposition in 1930 when the then Liberal government introduced legislation to have bank notes and Canadian currency printed in both official languages. At the time the leader of the official opposition made the following comment which appeared in the report of the B and B Commission: I am against that legislation because it would jeopardize the harmony which has always existed between the two founding people. Where is harmony, Mr. Speaker, when one is afraid of recognizing the rights of Francophones? Surely we remember the famous speech which the deputy minister of federal-provincial relations, Mr. Gordon Robertson, delivered not long ago when he made a review of all injustices against Francophones in each one of the Canadian provinces. He concluded by saying that, in essence, the history of Canada has been one of meanness of mind and heart.

And that is why I suggest that we could progress enormously in the pursuit of this objective on which we have all set our hearts, namely the preservation of the Canadian unity, if as a first step we adopted a number of measures which come under the jurisdiction of our parliament and which would improve the position of our French Canadian compatriots within our

area of jurisdiction in a way that would assure a fair balance between our two groups.

The purpose of the bill which I have the honour to introduce today, together with the hon. member for Maisonneuve-Rosemont (Mr. Joyal), is precisely to determine a series of measures which would translate into reality the abstract principle set forth in section 2 of the Official Languages Act to the effect that French and English should have equal status in all institutions of the Government of Canada. This principle having been unanimously adopted by all parties represented in the House eight years ago, I feel the time has finally come for us to take concrete steps to give life to this principle, failing which it will exist only in principle and as a theoretical abstraction. Bill C-202, to amend the Official Languages Act, contains therefore about ten concrete proposals which we should like the House to adopt. The purpose of the first one is this: the federal government should recognize its responsibility to maintain the demographic equilibrium of this country, or as we say in clause 1.1(1)(*c*), and I quote:

to support the attainment of such demographic goals in respect of the size, rate of growth, structure and geographic distribution of the Canadian population, as tend to support and promote the principle of equality between the two official languages and linguistic groups,

For too long, Mr. Speaker, our immigration policy has disregarded this aspect.

We all know that when Canada was founded there was a blissful balance between the two linguistic communities and that, particularly because of a declining birth rate since the early fifties, the proportion of the French-speaking population in Canada has been going down. It is obvious that this trend has a considerable impact, not only on the political scene of all provinces and particularly of the province of Quebec, but also on the issue of national unity.

Our second proposal is that there should be an equitable balance between both language groups as regards their participation in the institutions, programs and initiatives of the Parliament and Government of Canada.

I could obviously give a lot of examples of this. My only comment will be that the Department of the Environment is spending only 4 per cent of its expenditures in the province of Quebec. As for the National Research Council, out of an approximate number of 560 scientists in Canada, barely 27, if my figures are correct, have French as their first language. I think that, nine years after the Official Languages Act was passed, it is time to recognize the principle that there be a French approach, aspect and dimension in our various programs.

Third, we would like the French language to become an autonomous drafting language. What happens, Mr. Speaker, is that statutes are drafted in English then, of course, translated into French. All those in this House who are lawyers know that the French versions reflect neither the spirit of the language nor French law, and in future, under the principle that the law reflects the ways and customs of a people, legislation should always be drafted and passed in both official languages at the same time.

Fourth, as we say in clause 8(2), we would like both French and English to be the languages of work of the institutions of the Parliament and Government of Canada, and that the departments have the duty to ensure the observance of an equitable balance in the number of positions reserved by them for Anglophones and for Francophones.

You probably remember that in 1969 we tried to limit the scope of the legislation to the relations between the public and the institutions of the federal government. But it is time that this other dimension, the dimension of the working language within federal institutions, reflected the principle of equality that we have entrenched in the Official Languages Act.

Fifth, we would like that the collective agreements entered into by the government with various public service employees' unions and various agencies not run counter to the law. At present, Mr. Speaker, it is impossible to speed up the recruitment of Francophones at the intermediate management level, precisely because of the collective agreements. And I also remind you that a few years ago, parliament was asked to ratify by a resolution an agreement already reached with this private group. I do not think that parliament should follow the lead of any private group, but on the contrary, it should serve the best interests of our country.

In clause 11(1), we suggest that this act, unless otherwise specified, be paramount to any other act.

● (1612)

I must confess that as a French speaker and a member of parliament I felt deeply insulted as I attended the hearings of the highest court in Quebec, the Court of Appeals, and heard the counsel for Air Canada argue that the Official Languages Act was only a pretence of an act, which could be dismissed as unenforceable wishful thinking, which had been adopted with the full knowledge it was unenforceable legislation. In my opinion, that was an insult not only to French-speaking Canadians but especially to the authority of this parliament.

On the other hand, it is a sad comment that the annual reports by the Commissioner of Official Languages have been pigeonholed in the various departments where they are gathering dust. In his last report Mr. Keith Spicer who was then about to resign his post, drew up a list of the various departments where disregard of this law had been worsening year after year since he wrote his first report. So we propose an extension to section 33 to the effect that government departments which, without legitimate excuse fail to comply with a ruling by the Commissioner be deemed to have committed an offence punishable not only with a fine but also imprisonment, just as would be the case for non-compliance with other federal laws.

I think it is time we put an end to this tired joke whereby year after year the departments do not even bother to read the recommendations of this officer of parliament.

There are two measures which I adamantly defend, namely that people who can complain of non-compliance with the act will always be able to refer these cases to the courts but they must first of all lodge their complaint with the Commissioner of Official Languages. There is also a measure inspired by the equal opportunity act of the U.S. whereby the federal government, not only in its own institutions but also through the various fiscal and budgetary measures it adopts as regards its suppliers and so on would require that they also do their share and take on themselves part of the national unity burden.

Mr. Speaker, it is always a problem, a test of sincerity. Personally, I have heard enough talk on national unity, I would like to hear of concrete measures from all concerned, of how much they are willing to pay to play their part in this great project to preserve the unity of our country. It has been my experience that everyone is in favour of virtue, but becomes hesitant and even evasive when the time comes to test the public's sincerity.

There is the Public Service Alliance which refuses a project as essential as that of sharing the wealth of the country between both sides of the river, between Ottawa and Hull; in their press release they gave about twenty reasons for refusing to travel three extra miles to work in a French atmosphere such as that which exists in Hull. I tell myself that if people in the national capital are not more generous, there is great cause to be pessimistic. So, Mr. Speaker, what this bill is getting at is that what is important, above all, is concrete action.

[*English*]

Mrs. Ursula Appolloni (York South): Mr. Speaker, I should like to start by congratulating the sponsor of this bill for his very diligent and conscientious work. Those of us on this side of the House who know him can attest to the passion and devotion he gives French-speaking Canadians, and I hope they will repay him in full for his integrity and his great work on their behalf. I might also say that as a female Canadian I can share to a large extent his frustrations over what he terms discrimination, being the lack of proper representation in government departments. We females know what it means to be in the so-called minority, and we hope that situation will change too.

I remember when I was studying British history in England and one of my history books said that in retrospect the great fire of London was a very good thing; it was really an act of God. Despite the fact that it destroyed an entire city, it also destroyed the black plague and got rid of all sorts of other pestilence. Taking that analogy, we could say in retrospect that the election of the Parti Québécois was perhaps a good thing because it made Canadians from coast to coast conscious of the troubles that are facing French Canadians—their frustrations, their anger and their aspirations. I hope this consciousness on the part of English-speaking Canadians will continue and even heighten.

● (1622)

Having said that, I would like to deal with the bill at hand, Bill C-202. Despite the fact that I agree and sympathize with the sponsor in what he is trying to achieve, there is one particular part to which I take very serious exception, and I hope the sponsor with his own sense of fair play will see fit to amend it. At the very beginning of the bill, in referring to its purpose, it reads "linguistic and cultural objectives". My whole objection is to the fact that he has mixed in the same bill linguistic and cultural needs. He even speaks of a cultural policy for Canada. John A. Macdonald in 1890 said that there is no paramount race in this country. I would hope those words are as true today as they were in 1890.

I believe that we must take the initiative and make adjustments in order to enable French-speaking Canadians to participate fully in the country they played a leading role in helping to explore, to settle and to found. I agree with the sponsor when he says we must pay a price for Canadian unity, but I would like to know exactly what the price is. We English-speaking Canadians are willing to pay a big price, but what exactly is it? Do we have to relinquish our own cultural identity?

I hope that is not the price, because if so 26 per cent of the population of Canada will not relinquish their identity, nor have they been asked to do so by the federal government. Although culture and language are profoundly related, there is a clear distinction between them. We must be very careful to observe that distinction whenever we speak of the two. Language is a vehicle of communication.

I believe both English and French should have equal value in this country of Canada. However, culture is a totally different thing. It is very complex, dealing with attitudes, feelings, values, emotions and traditions. When we go back into the history of Canada we must remember that from the beginning of this century, for some 77 years, people have come to this country who spoke neither English nor French, nor had the cultures of England or France. They came here and adopted one of the official languages. Unfortunately, most chose to adopt English; but the point is they kept their own culture.

I recommend that we do not adopt that particular part of this bill. Language to me is learned through the brain, but culture is learned from the heart and by the heart. There is no way you can impose it on other people. Culture should not even belong to just one group. It should be multi-faceted if it is to be strong and rich. One of Canada's riches is the diversity of her culture and we should be very proud of that fact.

In the government publication entitled "A National Understanding" we are warned:

> Attempts to mould people who speak the same language or belong to the same political entity into a homogeneous cultural pattern or conception endangers their very freedom. Such attempts must be studiously avoided by the state, and fiercely resisted by citizens. For this reason, countries and peoples who value

freedom and know how fragile it is, usually exercise great care in intervening in matters of culture even when they cannot avoid intervening in matters of language.

I believe that parliament should intervene in the language situation. Despite the lip service we have paid to it, French is not on an equal level with English. I abhor the fact that some people are refused jobs only because of their lack of English and the fact that they are French-speaking Canadians. They had a part in founding this country. By the same token, however—and here again I refer to the employment of women in the public service as an example—they do not want tokenism. They do not want somebody accepted just because he speaks French, but rather because he speaks French and he is worth his hire.

That is all that should really be said on the subject, but unfortunately it does not apply in every case. The government realizes that more has to be done along the lines of official languages. However, more than languages, what is needed is a very clear guideline for the people of Canada, particularly those whose mother tongue is neither English nor French, to assure them that we are not asking everybody to be bilingual but merely to respect both official languages. We could even drop the word "bilingual" and refer to "linguistic requirements", perhaps.

More harm has been done on this subject of discrimination, and to unity through misconception—for example, the fear of people in western Canada that they are going to have to speak French. This is not true; nobody is imposing French on them. I agree wholeheartedly with the portion of the bill that refers to the fact that provincial governments could and should do a tremendous amount more than what they are presently doing on this question of linguistic rights. In my own city of Toronto I recently saw a notice in seven different languages, one of which was English, but none of which was French. That is appalling and, worse still, that notice appeared in a school. Why can we not instil in our children the need to learn French, not the necessity, and the enrichment of knowing another language?

Keith Spicer not too long ago pointed out that English and French are the two most widely used languages in the world. You can go any place knowing both of them and somehow make your way. It is not as if it were a language like Swedish, for instance, which is concentrated in one small part of the globe. These are two international languages, yet we as Canadians are hesitant about learning both of them. I do not know why we have this shortsightedness, especially when it concerns children. However, the answer is not to stuff it down their throats as we have been accused of doing. I do believe the provinces should give guidance by influencing the thinking of the school boards and the thinking of its citizens.

Why can French not become an official language in Ontario? We are told that perhaps there is a political reason and people may rebel. I cannot think why. In Ottawa we see "Stop" and "Arrêt" on the same road sign, but in Toronto we just see "Stop". Why is that Mr. Speaker?

● (1632)

I think what is missing in this country is tolerance, understanding and compassion. Very often a feeling of fair play is also missing. When we can be big enough to understand what other people want, meaning our brothers and sisters in this country, and when we lean toward them and give them their fair share, perhaps then we will overcome the terrible difficulties we face now.

There is a price to pay, Mr. Speaker, and most of us are willing to pay it, but we want to know exactly what that price is.

Some hon. Members: Hear, hear!

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): Mr. Speaker, before I begin my remarks with respect to Bill C-202, I wonder if I could ask other members of the House and yourself, sir, to join me in making welcome that gentleman whose presence in the gallery is extremely appropriate to a discussion of linguistic rights in Canada. I refer to Mr. Max Yalden, who is seated in the visitors' gallery. Whether his view of the complexity of the linguistic problems of our country will be improved by following this debate I do not know, but it is my intention—I almost say with the permission of the hon. member for Matane (Mr. De Bané)—to stray a little into the field of constitutional reform.

Perhaps for different reasons but with rather similar principles, I have grown exhausted over the years with the lack of movement on the matter of linguistic rights and educational linguistic rights in Canada.

As I said, I want to take some issue with the hon. member for Matane with respect to his Bill C-202—not with his purpose, which I think is admirable, and not with the effects of the bill, but rather with the mechanism that he has chosen. That is because I would prefer a mechanism that has more impact and would have longer lasting effects on Canadians. I refer to the patriation and amendment of the British North America Act as the constitution of Canada.

I think that is a long overdue event. I suggest that a long last the time has come to patriate the British North America Act, to revise it, to amend it and to provide therein a bill of rights which will guarantee the citizens of Canada, of any nationality or origin, the right to be unilingual in either of the two official languages, and the right to educate their children to be bilingual so that those children will be able to learn both official languages of Canada.

The Official Languages Act provides, in essence, that citizens of Canada should be able to address themselves to the federal institutions of Canada in the official language of their choice, whether that be English or French. In my view, Mr. Speaker, it simply provides to Canadians the right to be unilingual.

If we go back to the reports of the Royal Commission on Bilingualism and Biculturalism which began its hearings about ten years ago, we find it was the hope of that commission, which is reflected in the wording of the Official Languages

Act, that provincial governments would follow the example of the federal government in ensuring that services would be available in French in situations where the numbers of citizens requiring such services warrant it. Provision was made in section 15 of the Official Languages Act for consultation to take place with the governments of the provinces as part of the process of determining where bilingual districts might best be established.

The philosophy of the royal commission in regard to the role of the provinces and their treatment of the minorities was indicated in the first formal report the commission issued, that is in Book I. The commission had this to say:

> The principle of equality implies respect for the idea of minority status, both in the country as a whole and in each of the regions. In the provinces or smaller administrative entities both Anglophones and Francophones live in some cases as a majority and in some cases as a minority. Since the English-speaking population is larger across the country its members are less often in the minority; but they are the minority in some areas, especially in Quebec. Francophones are usually in the minority outside Quebec. In either case, however, the principle of equality requires that the minority receive generous treatment.

I think that last sentence, Mr. Speaker, is the key to what the attitude of the provinces should be. They should establish the principle of equality whereby the minority is given fair treatment.

In essence, the Official Languages Act insists that it is the right of any Canadian to be and to remain unilingual. The act, in fact, reflects the situation in our country: about 60 per cent of the French Canadians resident in Quebec are unilingual French and the vast majority of citizens resident in other provinces are unilingual English.

Despite this treatment of unilingualism as an individual civil right of Canadians, and despite the fact that members of the Conservative party voted for the Official Languages Act, the fact remains that many Canadians in western Canada have been led to believe that the act "forces French down their throats". Quite frankly, Mr. Speaker, I hold the members of the Progressive Conservative party responsible for this misunderstanding of the Official Languages Act.

Since it appears highly likely that there will be a general election in the near future, I would go further and challenge members of that party to finally face their political responsibilities to all the people of this country and to cease once and for all the blockage or misrepresentation of the legitimate aspirations of both French-speaking Canadians and English-speaking Canadians with respect to their opportunity to use, to work in and to learn the language of their preference.

Hon. members will be familiar with the rather infamous Bill 101 passed by the Parti Québécois government in the province of Quebec, a bill whose basis is, in the words of Dr. Camille Laurin, its author and the Quebec minister of cultural development, "ethnocentric". The effect of the bill or law is to deny French Canadians the right to choose the language of education of their choice for their children. I want to come back to that later, Mr. Speaker.

This is a matter upon which much debate has taken place, namely whether or not, in effect, there is such danger to the French language that in order to protect that language it is now necessary, as has been done in Bill 101, to reduce the civil rights of French-speaking Quebeckers by limiting their choice of language in education.

I take the view, Mr. Speaker, that every citizen of Canada and every landed immigrant should be able to choose the language in which his children should be educated, no matter where in Canada he may be resident, and based only upon the existence of a reasonable number of other people of similar intention so that there is an adequate number of children in that area to warrant an education in that language of choice.

To put the same proposition in a different manner, Mr. Speaker, it is my view that this parliament ought to ensure these rights as civil rights of Canadians by enshrining them in the BNA Act and including them in a bill of rights incorporated in that act so that they are a part of the constitution of Canada.

I take the view that one of the fundamental functions of the federal government is the just protection and encouragement of minorities of every type throughout the whole of Canada. That has been clearly stated again and again by the Liberal Party of Canada and was repeated recently by delegates to the national Liberal party convention in Ottawa. It has also been said by the leader of the Liberal party, the Prime Minister (Mr. Trudeau).

There is, then, a very clear philosophical distinction between the position taken on these matters by the Parti Québécois government in Quebec and the Liberal Party of Canada. It is we at the federal level who seek freedom of choice. It is we who seek a nationwide opportunity for parents of any language to educate their children in their language of choice. And it is we who seek to expand the options of every Canadian and to encourage Canadians to take this choice as a personal civil right. By contrast, the official opposition, the Conservative party, seems to have a perpetual schizophrenia on this matter. They say and vote one thing in this House and they say and do the utterly contradictory thing in their home ridings and elsewhere in the country.

In my area of Quebec one of the strongest demands of citizens is that those who are English-speaking at home wish their children to acquire the other official language, French, at school. Like people all over Europe, we believe that the acquisition of a second, and indeed third or fourth, language is a matter of pride and delight, not a distasteful obligation but a wonderful opportunity.

Francophones and non-Francophones alike in Quebec grow weary of the theories of ethnocentricity, of the deliberate distortion of facts and reality in the name of the protection of some linguistic rights. It is perfectly clear that in the area of Montreal there has been a loss of capital investment, lost job opportunities, jobs and businesses of all sorts, not because of friction between English and French, but because of the irrational and arbitrary discrimination practised by the government of that province.

● (1642)

I say, Mr. Speaker, that it is perfectly consistent and reasonable, if a society concludes that its language and culture are endangered, to take through democratic means such legal steps as may be necessary in order to protect that language and culture, and to do all of that without—I repeat, Mr. Speaker, without—creating an attitude of distrust and distress.

It may well be the decision that Francophone Quebeckers want to make, to deny themselves by some expression of opinion—an election, a referendum or whatever—of this freedom of choice. I see no reason whatever why such an option cannot be guaranteed in our constitution so that, in changing times and views, French-speaking Quebeckers voluntarily and deliberately reduce or curtail these linguistic rights. However, I contend that every Canadian and, as I said earlier, every landed immigrant ought to have enshrined in our constitution the right to be unilingual and the right to be bilingual.

The hon. member for Matane will find no cause for difference of opinion with me over his Bill C-202 where it attempts to put aside injustices as he and I perceive them. We agree. He proposes, however, significant changes in federal institutions in order to achieve these changes, whereas I point out that after a hundred years the provinces still cannot seem to provide assurances of certain civil rights in the field of education. I call them civil rights because I believe that a changing, growing and maturing Canada needs to see such matters as the linguistic education of our children as civil rights to be enjoyed from sea to sea, not restricted to local and regional jurisdictions.

For that reason, I urge members on this side to give consideration to the desirability of such constitutional patriation and amendments. In so doing, I am simply saying what many other members of the Liberal party have said.

As to hon. members of the Conservative party, I suggest that once and for all—perhaps this election will be an excellent opportunity to start—Progressive Conservative members finally tell Canadians with one voice, in one statement for the whole country, not ten statements by candidates in ten different provinces, just where the party stands on an amended constitution for Canada.

As for those on this side, we stand for the principle of the protection of minority rights throughout Canada, for the provision of opportunity for equal status and equal opportunity for both official languages, not only at the federal level but at the level of all government and everywhere in Canada.

I listened to the Progressive Conservative candidate in my constituency a couple of nights ago when he supported the Parti Québécois stand on the federal budget and the sales tax. He stood arm in arm with Mr. Parizeau, the Quebec minister of Finance. Today we are discussing minority rights in the House of Commons. I see two members of the Conservative party here, neither of whom have said a word about minority rights in so far as Canada is concerned.

I complete my reference to Bill C-202 by congratulating the hon. member for Matane on an excellent piece of legislation. I do not know whether or not it will go to the committee. The only difference between the view he has proposed and the view I propose is that, in his case, he would see minority rights placed into legislation. In mine, I would see minority rights enshrined in our constitution. I thank the House for listening.

[*Translation*]

Mr. Serge Joyal (Maisonneuve-Rosemont): Mr. Speaker, I shall be quite brief. First, I should like to say to my colleagues of the Progressive Conservative party who are present—

[*English*]

I should like to say to the hon. member for the Conservative party who is present in the chamber that I do not share the view of my colleague from Lachine-Lakeshore (Mr. Blaker) that members of the Conservative party do not share the views and objectives of the Official Languages Act. It might be that some individual members differ in their opinion, but the vast majority of them expressed through their vote their support for the objectives of the Official Languages Act. I believe the same is true of the hon. member for New Westminster (Mr. Leggatt).

[*Translation*]

Having said this, Mr. Speaker, I merely wish to remind the House, and particularly my colleague the hon. member for York South (Mrs. Appolloni) as well as my colleague the hon. member for Lachine-Lakeshore (Mr. Blaker), that the great majority, if not all the clauses of Bill C-202, express concerns that have already been voiced by the Official Languages Commissioner in his 6th annual report and also in the 7th which was tabled last March. As concerns the comments of the hon. member for York South, may I simply point out to her that the introductory clause of Bill C-202 that seems to worry her is exactly the same as title IV, section 38 of the constitutional provisions tabled in this House by the right hon. Prime Minister of Canada (Mr. Trudeau) on April 1976. Those constitutional provisions had been sent to all provincial premiers and were to serve as the basis for discussions about the revision on which every province and the federal government had agreed. So, those are not exceptional provisions in relation to the commitment made by the federal government to establish a cultural policy for each and every Canadian.

As for the other clauses of the bill, they only echo the comments made by Mr. Keith Spicer in 1977 on pages 15 and 18 of his 6th report and the recommendations included in the 7th report of the Official Languages Commissioner published in March 1978, particularly on pages 21 to 24. They are aimed at clarifying three things: on the one hand, the fact that the introductory clause of section 2 of the Official Languages Act that says that English and French both have equal status, rights and privileges, is not just a pious statement, but a legal and binding obligation in relation to every agency, department and Crown corporation concerned. They also aim at clarifying the role of the courts as far as the implementation of the Official Languages Act is concerned. This commitment only reaffirms the government's intentions, as expressed in the

Speech from the Throne in October last year, to define the linguistic rights of public servants and the duties of the departments, agencies and Crown corporations, and to determine the role of the courts in the administration of the Act. Consequently, Mr. Speaker, I believe that this bill should receive the support of all parties in this House and be referred to the Standing Committee on Broadcasting, Films and Assistance to the Arts for a closer examination of those objectives.

[*English*]

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, the opportunity the hon. member for Matane (Mr. De Bané) has given us to expose the various views and difficulties that we have has been most helpful and fruitful. I judge from the fact there have been no speakers from the other side that there is substantially complete approval by the opposition parties with at least the subject matter, if not the actual fact, of this particular bill.

Because there are no other voices, I judge there is totality of agreement on the other side and that this bill should be adopted and sent to committee. However, in order that the opportunity might remain for all members to have the opportunity to express any further concerns they might have either with the specifics or with the subject matter—

Mr. Leggatt: Mr. Speaker, I rise on a point of order. The hon. member has pointed out that members of the opposition have not participated in this debate. The reason I have not participated is because I do not want this bill talked out. If it is talked out it will be the Liberal members who talk it out and not the members on this side. I support the principle of this bill 100 per cent. I do not intend to participate further. I want to see the bill proceed.

The Acting Speaker (Mr. Ethier): Order, please. I suggest that is not a point of order.

Mr. Daudlin: I thank the hon. member for adding that, Mr. Speaker. If he would have waited another second or two, he would not have had such great concern. I was about to suggest that if the appropriate administrative acts can be taken, the subject matter of this bill could be referred to the committee. I suggest we take that step before five o'clock so that the subject matter, not the bill, will be referred to the Standing Committee on Broadcasting, Films and Assistance to the Arts.

The Acting Speaker (Mr. Ethier): Order, please. I would need a motion to that effect.

• (1652)

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, I would like to move:

That Bill C-202 be withdrawn and that the subject matter of the bill be referred to the standing committee of the House which is considering the radio and television estimates.

The Acting Speaker (Mr. Ethier): Order. The House has heard the terms of the motion of the hon. member for Ottawa-Vanier (Mr. Gauthier). Does the House agree with the proposed amendment?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): By unanimous consent of the House?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

Mr. Lachance: I rise on a point of order, Mr. Speaker.

The Acting Speaker (Mr. Ethier): The hon. member for Lafontaine-Rosemont (Mr. Lachance) on a point of order.

Mr. Lachance: Since we have concluded the order of business for today, I suggest that we call it five o'clock.

The Acting Speaker (Mr. Ethier): Does the House agree to call it five o'clock?

Some hon. Members: Agreed

The Acting Speaker (Mr. Ethier): Order. The hour provided for consideration of private members' business has now expired. It being five o'clock, this House stands adjourned until Monday at 2 p.m., pursuant to Standing Order 2(1).

At 4.54 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, May 1, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

ADMINISTRATION OF JUSTICE

STOPFORTH CASE—TAXPAYERS PAYING DAMAGES AWARDED—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise to move a motion on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Having regard to the fact that the government has decided that the Canadian taxpayer shall pay the $10,000 damages assessed by the court against the Minister of Supply and Services (Mr. Goyer) for having cruelly maligned, defamed and libelled Lawrence Stopforth, I move:

That this House condemns such action which means that the damages caused by the minister's gross wrongdoing is being imposed on taxpayers who are not responsible instead of being payable by the minister who was the wrongdoer.

Mr. Speaker: Such a motion can be presented only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

APPOINTMENT OF MEMBERS TO PUBLIC SERVICE POSITIONS—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the number of members of parliament is rapidly diminishing due to a frenzy of government appointments of unwanted Liberal MPs to positions in the judiciary, the civil service, Crown corporations and agencies, to the other place and possibly to the staff of the House of Commons itself, as well as to the consular and diplomatic corps, in view of the fact that there is increasing nervousness among Liberal backbenchers and cabinet ministers as to their prospects in the coming election, and the very real danger that the House of Commons quorum of 20 may be threatened if the election is long postponed, and the Prime Minister (Mr. Trudeau) further importuned by worried Liberals looking for a safe berth on the ship of state, I move, seconded by the hon. member for Hastings (Mr. Ellis):

That either the Prime Minister call the election immediately, before this House becomes vacant by attrition, or that he cease and desist from further patronage appointments of members of parliament who are now in danger of becoming an endangered species.

Mr. Speaker: Order, please. The hon. member for New Westminster.

* * *

ENVIRONMENTAL AFFAIRS

TESTING OF HERBICIDE 2,4-D—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the U.S. environmental protection agency has found positive evidence that the herbicide 2,4-D is carcinogenic, in view of the fact that 2,4-D is a component of the herbicide Aqua 20 which requires an exemption from the federal government of label restrictions for use in waters normally under restriction, and in view of the fact that the British Columbia minister of the environment, Jim Nielsen, has stated that the provincial government still intends to use this potentially dangerous herbicide in the Okanagan Lake system this summer in spite of the reports from the U.S. environmental protection agency, I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That this House directs the minister of the environment to refuse the waiver of the label restrictions to the government of British Columbia until such time as full-scale testing is conducted to determine if the use of 2,4-D is safe.

Mr. Speaker: The presentation of such a motion for discussion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

THE BUDGET

REQUEST GOVERNMENT RECONSIDER QUEBEC SALES TAX PROPOSALS—MOTION UNDER S.O. 43

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with an urgent matter of pressing necessity.

S.O. 43

Considering the impassioned debate taking place in Quebec as a result of recent federal intrusions in exclusive provincial jurisdictions; considering the protests of the four western provinces blaming the federal government and supporting Quebec's claims; considering that over the past ten years this government has got into the habit of scoffing at Quebec authorities, treating them as second-class citizens; considering that there can be no peace without absolute recognition of provincial rights within their jurisdiction as spelled out in the constitution, with a view to ensuring that harmony and safeguarding provincial autonomy, thus ending the current crisis, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the Minister of Finance (Mr. Chrétien), in a responsible manner, recognize for once his mistake and reconsider his last decision. If the minister is not convinced that the three opposition parties are expecting such an honest effort from him, he should demand a debate to explain that jurisdictional matter.

Mr. Speaker: Order. Under the provisions of Standing Order 43, the presentation of such a motion for discussion requires the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*English*]

INDUSTRY

PROPOSED LAY-OFFS AT RCA PLANT—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of extreme urgency in my constituency, namely, the loss of 300 to 400 jobs which will occur as a result of the announced closing of the RCA plant in Smiths Falls which, on a per capita basis, is even more disastrous to that community than the recent deplorable, sizeable lay-offs by Inco in Sudbury. I would move, seconded by the hon. member for Hastings (Mr. Ellis):

That in view of the fact that officials of the Department of Industry, Trade and Commerce have now met with the mayor and the industrial commissioner of Smiths Falls, the minister of that department make an immediate statement as to the government's views on this situation, outline what plans the government has to be of assistance, and specifically take active steps to deal with this crucial situation affecting a sizeable part of the eastern Ontario economy when he meets with the Smiths Falls municipal officials and the members of parliament from the area on Thursday morning.

Mr. Speaker: Presentation of such a motion for debate would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Gauthier (Roberval).]

HEALTH AND WELFARE

TREATMENT OF HEROIN ADDICTS IN BRITISH COLUMBIA—MOTION UNDER S.O. 43

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas a great deal of crime in the province of British Columbia is committed by those supporting a drug habit, and whereas the heroin traffic in British Columbia results in untold damage, both economically and socially, I move, seconded by the hon. member for Vancouver-Kingsway (Mrs. Holt):

That this House supports the innovative measures being proposed by the government of British Columbia for the treatment of heroin addicts.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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ENVIRONMENTAL AFFAIRS

HEALTH PROBLEMS CAUSED BY ASBESTOS DUST—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I, too, rise under the provisions of Standing Order 43 concerning the strike which has been taking place for many weeks at Baie Verte, Newfoundland. In view of the health and safety conditions at Advocate Mines where the asbestos dust level is causing serious health problems, particularly for small children, and in view of the asbestos operations which if allowed to continue will, according to health authorities, cause respiratory problems and perhaps asbestosis, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House urges the minister of the environment, under the provisions of the federal Clean Air Act, to consult immediately with the provincial authorities in Newfoundland and take other immediate steps to curtail serious asbestos dust problems produced by the Advocate Mines' operation at Baie Verte.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

NATIONAL REVENUE

REGULATIONS PERTAINING TO CHARITABLE ORGANIZATIONS

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is for the Deputy Prime Minister. It relates to the circular sent out by the Minister of National Revenue to churches and charitable organizations limiting the expression of their views on political issues and, indeed, setting out the consequences if these organizations do not conform to the government guidelines.

Would the minister say whether the issuance of these guidelines at this particular time was a cabinet decision, or was it just the Minister of National Revenue acting independently of the cabinet, trying to exercise questionable authority by sending out these regressive regulations?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I will try to answer the question asked by the hon. member. I understand that the circular which has been put out was under preparation last summer and was the distillation of existing information which was asked to be put together by the former minister because of an interest in clarifying what exactly is a charity under the Income Tax Act.

The purpose of the circular was to put together information relating to existing jurisprudence on the subject as to what is a charity under the Income Tax Act and what is political activity. There is absolutely no relationship between any possible future event and the putting out of this document. It was undertaken last summer at the request of the minister's predecessor and in response to requests from the field.

• (1417)

Miss MacDonald: Mr. Speaker, my supplementary question is directed to the same minister. I should like to refer to a letter which was sent to my colleague, the hon. member for St. John's East, dated April 18, 1978. It was written by the Minister of National Revenue. He stated that indeed, the charitable status of organizations would not be prejudiced by "limited attempts to promote the interests of these organizations at the political level".

In light of that, what type of criteria did the minister have in mind when he said that he may approve limited attempts to promote the interests of these organizations? In what way is the minister able to sit in judgment on the activities of the churches as to whether their attempts or interests should be limited in any way?

Mr. MacEachen: Mr. Speaker, I am sure no one would attempt to limit the interests of the churches or their activities. As I understand the income tax law, in order to qualify for charitable exemptions, it provides that all resources, including physical and financial, must be devoted to charitable purposes. Some people in the community, cynically, do not regard politics as essentially charitable.

MINISTER'S INTERPRETATION OF REGULATIONS PERTAINING TO CHARITABLE ORGANIZATIONS

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, the question I put to the minister concerned who would interpret the minister's expression of "limited attempts" by charitable organizations and churches to promote the interests of their organizations. How can the Minister of National Revenue have the power or authority to interpret what is meant by "limited attempts"? If I may, I should like to direct my final question to the Prime Minister.

Some hon. Members: Order.

Mr. Speaker: I was under the impression the hon. member had already put a question.

Miss MacDonald: My final question is directed to the Prime Minister, because in this instance we have not received answers from any minister in the House who would be speaking for the Minister of National Revenue.

Some hon. Members: Order.

Miss MacDonald: In light of this unaccountability, when will we have the benefit of a minister holding the portfolio of Minister of National Revenue in the House of Commons who will answer and be accountable to the House?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, there is an acting minister and a second acting minister. They will gladly deal with policy matters raised by the hon. member.

Miss MacDonald: Who is the acting minister?

Mr. Trudeau: The acting minister is the Minister of National Health and Welfare.

Mr. Beatty: Where is she?

Mr. Trudeau: The second acting minister is the Solicitor General.

Mr. Gillies: Neither of them is here.

Miss MacDonald: Mr. Speaker, my final supplementary is directed—

Mr. Speaker: Order. The hon. member for Egmont.

Miss MacDonald: Neither the acting minister nor the second acting minister is here.

Mr. Speaker: The hon. member for Egmont.

REASON FOR CIRCULATION OF DOCUMENT ON REGULATIONS

Mr. David MacDonald (Egmont): Mr. Speaker, the Prime Minister has just shown the utter fraudulency of the present

situation wherein neither acting minister nor the minister himself is in the House. The Deputy Prime Minister clearly is unaware of some of the developments which have gone on respecting this highly intimidating document put forward by the Department of National Revenue.

Two years ago, on May 17 when a similar issue arose, the Minister of Employment and Immigration, who was then minister of national revenue, indicated to me that political activity had no definition in the act. Also, he admitted that 36,000 organizations had charitable tax status at that time and not one prosecution or action had taken place on the basis of any improper political activities.

Can someone on the other side, the Prime Minister or anyone else who would like to provide an answer, indicate what actions were taken which led to this government department producing a document laying down in specific terms the conditions under which charitable groups in this country could operate?

● (1422)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it seems to me that fact is the explanation of the guidelines which are being given out by the minister. The department is attempting to explain an area of the law which is general, which has to do with charitable donations and with the Income Tax Act. Because these activities are not defined, as the Deputy Prime Minister has said, the department is putting together cases on jurisprudence to indicate to the public how they should be guided.

It seems to me that rather than calling this an intimidating document, the hon. member opposite should welcome the department's trying to explain the law and the regulations.

Mr. MacDonald (Egmont): Mr. Speaker, I am not sure what area of reality the Prime Minister is following, but obviously if the government had been serious and responsible in this matter, there would have been some kind of advance consultations with a good cross-section of charitable organizations in respect of this issue. The fact that there has been none is an indication of the kind of respect the government has for voluntary organizations in this country.

In view of the fact that one church body, the Mennonite Central Committee, has already responded by having interviews with officers of National Revenue, trying to define what the government is getting at in this regard, and that the government, according to officers of National Revenue, have agreed that the Mennonite Central Committee can raise questions in respect of capital punishment, the purchase of fighter aircraft or a change in milk policy but cannot get involved in one of the church coalitions having to do with the upcoming disarmament assembly at the United Nations, will the Prime Minister indicate whether this action of intimidation in the circulation of last February is a direct attempt to remove the legitimate political rights of thousands of voluntary organizations in this country?

[Mr. MacDonald (Egmont).]

Mr. Trudeau: Mr. Speaker, I take objection to the word "intimidation". The department is attempting to explain an area of the law which, as with many areas of the law, has need for explanation. The hon. member knows there is such a thing as administrative law and he knows that the general law has to be applied by departments and by ministers in specific cases.

It would seem to me that this circular—which I have not read—is an attempt, by the description given to us by the hon. lady, to help the taxpayer know what is deductible and what is not. If there is some desire on the part of the taxpayer to obtain further clarification, of course he is always welcome to meet with officials of the department of revenue in order to obtain that clarification. Surely the hon. member should not describe as intimidation an action by the department to explain an area of administrative law.

Mr. MacDonald (Egmont): Mr. Speaker, I have one final supplementary question. The use of the word "intimidation" is mild, compared to the reaction of some of the voluntary organizations which have looked at this document. The Prime Minister, if he has not read it, should read it at the first opportunity, because it is putting the government on record as being an arbitrator in respect of the activitie of non-governmental organizations, in respect of publications, in respect of representation and activity, suggesting that their activities must be impartial and objective—

Mr. Speaker: Order. If the hon. member has a question, will he put it, please.

Mr. MacDonald (Egmont): Will the Prime Minister indicate whether he or any other official of the government has instructed the Department of National Revenue to enter into serious conversations with charitable organizations to clear up what is, at the very least, a very bad misunderstanding between the government and these organizations or, better yet, withdraw this particular piece of intimidation and put the whole operation of non-governmental organizations in this country on the respectable footing they have always occupied?

Mr. Trudeau: Mr. Speaker, I take it that in this society nobody likes to pay taxes. The fact is that when you are a charitable organization, you do not have to pay taxes; you are exempt from certain provisions of the Income Tax Act. That is what the law says. Surely, what exactly is a charitable organization, how each particular organization qualifies under the act, and how others do not qualify, are matters for administrative law. Tribunals, in the end result, make a judgment in a particular case as to whether an organization is charitable under the law.

The department, surely, is discharging its duty in attempting to explain, for the benefit of the organizations themselves, what the courts in the past have viewed as charitable and otherwise.

● (1427)

Mr. MacDonald (Egmont): Big Brother is calling the shots again.

Mr. Trudeau: Big Brother? Obviously, the government is the one who is collecting taxes, and obviously the taxpayer can call the government what he wants. But the taxpayer is asking for guidance, and surely the government should not merely say that anyone who says he is charitable will not have to pay taxes. Surely that has to be defined, and that is the attempt of the policy paper.

Mr. Baker (Grenville-Carleton): You had better read it.

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ENVIRONMENTAL AFFAIRS

MONITORING OF ASBESTOS DUST LEVELS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of State (Environment). It concerns the very serious strike that has been going on for some weeks in Newfoundland, and it particularly concerns the health and safety not only of the workers involved in the operation but of the women and children living in the community.

My question is this: A year ago this month the then minister responsible for the environment issued a press release stating that the federal government would begin immediately to monitor emission levels of asbestos dust from asbestos mining and milling operations throughout Canada. Would the minister inform the House if this has been done at Baie Verte and, if so, what was discovered?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, my officials have advised me that the company has already taken steps to reduce air pollution at the mine site, as required by the regulations under the Clean Air Act. There is not enough time to list all the things that have been done, but I will try and put some of them on the record. A so-called bag-house is already under construction to limit the emission from the drying-up operation. The expected completion date prior to the work interruption was June, 1978. A bag-house is also in the engineering stage to control minor emissions from the dry-rock storage building. It is scheduled for completion in late 1978.

I am advised that the company is doing all it can to meet the regulations under the Clean Air Act.

Mr. Broadbent: Mr. Speaker, I wish the minister would, when providing the information, take care to answer the question. I asked him for specific information, since the government undertook to monitor such operations more than a year ago. If he does not have it at his fingertips now, would he make available to the House the reports of such monitoring in that community, in light of the fact that one medical authority is quoted as saying that there is a pollution count 4,000 times higher than the level of safety.

More specifically, I ask the minister in my second question, considering that many people in the community—apart from the direct effect of the mine itself, without working in the mine—are concerned with what has been described as a mountain-high hill of tailings nearby, and depending on which way the wind is blowing it can blow the dust loaded with dangerous fibres, as I understand it, as far as 30 or 40 miles—this is what many people would like to see removed—if he could inform the House whether the federal government, under the existing law, has taken steps to ensure that this safety precaution is carried out?

Mr. Marchand: Mr. Speaker, I also heard the radio report this morning on CBC and I have asked my officials to provide me with an up to date report on all the points that were raised. Certainly, all the points that the hon. member has raised will be looked into and I will be very happy to give him a full report. However, I am informed that a considerable amount of action has been taken and the company has been moving very well to comply with the regulations. I will make sure that the action is stepped-up if it needs to be.

Mr. Broadbent: Mr. Speaker, considering that the miners themselves, and the wife of virtually every miner, as I understand it, took part in a demonstration at the weekend on the precise ground that what the company has committed itself to do is not sufficient to meet the health requirements, would the minister now make a commitment to the House, with specific reference to the mountain-high hill of tailings, that he will ensure that it will be dealt with properly from a health point of view in the immediate future?

Mr. Marchand: Mr. Speaker, I will be very happy to provide the hon. member with information on that particular question.

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● (1432)

[*Translation*]

THE CANADIAN CONSTITUTION

POSSIBILITY OF PROVINCES LAYING FOUNDATION OF NEW CONSTITUTION—GOVERNMENT POSITION

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of State for Federal-Provincial Relations. Because at the hearings held throughout Canada by the Pepin-Robarts commission many Canadians expressed the wish for Canada to have a new constitution, can the minister tell the House whether he has had discussions with the provincial leaders on the subject in the last few weeks?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, the government has already echoed the wish expressed by Canadians to give ourselves a new constitution that is truly Canadian; the right hon. Prime Minister, through his efforts in the last ten years, has proved that he is willing to do everything possible to achieve that end. I have had conversations with some of my colleagues in the

last few months, but must say that I have not held meetings on the subject with my provincial colleagues in the last few weeks.

Mr. Lambert (Bellechasse): Mr. Speaker, in view of the urgency of starting serious discussions on the possibility of having a new constitution, can the minister tell the House whether he would look kindly on the provinces holding a conference to work out the basic principles of a new constitution, following which they could report to the central government to show their good will with regard to the new constitution that would guarantee the rights of the provinces and lead to greater stability in Canada?

Mr. Lalonde: Mr. Speaker, the right hon. Prime Minister has already written twice in the last few months, in the last year, to the provincial premiers and, at the first ministers' conference in February, he and his provincial counterparts agreed on holding a conference on the constitution probably sometime in the fall.

I hope that conference will be held in the spirit of co-operation indicated by the hon. member. He can rest assured that we envisage the conference in that spirit and hope that, on the other side, no one will amuse himself by untimely banging the door.

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[*English*]

CANADIAN WHEAT BOARD

STEPS TO IMPROVE GRAIN MOVEMENT TO AND THROUGH WEST COAST

Mr. Jack Murta (Lisgar): Mr. Speaker, I should like to direct a question to the minister in charge of the Canadian Wheat Board, the Minister of Transport. It has been confirmed that China has expressed dissatisfaction with Canada's ability to meet its grain transportation commitments. It also appears that China is ready to enter the grain market in a substantial way, with the distinct possibility of much higher world grain prices—prices from which Canadian farmers may not benefit because China has indicated it may look to the United States for its requirements. What is the government doing to increase our grain movement to and through the west coast so that we may participate in future sales?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, we have done a great number of things, including the very important purchase of 8,000 hopper cars and tax incentives which allow the railways to double-track and increase the capacity to the west coast. Millions of bushels of additional storage has been constructed in Vancouver, and there are proposals for important facilities in Prince Rupert.

The fact is, we have been unloading more cars on the west coast each day than at almost any time in the past, constantly setting new records. This year we are exporting perhaps as much as 150 million bushels of wheat more than we actually had available from the 1977 crop. We are setting a new record and doing very well.

Obviously, if we had more wheat and more capacity, we could export more because of current demands. But we are doing very well indeed. Our plan is to encourage farmers to produce more and to continue expanding facilities so that we will be able to export far more grain than at present. I do not think, however, that hon. members should overlook the fact that a record is being set.

Mr. Murta: Mr. Speaker, I wish the minister would tell that to the Chinese. We have heard that statement in the House before. I ask the minister if officials from the Canadian Wheat Board are planning to go to China in the next few days, in an effort to calm any fears the Chinese might have about our inability to deliver grain and, if so, could he indicate what instructions they have been given? This is truly a serious situation. Prices appear to be rising, yet we are not able to fulfil all our export commitments.

Mr. Lang: Mr. Speaker, we are exporting more and fulfilling our commitments at a rate more rapid than we anticipated when those commitments were made. There is a backlog from the December-January period which will take some time to clear up. I dismiss the hon. member's suggestion that there is any deep-seated concern on the part of the Chinese in this regard. They know our record and they know our generally very good performance. I was in China less than a year ago and found no problem with their attitude.

I say again to the hon. member that it should be obvious that when we are exporting a record volume, twice as much as in any year when the right hon. member for Prince Albert was prime minister, obviously we have come close to our maximum capacity, but we will build more capacity because we will export more than hon. members opposite ever dreamed of.

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HOUSE OF COMMONS

GOVERNMENT MEMBERS APPOINTED TO PUBLIC SERVICE POSITIONS

Mr. John C. Crosbie (St. John's West): I have a question for the Prime Minister, Mr. Speaker. I should like to draw his attention to the fact that there is no economic or finance minister here today—Finance, Treasury Board, Revenue and ITC are all missing. Are the vacancies to be filled on the Canadian Transport Commission and on the Canadian Pension Commission, and is the government now considering the appointment, as mooted in the paper, of the hon. member of parliament for Cochrane as a member of the Canadian Transport Commission in lieu of appointment as ambassador to the Vatican, or the appointment of the hon. member for Kitchener to the Canadian Pension Commission in lieu of running for the Liberal nomination in Kitchener? Are these under consideration, Mr. Speaker?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as to the absence of the Minister of Finance, he is attending a meeting of the International Monetary Fund in Mexico City. I think hon. members opposite will realize the importance of that. As far as the rest of the question is concerned, I take it more as a representation than a question. Hon. members were complaining a few weeks ago that we were naming too many Tories to public positions and that we were depleting their ranks. Now I see the hon. member is trying to get even, and I will give that consideration.

Mr. Crosbie: Mr. Speaker, I have no fears in that direction. My question was, where will Flynn fly or Stewart cavort?

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ADMINISTRATION OF JUSTICE

MEMBERS OF PARLIAMENT APPOINTED TO THE BENCH

Mr. John C. Crosbie (St. John's West): Mr. Speaker, in the absence of an answer from the Prime Minister I should like to put a supplementary question to the Minister of Justice. In connection with the two judicial appointments made last week of members of parliament to district courts in Ontario, did the minister refer the names of these appointees and other potential appointees to either the benchers of the Law Society of Ontario or to the appropriate committee of the Canadian Bar Association for their recommendation? If he did not, why not; and if he did, would he expand on that?

The other part of my question to the minister is to ask how he was able to persuade the hon. member for Ottawa Centre to accept an appointment when the day before he had said that he wanted to run?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I am not going to answer all the question, but with regard to the first part about whether the names were referred to the appropriate committee of the Canadian Bar Association, the answer is yes. Any other answer would be exceptional.

With regard to the rest of the question, I can only say that, contrary to newspaper reports, knowing both members appointed to the county and district court I have full confidence in them as members of the judiciary, and they were appointed on my recommendation.

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HOUSE OF COMMONS

APPOINTMENT OF GOVERNMENT MEMBERS TO ADMINISTRATIVE POSITIONS

Mr. J. R. Ellis (Hastings): Mr. Speaker, I want to ask the Prime Minister a question in the same vein. Is it correct that Her Majesty's Consular Corps is to be strengthened by the appointment of the hon. member for Bonaventure-Îles-de-la-Madeleine to the position of consul in New Orleans? If this is the case, when will the appointment be made?

In addition, to save asking a supplementary, will the Prime Minister advise the House whether a Liberal member of this House will be ushered from the ranks of those who must have their mandates renewed or otherwise by the electorate to be appointed Gentleman Usher of the Black Rod, who that member might be, and when the appointment be made?

Right Hon. P. E. Trudeau (Prime Minister): I will tell you what happened, Mr. Speaker. Over the past—

Mr. Alexander: Take it easy.

Mr. Trudeau: You take it easy. Over the past few months a great number of Tories have been coming to us asking to be appointed: I think as many as 10 or 12, but I have not made a count. When they came, the government did the usual thing: we asked ourselves whether they were qualified. Even though they were Tories, we appointed them because we judged they were qualified. We do not think a person is disqualified from serving the public in another capacity merely because he has served the public for 5, 10 or 15 years in the House of Commons. This is the position of this government.

● (1442)

Some hon. Members: Hear, hear!

An hon. Member: Nobody believes you.

Mr. Trudeau: Having appointed some ten or so Tories to the public service by order in council, it is true that a few Liberals said, "Can we be appointed?"

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Trudeau: I said, Mr. Speaker, "If you are not running away as the others were, if you are honestly wanting to change your career, then we will consider it. But not otherwise."

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

An hon. Member: I guess he has not met Joe Flynn.

SUGGESTED APPOINTMENT OF HON. MEMBER FOR KITCHENER

Mr. Tom Cossitt (Leeds): Mr. Speaker, I have a question and, hopefully, a short supplementary which I would like to direct to the Prime Minister. Some time ago the hon. member for Kitchener told his constituency association that there was a federal appointment waiting for him. Since then we have had senators Haidasz and Guay appointed, judge Poulin appointed and commissioner Sharp appointed, and others; and, as the Prime Minister has pointed out, even some Conservatives. Therefore, I would like to know what will happen to the hon. member for Kitchener, and will the Prime Minister tell the House why this member, who seemed to be off to such a good start, has not gone to his final reward?

An hon. Member: You do not seem to be concerned about many individuals.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I take it the hon. member is making a representation on behalf of the hon. member for Kitchener. I think that is very noble of him. It is something we do not usually expect in this House from the hon. member.

Some hon. Members: Hear, hear!

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ENVIRONMENTAL AFFAIRS

TAX STATUS OF ENVIRONMENTAL GROUPS

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is to the Minister of State (Environment). This morning I was in touch with a number of environmental groups from all parts of Canada, some of whom refuse to have their names revealed because of fear that being in touch with me would deprive them of the status which they have under the Income Tax Act. I wonder if the minister has been in touch with the Minister of National Revenue to determine whether representations made by them to members of parliament, all or several or just a few, on matters of policy or legislation, unsolicited, will deprive environmental organizations and others of the status they enjoy under the Income Tax Act?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, this question has not been raised with me. I will be very happy to look into it.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, do I understand that the minister will make inquiries, and that he will provide assurances to the House in this area and in many others, otherwise the groups are bound to conclude that the regulations designed—

Mr. Speaker: Order, please. The hon. member for Ottawa West.

REPORT ON POLLUTION OF OTTAWA RIVER

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I also have a question for the minister of the environment: It seems to be his day. Following his answer to a question in this House last week, can the minister tell us when we can expect the release of the report of the special joint study concerning pollution of the Ottawa River?

An hon. Member: Change the government.

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, this report will be released on May 8; that is the target date that I have now. We have had consultations with the government of Quebec and, of course, the government of Ontario. We believe we now have cleared up all the questions that were raised, especially those raised by the government of the province of Quebec, and thus we can release the report. It is a matter of getting the report printed in the proper form.

* * *

CRIMINAL CODE

PROPOSED AMENDMENTS RESPECTING SEXUAL OFFENCES

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I would like to ask the Minister of Justice a question. It arises from a statement the minister put out today which is headed, "Basford introduces justice omnibus bill". Those are, of course, amendments to the Criminal Code. First of all, my question deals with the subject of rape. The bill provides that an act of rape will be treated as a form of indecent assault. As the Minister of Justice knows, the fact is that consent is no defence to assault.

Do I take it now that the provision in this new bill will be that consent will not be an element of the crime in proving rape? Secondly, the statement goes on to say that rather than restricting the offence to an act of penetration of a female, it will reduce the crime of rape to indecent assault. Does he mean that under the new statute the question of rape or indecent assault, however he wants to describe it, penetration is immaterial and the element of consent is no longer an element of the crime?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I do not want to embarrass the hon. member, but I feel bound to say—I take this to be the case—that he did not see my note on the envelope which I sent to him. This information was being sent to him as a courtesy, and not for comment or publication until the bills therein had been read for the first time later today. I am sure the hon. member's question was put now quite inadvertently.

I am not sure I followed the question of the hon. member in its entirety. The proposed amendment is to improve the law relating to sexual offences and the commission of sexual offences to take cognizance of the position taken by many—

Mr. Speaker: Order, please. Perhaps, in the circumstances, both the question and answer would be better left till the introduction of the bill. The hon. member for Central Nova.

Mr. MacKay: Mr. Speaker, the Solicitor General is absent today, so I would like to reserve my question.

* * *

ENVIRONMENTAL AFFAIRS

BAIE VERTE, NEWFOUNDLAND—ASBESTOS DUST POLLUTION

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is by way of a supplementary to the question posed by the hon. member for Oshawa-Whitby to the Minister of State (Environment): it concerns the situation in Baie Verte and the

asbestos mines in Newfoundland. I ask the minister why his department has not seen fit to provide an on-site inspection and, as a consequence of that inspection, enforce the federal law which he has responsibility to enforce. Why were the levels of asbestos dust at this site allowed to pass the acceptable standards without the minister's department moving in?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, I will check the specifics of that particular question. There was considerable work being done by the government of Newfoundland, because we do not have complete jurisdiction over this particular facility, and I would expect that to be the answer. I will certainly check it out. I am advised by my officials that the levels of dust at this particular plant at Baie Verte are monitored, and I take that to mean we are watching the situation day by day as things happen.

Mr. McGrath: Mr. Speaker, the minister tells the House that the situation in Baie Verte is being monitored. Surely he must know—it has become a matter of national news—that there is a strike at this mine because the levels of dust are unacceptably high and therefore pose a serious health threat not only to the mine employees but to the residents of the town. If the strike continues, will the minister look upon this as an emergency situation and send his officials there immediately?

Mr. Marchand: Mr. Speaker, I will take that into consideration. When the news report came out I asked for a report immediately. As soon as I get that report, if immediate action needs to be taken on my part I will be happy to so advise my staff.

An hon. Member: Six months!

* * *

NATIONAL SECURITY

MISSING RCMP SURVEILLANCE REPORTS

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Justice, in the absence of the Solicitor General. It concerns the 24 reports which are mysteriously missing for the years 1971 and 1972. We now know that those reports were summaries of original documents presented to the Solicitor General for his perusal.

Given the fact that the APLQ surveillance and break-in took place in the year 1972—the actual break-in was October 6, 1972—can the Minister of Justice now give us his unequivocal assurance that none of the documents perused by the then solicitor general referred in any way to activities with respect to surveillance of subversives, or alleged subversives, or surveillance of that agency during that year?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I cannot give a complete answer to that question because, as Acting Solicitor General, I am not briefed on the precise detail of the question. As I recall the answers given by the Solicitor General, he made it clear that the documents upon which the summaries were prepared were not destroyed and were available if, indeed, they had not been given already to the McDonald commission. Whether any of those summaries contain information relating to the APLQ break-in, I do not know.

• (1452)

Mr. Leggatt: The minister is well aware that in any testimony given before the McDonald inquiry, the solicitor general at the time could not be cross-examined on his knowledge, with the assistance of the missing reports. Those reports would be very significant to the inquiry. Also, out of the McDonald inquiry we now have evidence of 419 illicit entries, if I could put it that way. Breaking and entering without warrant would be another way of describing what occurred. Now, 402 of those incidents occurred in British Columbia. Since writs of assistance are available in drug cases—so these are clearly not drug cases—would the minister advise us why it was necessary for 402 illegal entries to be made in the province of British Columbia in that short period? What were they for?

Mr. Basford: I will obtain an answer and give it to the hon. member.

* * *

TRADE

INQUIRY WHEN SECOND REPORT ON ECONOMIC BOYCOTTS WILL BE TABLED

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, would the Prime Minister tell the House when the second report on economic boycotts will be tabled? This report was to cover the period August 1, 1977, to July 31, 1978, and was promised early in March.

Right Hon. P. E. Trudeau (Prime Minister): I believe it is the intention of the Minister of Industry, Trade and Commerce to table it soon.

Mr. Kempling: Could the Prime Minister tell us when the Bryce commission report on corporate concentration will be tabled? I understand that this report was submitted to the government last November. I suppose we may see it at some time in the future. I understand it is being edited.

Mr. Trudeau: The report of its being ready last November is, as far as I know, completely false. I believe it is being made ready now. My recollection is that it will be ready in the first half of May, but I would have to check that. I am certain the November date is not correct.

Oral Questions

NATIONAL REVENUE

TAX STATUS OF CHARITABLE ORGANIZATIONS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Prime Minister and is supplementary to those asked by hon. friends who are concerned about the tax status of charitable organizations. The right hon. gentleman indicated that he has not yet read this circular which has been a subject of debate in the House for at least two weeks. My question concerns policy. Is it the policy of the government to deprive charitable organizations of their tax status if they make recommendations to support or change government policy or the law?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Leader of the Opposition is really asking me for a legal opinion. I can answer him by saying that this is the precise question to which an answer is attempted in the circular put out by the department. The law, I repeat, is general. It states that charitable organizations will not pay taxes. The circular tries to indicate what is and what is not a charitable organization.

If the hon. member wants an answer to a particular question about a specific charitable organization, I would undertake to ask the department to give its advice on the matter. But, of course, that advice would only be based on the department's interpretation of the law and on the jurisprudence: in the final analysis the issue would be decided by the courts.

Mr. Clark: The Prime Minister is mistaken. I was not asking for an interpretation of the law; I was asking for the policy of the government. We know what the effect of this circular has been. We know it has caused real concern among charitable organizations which feel their tax status has been changed. Is it now the policy of the government to deprive charitable organizations of their tax status if they make representations which seek to support or change the law or policy of Canada?

Mr. Trudeau: That cannot be said to be a policy of the government. The policy of the government is embodied in the law. The law itself needs interpretation. I cannot, in all sincerity, tell the hon. member that I know how the law would be applied in a particular case. If he is asking me whether it is our intention to deprive charitable organizations of their tax advantage, the answer is, of course, that we are not. But that begs the question: What is a charitable organization? When would it cease to be a charitable organization and become one which was interested in politics, or sport, or making money?

It is the job of those in the Department of National Revenue to interpret the law, and they do the best they can. If this circular is not satisfactory, I am convinced the department would be prepared to meet with representatives desirous of arguing the case further. The law is that charitable organizations do not pay taxes. But the definition of a charitable organization has to be interpreted. This is done by the department and by the courts. It is not the purpose of the government to try to interpret the law in such a way as to try to penalize anybody.

Mr. Clark: The document states, in part, that written or oral representations to all or mostly all members of parliament or ministers as part of a campaign to influence intended or specific legislation cannot properly be made by a charity wishing to maintain registered status. That is the clear language of this document, plainly showing a policy on the part of the government to attempt to stop actions by charitable organizations which, in the words of the document, might embarrass the government.

Since the Prime Minister appears not to be clear about the document and about the policy, I should like to ask him this: Will he suspend this document and its effect until it has been reviewed in consultation with the charitable organizations which are adversely affected by it?

Some hon. Members: Hear, hear!

Mr. Trudeau: If it were within my power to suspend it, I would tell the House right now that I suspend it.

Some hon. Members: Oh, oh!

Mr. Trudeau: The hon. lady laughs. This is not what her leader asked. I hereby suspend it, then.

Some hon. Members: Oh, oh!

Mr. Trudeau: I must explain, at least to you, Mr. Speaker, that this is not a distillation of the law. It is an attempt to help the taxpayer by distilling the jurisprudence in those areas where the law is applied. If the taxpayer does not wish to be guided by this, he need not. If this document can be improved, it will be improved. But it will remain, in the last analysis, for the courts applying the law to decide whether an organization is charitable or not. And this is hereby suspended, Mr. Speaker.

Mr. Clark: Now that the Prime Minister has backed down and suspended this document—

Some hon. Members: Oh, oh!

Mr. Clark: —I applaud him for doing it. Hon. members opposite can bleat as much as they like. Will the right hon. gentleman give us a commitment, having suspended this document, that any further interpretation of a similar nature will be worked out in consultation with the charitable organizations concerned?

Mr. Trudeau: I am assured that this document was prepared in consultation with many charitable organizations. One hon. member opposite shakes his head: I hear him shaking his head.

Some hon. Members: Oh, oh!

Mr. Trudeau: It is possible, of course, that they have not all been consulted. I must say I do not think the Leader of the

Opposition understands the law and its application in administrative fields.

Mr. Clark: Will you give us an undertaking to consult with the charitable organizations concerned?

Mr. Trudeau: The departments are at all times called upon to administer the law under their jurisdiction. The government has nothing to do with this. It is the function of the departments to put these documents together, and they are as helpful as they can be to the citizens concerned.

* * *

PRIVILEGE

MR. WOOLLIAMS—APOLOGY FOR BREACH OF CONFIDENCE

Mr. Eldon M. Woolliams (Calgary North): On a question of privilege, Mr. Speaker. When I received this package from the Minister of Justice (Mr. Basford) I opened it. It was not sent to me in confidence. The envelope was upside down. I did see a note from the Minister of Justice that the bill would be read later today. I want to apologise. It was an accident on my part because I did not read the outside of the envelope. The Minister of Justice has confirmed that. I just want to say, after having been here a number of years, that I have never broken confidence with any minister or any member of this House.

● (1502)

Some hon. Members: Hear, hear!

Hon. Ron Basford (Minister of Justice): Mr. Speaker, as I indicated in my answer, I fully accept the statement of the hon. member. He and I have been either minister or official critic for quite some time, and I know that our relationship is such that confidences are not broken.

MR. COSSITT—HOUSE OF COMMONS—VACANCIES IN MEMBERSHIP

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a very brief question of privilege. Under the rules of the House I know that I do not have the right to object—and I certainly would not—to the fact that the Chair saw fit in its judgment not to allow me a supplementary question. In retrospect I realize that this judgment was probably quite correct and that the supplementary question which I had for the Prime Minister (Mr. Trudeau) is really a question of privilege rather than a question.

In about 50 words or less I would like to outline that question of privilege. As of today there are approximately 14 House of Commons vacancies, and over one million Canadians are deprived of representation in this House. This obviously interferes with House business with regard to having full Commons committees operating, having quorums at all times and so forth. These vacancies increase the workload of hard-working members who are already here and who must fill in by assisting in representing those constituencies which are not represented. I ask the Prime Minister on this question of privilege why he does not, despite the hon. member for Kitchener (Mr. Flynn), call an election immediately?

Mr. Speaker: Order, please. The hon. member will realize that he does have a question and not a question of privilege.

ROUTINE PROCEEDINGS

[*English*]

CRIMINAL LAW AMENDMENT ACT, 1978

OMNIBUS MEASURE

Hon. Ron Basford (Minister of Justice) moved for leave to introduce Bill C-51, to amend the Criminal Code, the Canada Evidence Act and the Parole Act.

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

* * *

[*Translation*]

WINDING-UP ACT

PUBLICATION OF NOTICES IN BOTH OFFICIAL LANGUAGES

Mr. Jean-Robert Gauthier (Ottawa-Vanier) moved for leave to introduce Bill C-449, to amend the Winding-Up Act (publication of notices).

Some hon. Members: Explain.

Mr. Gauthier (Ottawa-Vanier): Mr. Speaker, the purpose of this amendment to the Winding-Up Act is to extend to all provinces in Canada the requirement that public notices and announcements be issued in both official languages.

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

* * *

RAILWAY ACT

USE OF BOTH OFFICIAL LANGUAGES AND ADOPTION OF INTERNATIONAL TRAFFIC SYMBOLS

Mr. Jean-Robert Gauthier (Ottawa-Vanier) moved for leave to introduce Bill C-450, to amend the Railway Act (signs, notices and forms).

Some hon. Members: Explain.

Mr. Gauthier (Ottawa-Vanier): Mr. Speaker, the purpose of this amendment is to remove from this act the restrictive

provisions concerning public notices and announcements and to permit use of both official languages in all provinces in Canada. At present, this requirement is limited to Quebec. This bill also proposes the adoption of international symbols for railway crossings.

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

* * *

[*English*]

CRIMINAL CODE

AMENDMENTS DEALING WITH CRIME OF RAPE

Hon. Ron Basford (Minister of Justice) moved for leave to introduce Bill C-52, to amend the Criminal Code and to amend certain other acts in relation thereto and in consequence thereof.

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

* * *

BRITISH NORTH AMERICA ACTS

DURATION OF HOUSE OF COMMONS

Mr. Arnold Peters (Timiskaming) moved for leave to introduce Bill C-451, to amend the British North America Acts, 1867 to 1978 (duration of House of Commons).

Some hon. Members: Explain.

Mr. Peters: Mr. Speaker, this bill in effect would set a four-year term for parliament without curtailing the right of members to force an election earlier or later, if either is the desire of 100 members. I introduce this bill at this time because representation in this House is now being depleted very rapidly, and I think most hon. members would agree that it would be easy to find 100 members who would be in favour of having an election called if this bill were implemented.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 1,362, 1,376, 1,379 and 1,454.

[Mr. Gauthier (Ottawa-Vanier).]

[*Text*]

GRANT TO POSITIVE ACTION COMMITTEE OF MONTREAL

Question No. 1,362—**Mr. Epp:**

1. Were any grants made to the Positive Action Committee of Montreal by the Department of the Secretary of State and, if so, for what specific purpose?

2. How many persons does the Committee employ and what amount of the grant will be paid to them for their employment?

Hon. John Roberts (Secretary of State): 1. Yes, a grant of $50,000 has been approved of which $20,000 has been paid in fiscal year 1977/78 and $30,000 is earmarked for fiscal year 1978/79 subject to satisfactory completion of specific phases of the study. The organization is undertaking a study to assess the impact of current trends in Quebec upon the social, cultural and economic fabric of Montreal. This study is intended to provide a better understanding of the present situation and enable governments and citizens to act to maintain the vitality and bilingual nature of the city.

2. Assuming acceptance by the department of all phases of the study: Honoraria to about ten individuals who will direct committees and write reports: Amount, $20,000; Student assistants (about ten): Amount $10,000; Translation: Amount $5,000; Preparation, typing, printing of surveys and draft reports and other miscellaneous expenses: Amount $15,000; Total $50,000.

CANADA STUDENT LOANS ACT

Question No. 1,376—**Mr. Dionne (Kamouraska):**

1. Since the passing of the Canada Student Loans Act, did the government give any fiscal compensation to the Province of Quebec and, if so, what was the (a) nature of the compensation (b) total amount?

2. How many students per province benefitted from a loan under the Act?

Hon. John Roberts (Secretary of State): 1. Yes. The government of Quebec opted out of the Canada Student Loans Act in 1964 and, under the provision of that act qualified for an "alternative payment". (a) The alternative payment is an amount obtained by multiplying the total net amount paid by the federal government to lenders in respect of interest charges and loss or death claims on loans issued by provinces participating in the program by the quotient obtained by dividing the 18/24 year old population of the opting out province by the 18/24 year old population in participating provinces for the year concerned. (b) To June 30, 1977, a total of $76.2 million had been paid to the province of Quebec under the alternative payment provision.

2. A cumulative total of the number of students assisted by province is not available because many students receive aid from more than one province during their education. In the loan year 1976/77 assistance was authorized under the program to the following numbers of students by the provinces shown: British Columbia: 16,887; Alberta: 14,015; Saskatchewan: 5,069; Manitoba: 7,759; Ontario: 88,732; New Brunswick: 6,567; Nova Scotia: 9,471; Prince Edward Island: 1,458; Newfoundland: 4,888; Yukon: 80; Northwest Territories: 55; Total 154,981.

CIDA—SALARIES

Question No. 1,379—**Mr. Dionne (Kamouraska):**

What is the salary of the (a) President (b) Vice-Presidents (c) various categories of employees working for the Canadian International Development Agency?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): (a) $49,500-$65,300; (b) $33,300-$52,300; (c) AG, $27,510-$31,738; AR, $27,941-$35,358; BI, $27,029-$31,170; ES, $24,481-$39,324; ED-EDS, $23,258-$37,800; ENG, $15,892-$40,800; FO, $24,828-$29,-124; LS, $13,127-$26,187; AS, $14,122-$32,500; CS, $9,842-$29,400; FI, $14,676-$32,600; IS, $10,620-$32,600; OM, $12,340-$32,900; PE, $13,500-$36,100; PM, $15,746-$34,900; PG, $10,047-$29,471; FS, $23,299-$33,684; DD, $10,983-$16,374; EG-EDSS, $16,738-$18,772; GT, $12,372-$22,064; SI, $13,423-$21,486; DA, $11,935—$14,543; CR, $8,483-$15,177; OE-MSE, $7,319-$9,085; ST-TYP, $7,855-$8,568; ST-OCE, $9,803-$10,712; ST-STN, $7,368-$10,228; ST-SCY, $7,443-$15,447; GS-MES, $8,268-$8,268; GS-STS, $8,794-$8,794.

CANADA COUNCIL GRANTS—PETITIONS

Question No. 1,454—**Mr. Malone:**

Has the Secretary of State received any letters or petitions since January 1, 1978 protesting the present methods of awarding Canada Council grants and, if so (a) how many (b) how many signatures were attached to the petitions?

Hon. John Roberts (Secretary of State): Between January 1 and March 31, 1978, the Secretary of State Department received approximately 450 letters concerning the methods of awarding Canada Council grants. It is estimated that some 1,000 signatures were attached to the letters.

* * *

[*Translation*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if questions Nos. 545, 1,146 and 1,364 could be made orders for returns, these returns would be tabled immediately.

[*Text*]

INVESTIGATORS COMPILING UNEMPLOYMENT STATISTICS

Question No. 545—**Mr. Rondeau:**

1. Are investigators entrusted with compiling statistics on unemployment and, if so, how many are there in (a) Canada (b) each province (c) each constituency?

2. How many hours do they work per month?

3. What is their average salary per (a) hour (b) month?

4. What are their travel expenses per mile?

5. Since 1970, what has been the annual cost of compiling unemployment statistics for Statistics Canada?

6. (a) By whom (b) in what manner (c) for how long, on the average, are such investigators appointed?

Point of Order—Mr. Cossitt

7. Do the investigators visit new households each month and, if so (a) how many (b) according to what criteria and how are the samples determined?

8. What are the names and addresses of the investigators in the Constitutency of Shefford?

Return tabled.

PERSONS UNEMPLOYED

Question No. 1,146—**Mr. Herbert:**

1. For each month of 1977, for which information is available, by what percentage did the estimated number of unemployed exceed the number of persons receiving unemployment insurance benefit payments?

2. In each case, what estimated percentage of those receiving payments were not available for work?

3. What is the general character or group and the percentage of each, of those seeking employment but not receiving unemployment benefit payments?

Return tabled.

YOUNG CANADA WORKS PROGRAM

Question No. 1,364—**Mr. Lambert (Bellechasse):**

During the 1976-77 fiscal year, did the government allocate funds to the Young Canada at Work Programme and, if so, what was the (a) total amount (b) amount for each province (c) amount for each Quebec constituency?

Return tabled.

[*English*]

Mr. Speaker: Shall the remaining questions be allowed to stand?

* * *

POINT OF ORDER

MR. COSSITT—DELAY IN ANSWERING QUESTIONS, SPECIFICALLY NOS. 45 AND 54

Mr. Tom Cossitt (Leeds): Mr. Speaker, I have risen a number of times regarding questions which have been on the order paper for as long as two years. Without going through all the numbers and taking the time of the House to do so, I refer to questions beginning with questions beginning in the 30's and on up. Each time I have raised this point of order all I have received from the parliamentary secretary have been guarantees that they will do their best, that many questions have been answered, a very high percentage, and so forth.

I would like to refer specifically to two questions which are long standing but which are easy to answer, and there is really no valid excuse for the government's not having answered them. The first is question No. 54 regarding the brother-in-law of the Minister of Transport (Mr. Lang), Tony Merchant, and the amount of legal business he has received from the Government of Canada, including what he was paid to represent the Crown in a case against radio station CKRM. That question is simple enough to have been answered months ago, but the answer has not been forthcoming, and I hope it is not due to the fact that Tony Merchant is a Liberal candidate for the coming election.

The second question to which I would like to refer is No. 45. The matter dealt with in this question should concern hon. members on both sides because it is very serious. It has to do with the fingerprinting of public servants. This has been going on for months and months and, in fact, several years under this government, yet no one on the government side has seen fit to do anything but admit that it is going on. My question asks how many have been fingerprinted and why they are being fingerprinted. It asks about people who are outside security sensitive positions such as positions in the Department of National Defence and so forth. Why is this going on among people who are not in security positions? What are the numbers involved, and why is this House not being told of this situation?

There is an invasion of privacy involving thousands of public servants. The government is well aware that many refused to be fingerprinted, yet nothing is forthcoming.

I am surprised that members of the free press of this country have not gone after the government for not doing something about this situation and for not making the reasons public.

I conclude by asking the parliamentary secretary not to give a general answer but to refer specifically to questions Nos. 45 and 54 and to tell me when the answers will be forthcoming.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I shall find out whether questions Nos. 45 and 54 are those which the hon. member mentioned today.

[*English*]

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

● (1512)

GOVERNMENT ORDERS

[*English*]

FINANCIAL ADMINISTRATION ACT

AMENDMENT TO ESTABLISH OFFICE OF COMPTROLLER GENERAL

The House resumed, from Friday, April 28, consideration of the motion of Mr. Cullen (for Mr. Andras) that Bill C-10, to amend the Financial Administration Act, be read the third time and do pass.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, when the debate ended on Friday I had been responding to my friend, the Parliamentary Secretary to President of Treasury Board (Mr. Lefebvre), with respect to the difficulties that we in this House have with respect to inspecting, controlling, and superintending, in the way that the House of Commons has always intended that it be done, the expenditures of government. I will not repeat the arguments which I advanced at that time because I know the parliamentary secretary is very anxious to have the debate conclude within a reasonable time, an anxiety which, I want to assure him, is shared on all sides of the House. Hon. members are free to read the remarks I made at that time.

A number of things have occurred in the House since the introduction of Bill C-10 and the comments made in the second reading debate on the bill which bring to mind just how important is the position of the comptroller general. For instance, let me refer to the case of the Minister of Supply and Services (Mr. Goyer) and of a public servant, Mr. Larry Stopforth, a case which Mr. Stopforth won in the courts of law wherein he was awarded not an unreasonable amount in damages for libel, through repetition of a statement about that gentleman's professional performance, made in the House of Commons, for which the minister was found liable to pay both damages and costs. The case is now subject to appeal and, therefore, I make no comments on the merits of the matter, but what is important with respect to that case, so far as the use of the public money is concerned, particularly because of the nature of the case, is that there seems no way in which it could be reasonably found that a minister of the Crown, in the course of libelling one of his public servants, could be held to have been acting within his authority, and therefore, by tradition, custom or otherwise, have his damages paid out of the public purse. It is one thing to defend him; it is quite another to go that far and to indicate that one is prepared to go that far.

This is important because it calls into play the whole question of ministerial responsibility. Surely there has to be some action somewhere with respect to a minister of the Crown regarding what he does in relation to the operations of his department or in relation to the position he takes in so far as his public servants are concerned.

What happened to Mr. Stopforth as a result of what has now been judiciably found to be a wrong in terms of the description of what he did? He was found not to have been grossly negligent by a court of law. What happened was that this highly placed public servant, who asked only for the privilege of serving his country with the skills and the expertise that were his, has now found himself doing work that does not occupy or challenge either his intellect, training, or ability. Notwithstanding the fact that questions have been raised in the House about the matter, the position of that public servant and how he has been treated by the Government of Canada—that is where it lies because it was a minister of the Crown who maligned him—are a travesty that no right-thinking member of the House of Commons should tolerate for one moment.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): But this government is prepared to tolerate it and, while tolerating it, is prepared to say that, in the unequal balance between its resources in the legal sense and the resources of a public servant in his private

capacity, the government is prepared to add yet another weight to that inequality, that is to cover the indemnity and save from penalty a minister who has maligned a public servant.

There have been a number of things that have happened in the last little while that enrage one, that make one wonder about the direction in which this government is going and about its sense of responsibility, but there is nothing that has occurred in the last little while that has shaken people as much as the knowledge that this government would stoop, without any statutory authority whatsoever—and that is admitted—to paying those damages. If there was even a case for a requirement of a comptroller general, if there was ever a case for a subsequent inquiry by the Auditor General, if there was ever a case of the misuse of public funds, then we have that in the case of Larry Stopforth versus Jean-Pierre Goyer. I suspect that that is the kind of thing a comptroller general would never allow to see the light of day, not that it would be hidden but that it would never occur.

If I sound angry and incensed about it, I am. I am angered that this should be tolerated. The government can seek redemption, if it wants, by backing off publicly from such an untenable position. What sanction is there? You and I, Mr. Speaker, if we go to court, have to pay our own fees. That is quite one thing. If damages are found against us when we have not been acting correctly in the course of our duties—and there is no way that a member of the government, in slandering or libelling a public servant, can be held to be acting in the course of his duties—then, like everybody else, we have to go to the bank and borrow the money if we do not have it. I suggest that if this kind of thing is allowed to stand, then the whole doctrine of ministerial responsibility will be split asunder and the balance of fairness that should be found in a judicial proceeding will not be found in this case. I for one, so long as I am here, will say to those who are here representing the minister today that it is absolutely unfair and a gross miscarriage of justice, and we might as well say so.

The other thing that concerns me is the mind of a minister who would allow the kind of information circular to be put out with respect to registered charities, political objects and activities, that was the subject of the discussion today in the question period. The Prime Minister (Mr. Trudeau) can say that he withdraws it. He is right, but he does not have the power to withdraw it. That is not the question. The question is how has it occurred. How did he ever decide that we can send out a circular which has been deemed unjust in the reasonable representations of good organizations in the community, churches, and charitable organizations? It involves an expenditure of public funds and, if you can accept what the Prime Minister said, it has been going on for some period of time.

● (1522)

Perhaps the comptroller general will be helpful in ending this practice. Is it any wonder charitable organizations are concerned about it? Is it any wonder people who observe this government and are outside those organizations are concerned about its attitude and mentality? The Prime Minister said that it is a distillation of the law and an attempt to expand the law. The former minister of national revenue gave the lie to that when he told the hon. member for Egmont (Mr. MacDonald) that there was no definition of political activity. In this case, justice varies with the length of the minister's foot. Is it any wonder people are concerned about what kind of government we have? What are the moral standards of the government? What can we believe?

The hon. Leader of the Opposition (Mr. Clark) pointed out today the effect of this. For instance, if those who favour a continuation of the law in respect of abortion decide to write members of parliament, then they are in danger of losing their charitable status. If organizations in favour of expanding the grounds or removing it from the Criminal Code, decide to write their members of parliament, then this so-called law is infringed and they can lose their charitable status. One must think of the charitable organizations in Canada and the wording of that doctrine, as set forth in the gospel according to the Department of National Revenue dated February 27, 1978. In part the document reads as follows:

> An activity is considered political if it is designed to embarrass or otherwise induce a government to take a stand, change a policy, or enact legislation for a purpose particular to the organization carrying on the activity.

Presentation of briefs is considered to be a political activity. Would this include the presentation of briefs to members of parliament, ministers of the Crown, and departmental officials? Surely this practice cannot be allowed to continue. The Prime Minister must do more than displaying little theatrics as he did today. They are likened to his flouncing out of the House a few days ago, saying, "I withdraw it". He does not have the power to withdraw it, and he realizes that.

Certainly Senator Guay ought to be roasted for permitting this document to emanate out of the bowels of the Department of National Revenue. One cannot blame the Public Service for this. Public servants are under direction, control of and are responsible to ministers. In turn, the ministers are responsible to the House of Commons and ultimately to Canadians. We hope people will have an opportunity to make a choice very soon, but in the words of Geoffrey Stevens, perhaps this government suffers from congenital cold feet.

I commend the document entitled "A Legacy of Spending" which is now available in bookstores. It brings together information from the order paper, debates, and the government, on a host of areas. It indicates an attitude of wastefulness, improvidence, and congenital lack of judgment on the part of the government. I will not point to many areas, as other hon. members have done so.

Can one imagine a Young Canada Works program giving $25,121 to an organization known as Creation II to deal with human information overload? The metro Social Planning Council received two grants of $18,000 and $43,000. The funds were used mainly to draw up applications for other groups wishing to receive funds from the federal government. Is that not a waste of public money? Approximately $40,000 was used to produce two pro-communist plays for presentation

in metro Toronto high schools. The recipient of this grant stated that he had strong communist leanings. Also he received a $26,000 grant to produce children's plays for public parks. Can one imagine that type of program?

There is a place for a granting program. I am not arguing that. But I am concerned about the looseness of the department which is administering this program. Should these things be allowed to happen? A minister of the Crown took great pains to tell parliament and the public that he makes the ultimate choice, for the Young Canada Works program. According to that minister, it is not done on the recommendation of hon. members of parliament, nor on the recommendations from ministerial advisory groups. The minister indicated that he makes the final decision.

A grant of $15,880 was given to a project known as "The Shadow of Dracula" to produce a full-length film with this intriguing title, using the residents of a housing corporation development in Toronto. Is that how public funds should be spent? Is it any wonder hon. members of the official opposition support the concept of a comptroller general, and have done so for some time? At the outset we were dismayed by the government deciding to stand against the concept of a comptroller general. It was indicated that, for some reason or other, there was a mystery surrounding that concept, and that it might interfere with ministerial responsibility, which is a doctrine the government is prepared to ignore when it is convenient.

The sum of $23,500 was granted for a study on how to demystify the dance, another project which was approved by a minister of the Crown and not a public servant. It was not approved by a member of parliament for the area, nor by a member of the public who was involved in a ministerial advisory group which supposedly advises ministers of the Crown. This is one of the projects which was "ultimately approved by the minister". That justifies the office of comptroller general.

Various other examples are contained in the document to which I referred. For example, a drafting clerk at Dairyland, Coquitlam, Mr. Maurice Muirhead, received $306,784. That grant was under a Local Initiatives program and not Young Canada Works. Is it local initiative for a man to be able to con the government out of $306,784? According to the reports, the man had no qualifications whatsoever. He had a full-time job, and yet received four grants totalling more than $250,000. Surely that was not done on the advice of the hon. member of parliament for that area, nor on the advice of constituency advisory groups which are supposed to represent the taxpayers of Canada. Again this was a project approved by the minister.

I could refer to many such projects, but in particular I should like to refer to those famous buttons which were produced by the former minister of national health and welfare and charged to the Status of Women. Has Your Honour ever heard any of the women's groups talking positively about the Status of Women program instituted by this government, except to say it is the greatest study on cosmetics since Revlon? Have you ever heard them speak in a laudatory way about that? No, you have not, Mr. Speaker.

● (1532)

We had a question on the order paper of the House of Commons asking how much it cost to produce those buttons, which read "Why not?" or "Pourquoi pas?", on behalf of that program as a promotion. The answer by the then minister of national health and welfare, now the Minister of State for Federal-Provincial Relations (Mr. Lalonde), was that they cost $62,224. I suggest you could go to any self-respecting women's group in this country, and its membership would find a positive use for that $62,000 odd.

Why do I raise these questions and why do I put these examples on the record of this House of Commons? A young person came to see me last Thursday. He is a graduate of a university, with a degree in psychology. He wants to put his skills to use. He has studied for four years, plus one, and cannot now get a job. He cannot find employment. He has had difficulty in finding employment even in an area outside his skills.

We have one million people unemployed in this country, including young people who cannot fulfil their ambitions or even use their training. They are discouraged and upset. I think of what the Prime Minister has said about these people wanting to move somewhere else, and I say to myself that if ever there was a government which needed a comptroller general, in the face of these examples I have given surely this is the government. If ever a country needed a change of government, in the face of the matters I have raised surely it is this country.

The hon. member for Halifax (Mr. Stanfield), when he was leader of the opposition, suggested that the government spills more sometimes in respect of some projects than it spends. I think of the senior citizens who petition members of parliament about the inadequacy of pension programs and the whole performance of the spouse's allowance. The moment an individual over 65 dies and leaves a widow between ages 60 and 65, even before that spouse is buried the survivor has that allowance taken away. When this occurs, and when I think about the wastage by this government which says it cannot afford to do better, then I say no wonder the Canadian people cannot believe in this government, and no wonder they cannot credit it with being able to speak the truth on anything. No wonder we need a comptroller general in Canada.

I happen to be a member of the committee on statutory instruments that twice has said the use of regulations to increase the postal rates is wrong in law, yet we have heard the Postmaster General (Mr. Lamontagne) say he does not care whether it is wrong in law. It apparently does not matter to him whether this practice flouts parliament. He says he will run things by order in council. When I hear that kind of thing, and the refusal of a minister of the Crown to deal in any way with the question of the legality of this in the face of that unanimous report, then I say there is no stronger case anywhere for a comptroller general. That report was not just

supported by members of the Conservative and NDP parties, but was unanimously passed by members of the Liberal party as well as members of the Conservative and NDP. It said that the last postal rate was illegal, and that suggestion was supported by members of both Houses of Parliament. In spite of that, a minister of the government has said he does not care whether it is legal or illegal, he intends to go ahead with it anyway.

I also consider what the hon. member for Winnipeg North Centre (Mr. Knowles) and Senator Jack Marshall, who was the veterans affairs critic in this House before being summoned to the other place, have attempted. Those two gentlemen have asked the Minister of Veterans Affairs (Mr. MacDonald) to do certain things for widows of veterans and for veterans themselves by simply living up to the promises this government has made to a dwindling group of Canadians. They have asked this government simply to comply with doctrines that are existent. They have combined, time after time, to move motions under Standing Order 43, but members on the government side have turned them down. I suppose they have done that because they are worried about restraints on spending. But when this government wastes money as though it were going out of style, then I say we need a comptroller general in this country.

At the report stage of this bill we moved amendments that would give the comptroller general some power and some status in law. We moved amendments to give him some way to muscle into that club of deputy ministers in order to do his job, by requiring them to perform according to guidelines rather than by order in council or guidelines that have come from the bowels of government behind the green covered doors. We tried in that way to give the comptroller general the power to require performance according to the guidelines adopted in the open here in this place, yet we heard government members say they would not give us that kind of regulation.

In view of all this, I say to the hon. member for Winnipeg North Centre and to Senator Jack Marshall that they ought not wonder why their reasonable requests, made on behalf of widows, veterans, widows of veterans, unmarried people, and spouses left alone as a result of death, have fallen on barren ground, because this is the kind of government we have, and this is the kind of government that had to be kicked into acceptance of the concept of a comptroller general in the first place. However, when we try to arm the comptroller general with some teeth, the government turns us back.

There are many things to be done in this country. I think of many people I have met who are handicapped and are trying to enter the public service, and trying to find a place in other areas of employment, asking only to be given a chance to compete as equals, all to no avail. They are not asking for special treatment, they just want an equal opportunity.

When I read that report prepared jointly by Treasury Board and the staff of the Public Service Commission and hear the minister say that his heart is in the right place—and I think it is—but he can support only these baby steps of implementation because to do otherwise would be very costly, and I stack this against the wastage which is set forth in this book, then I despair and wonder about the meaning of words such as honesty, integrity, trustworthiness, things that we ought to expect of this government.

Surely all of us have seen that brief relating to funding of research and development prepared by the Canadian Advanced Technology Association for consideration by the Minister of Finance (Mr. Chrétien). I am not going to read it now, but it asks for a reasonable and certain approach to a funding program for research and development in order to assist in the development of Canadian industry, and employment opportunities for Canadians. When I think of the waste of some of the government programs, waste so great that we do not have any money for these programs of merit, then I say this makes the Minister of Finance looks pretty sick when he suggests the opposition is always advocating the spending of money.

● (1542)

There are great things to be done in this country. There are things that can be done for the disadvantaged. We have come to be accustomed to accepting second best, the lowest common denominator, because that is the kind of government we have. There are the disadvantaged, but there are advantages to be had, there are opportunities that we can build. There is an economic sector crying out for action and industrial strategy that should be put forward by this government. There are employment opportunities that should be made in the private sector and condoned by a government that really cares. It is no answer to say "you are going to spend money," when so much money is being wasted.

If there are some hon. members who have not seen a copy of that book, I would suggest they read it. It is important that we understand that there has to be a program with respect to spending and, indeed, there must be with respect to approaches to programs. That has not happened here.

As a result of this waste, senior citizens right now are saying, "I have inadequate housing; I don't know how I can make ends meet; I have to give up my home." Veterans come to me and say—and this is not unique to myself—"I am having trouble. Would you see what you can do about having the Pension Commission look at my pension?" Young people come to me and say that they want to work and they want opportunities to use the skills we asked them to get so the world would be their oyster, so that we would benefit from their learning. In the face of all this the government—leaderless, directionless, listing and drifting—allows these opportunities to pass by, and these people who are disadvantaged remain disadvantaged.

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

Some hon. Members: Agreed.

Mr. Baker (Grenville-Carleton): I thank hon. members, Mr. Speaker. I will not indulge the good intentions of the House any further except to say, sir, that there is a challenge in this country to be met and there is a government inadequate to the challenge. It is important that these programs, and the funds that are available for the programs, be utilized in a fair, honest, and unwasteful manner. The government has demonstrated that it is absolutely incapable on all of those counts.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, in dealing with Bill C-10 the first thing I would like to say—and it has been said on a number of occasions—is that the government really does not want a comptroller general. There is no question that ministers were dragged, kicking and screaming, and that it was forced upon them as a result of the effectiveness of a very alert opposition.

Some hon. Members: Oh, oh!

Mr. Alexander: I hear hon. members laughing. The fact is well known. I want to congratulate the hon. member for Grenville-Carleton (Mr. Baker) who talked somewhat at length about a book entitled "A Legacy of Spending." It is an indictment of the way this government has misused and misappropriated the public purse.

The hon. member for Grenville-Carleton was right when he indicated that we need a comptroller general that will get involved with the Canada Council. It seems to me that what they are doing, with the acceptance of this government, is condoning undue exploitation of sex, vulgarity, indecency, filth and depravity. At the same time—and it has been mentioned by many members, particularly of late by the hon. member for Grenville-Carleton—we turn a deaf ear to our veterans, and our widows.

What has happened to those who were able to become involved with the spouse's allowance? The government says, "Here is money because you are now 60"—and up to 64—"and married to someone who has the old age pension." But the moment that person, who is entitled to the old age pension, passes away, this government in its callousness and cold disregard for those who can least afford to be hit so hard, says it is going to take this money back. Yet, it condones dirt, filth, and thinks that this will be accepted by the Canadian people. Canadians want to know the priorities of this government. How can the Secretary of State (Mr. Roberts) stand up and say, "Well, I can't do anything about it; the Canada Council is an autonomous organization set up by parliament"? Surely, every now and again this government must take some leadership and must give some leadership.

I do not buy this bit about autonomous groups frivolously wasting and spending the taxpayers' dollars without a minister being responsible. The sooner we bring on the election, whenever his lordship wants to call it, the sooner you are going to see a dramatic change in the way this country is run. It seems to me that their flimflam, their cover-up, is not being accepted any more.

An hon. Member: What is that word?

[The Acting Speaker (Mr. Turner).]

Mr. Alexander: Flimflam.

Mr. Baker (Grenville-Carleton): Spell it for him.

An hon. Member: It is the first time I have heard it.

Mr. Alexander: What the Canadian people are looking for is some honesty.

An hon. Member: What about some facts?

Mr. Alexander: I hear the hon. member requesting some facts. He ought to know that as a result of the last Goldfarb poll the Liberal party is in trouble. That is why we have not gone to the people.

An hon. Member: Tell us what you can do.

Mr. Alexander: I certainly appreciate my weekends in Ontario, because when I go out west to Manitoba, Saskatchewan, British Columbia, or Alberta they all say, "Do not waste your time out here because we are going to vote Tory, we are sick of the Liberals." They have always been sick of the Liberals.

Mr. Knowles (Winnipeg North Centre): Order!

Mr. Alexander: I heard my hon. friend say order. The people in the west say, "Go back to Ontario."

An hon. Member: Could we talk about the bill?

Mr. Alexander: The hon. member who represents Oakville should know that his time is extremely limited. I do not want to bring him into it, Mr. Speaker, but he asked to be involved in this debate.

An hon. Member: All our time is limited here.

Mr. Alexander: I thought I would put something on the record as far as his future is concerned.

We are dealing with Bill C-10, Mr. Speaker, and it is a frightening bill. It has only one clause, and bills of one clause must be questioned for their motives when the explanatory note merely brings into being the comptroller general. There is merely one clause, and the explanatory note says:

> The purpose of this amendment is to establish the office of the Comptroller General of Canada and to provide for the assignment of duties and functions to the incumbent of that office.

It is misleading because it does not provide for the assignment of duties and functions to the incumbent of that office. In no way can anyone read into it any particular assignment or anything that is close to an assignment.

When members of parliament see bills of one paragraph come before the House, it is necessary that they probe them and that they probe deeply, as we have probed. Once we give the government this bill, the comptroller general is gone as far as members of parliament are concerned. He will not be reporting to parliament; he will not even be reporting to an appropriate standing committee; but he will be reporting through the Auditor General. That is not acceptable to us and

that is why we have attempted to give some idea as to what the responsibilities of the comptroller general should be and must be. We are not going to give this government a blank cheque.

This country has been very disturbed to discover that Treasury Board has lost control of the public purse. In the Auditor General's last report, and many other reports he has commented regarding the financial management and control by this government. I am not trying to say we are not not for the comptroller general, because we believe that this office is required in order to control public spending. The Auditor General said that the financial management of government departments, agencies, and Crown corporations is "grossly inadequate" and a "serious situation."

● (1552)

Although I support the legislation because it is surely a step in the right direction, I am concerned about the bill as drafted. The Auditor General had some ideas on what this bill should do. He spelled out quite specifically the functions and responsibilities of the comptroller general in paragraph 2.15 of his report for the fiscal year ending March, 1976, as follows:

His basic responsibilities would include the design, development, implementation, and monitoring of adequate systems and procedures to ensure that the form of estimates provides a sound basis for the government's budgetary system.

That is the plank that the Auditor General considered necessary—it is part of the criteria he wanted, and we in the opposition approved and tried to move an amendment to that effect.

In paragraph 3.10 of his report he stated:

The role of the Comptroller General of Canada should be to see that departmental systems function in this fashion, and to examine the estimates of departments, not from a resource allocation point of view, since this should remain the responsibility of the Treasury Board Secretariat, but to make sure that the underlying systems reliably reveal planned efficiency and economy and that detail is adequate enough for subsequent analysis of variations between actual and planned results.

That is what the Auditor General said, and it is he who gives us leadership. We do not have the expertise, so we have to call upon him. The government will not tell us anything because it is secretive and does not like the opposition or the people of Canada to know anything. That is why we have to call on the Auditor General to tell us. He gave us direction and we, if we are to be responsible, must follow it.

Reaction to what the Auditor General stated has been negative and vague, in my view. This legislation does not spell out the specific duties of the comptroller general at all. If the position is not given a clear, statutory mandate, it is my submission that it will be nothing more than window-dressing. It will be just a name. We will have no more assurance that he will be able to control the public purse than we had with Treasury Board, and the hon. member for Grenville-Carleton indicated how much control we have had there when he read excerpts from "A Legacy of Spending".

In his 1975 and 1976 reports the Auditor General recommended responsibilities for the form of both the estimates and the public accounts. It is noted that the responsibilities of the comptroller general as described by the government do not presently include the form of the estimates, except to provide advice. They just want the comptroller general to be some weakling, without power and without clout. All they want him for is to give advice, and we know what this government does with advice—it just throws it in the wastepaper basket. I cannot understand the arrogance of this government. After ten years of arrogance you would think ministers would learn a lesson but they are insensitive.

The Financial Management Institute agrees with the Auditor General that the comptroller general should have direct responsibility for both the estimates and the public accounts. One challenge for the position will be to foster public confidence in the integrity of the financial information presented by the government. This challenge will obviously be more difficult if the comptroller general is responsible for the form of the public accounts and for consistency between estimates and public accounts but can only advise on the form of the estimates. Surely these facts point to the need to spell out the mandate of the comptroller general.

I want to emphasize that, as the legislation stands, it does not establish the position in the manner that the Auditor General proposed. One almost wonders why the whole project or problem is being dumped into the lap of the new Comptroller General. The government does not want to give him any assistance—it does not want to tell him what he should be doing—it does not want him to have any legislative clout. We must go along with this bill, however, because we feel it is a step in the right direction.

This party examined the Auditor General's report thoroughly and offered a meaningful amendment to this bill which could not be called offensive. It was couched in general terms and was not offensive to the Financial Administration Act, and would have given not only the comptroller general but the public an idea of what was intended with this new office. Without the terms of reference or the mandate spelled out, it is only window-dressing. We offered an amendment which read in part as follows:

(2.2) The Comptroller General of Canada shall design, develop, implement and monitor such systems that will ensure that

(a) the form of Estimates provides a sound basis for budgetary control;

What is offensive about a simple statement like that? It gives a direction in terms of budgetary control and provides a sound basis for it.

The next thing we said about the duties of the comptroller general was this:

(b) public moneys and assets are under effective custody and control at all times;

Is that offensive to Canadians, to the government, to the comptroller general, to the Auditor General, Mr. Speaker? The only sector to find that offensive is this government, this arrogant government.

The amendment continued:

(c) accounting procedures and financial reports conform to accepted accounting principles and standards;

What is so wrong about that? It is clear, meaningful and desirable, but the government decided it did not want it. It wants the comptroller general to be under its control. That is what will happen when this bill is passed.

We gave them another idea in this amendment in these words:

(e) satisfactory procedures measure the effectiveness of government programs;

Is that offensive, Mr. Speaker? Of course not, but the government wants to throttle the comptroller general and, if this bill is passed, that is what will happen because he will have to take orders from the Treasury Board. He will not be responsible to parliament. Mr. Speaker, I am getting sick and tired of agencies, Crown corporations, and even this government not being responsible to parliament, and the Canadian people are getting sick and tired of it.

Mr. Baker (Grenville-Carleton): They are going to get rid of them.

Mr. Alexander: I accept what the hon. member for Grenville-Carleton just said—the Canadian people will get rid of this government.

We even went further in the amendment and indicated that if we had somehow or other stepped on the toes of Treasury Board, the secretariat or this government, they could put in the "Catch 22" phrase in the following terms:

and without restricting the generality of the foregoing shall perform such additional duties and functions as may be assigned to him by the Treasury Board.

What is wrong with that, Mr. Speaker? The government does not want it—it wants to flimflam the Canadian people, to govern in secrecy.

I was concerned about this, so I thought the best thing would be to ask the Auditor General what he thought of the amendment. The poor man has been listening to Treasury Board and the law officers of the Crown who wanted to talk about precedents—they claimed that this thing had never happened before and therefore they could not spell out the duties of a deputy minister. I say that is a lot of nonsense. This parliament can do anything it wants as long as we have an alert, an awake and responsible government.

● (1602)

Some hon. Members: Hear, hear!

Mr. Alexander: And the Auditor General is good, let me say that. All hon. members would commend him highly for the very significant role he has accepted and for the way in which he is discharging his duties. Thank goodness we have him. He is not afraid of these guys. The government whip has said he is an old friend of his. The whip in due time will have to determine whether he has any friends in Hamilton Mountain.

An hon. Member: Do you?

[Mr. Alexander.]

Mr. Alexander: I do not represent Hamilton Mountain. The hon. member who is the Parliamentary Secretary to Secretary of State for External Affairs, I think—

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Hamilton Mountain (Mr. MacFarlane) is rising on a point of order.

Mr. MacFarlane: Mr. Speaker, I just wanted to mention to the hon. member for Hamilton West (Mr. Alexander) when he referred to Hamilton Mountain that it seems to me in committee that Mr. Macdonell said:

I know that Mr. MacFarlane has a tremendous reputation in the sports field.

An hon. Member: Is that a point of order?

Mr. Alexander: Mr. Speaker, do you know what the hon. member has just done? He has misled the House. I want him to tell me that he is reading that from some report or some committee hearings whereby the Auditor General makes a specific reference. I do not want to pursue it. But if he does not have it I want him to stand up and say that he is just joking and just trying to bring some levity to this debate. We do not need any levity because it is a very serious matter.

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Hamilton Mountain is rising on a point of order.

Mr. MacFarlane: Mr. Speaker, this item is from the Committee Report on Miscellaneous Estimates. It appears at page 2:46. It is a very serious point and I was not joking at all. He said:

I know that Mr. MacFarlane has a tremendous reputation in the sports field, and he has used the analogy of two referees, referees of authority, and so on. This gives me an opportunity to clarify what it is I am trying to say because it is quite clear that there has been a misunderstanding . . .

Mr. Macdonell was clearing up a point where he had used the words umpire and referee, and the analogy which I had used in sports aided him in clarifying that he had not meant this at all, which is what this bill is all about.

Mr. Alexander: I wish the government whip would go back to sleep because he is being offensive at this particular time.

The Acting Speaker (Mr. Turner): Order, please. I would suggest that all members of this House have tremendous reputations and I suggest to the hon. member for Hamilton West (Mr. Alexander) to get on with Bill C-10 and go back to work.

Some hon. Members: Hear, hear!

Mr. Alexander: Mr. Speaker, that is exactly what I was trying to do until some of the smart-alecks on the other side intervened without any reason. This is not acceptable, and it is no cheap political trick. There is another dummy-dummy in the backbench; they are trying to get in. I did not mention anyone's name, so he is safe.

I will return to what I was trying to put before this House in terms of the edification not only of the other ministers but of

the one sitting on the front bench. No one else cares about the bill. I am sorry, I see the Minister of Employment and Immigration (Mr. Cullen) as well, and the Minister of State (Environment) (Mr. Marchand). Are there any more? We will not count the government whip. I will carry on with what I was trying to say concerning the Auditor General.

I went through each and every one of those particular subamendments that we found were required in order to make this bill more effective and acceptable. I do not want to take up the time of the House but I think it is necessary that hon. members should know. I refer to each and every one. I have just read (a), (b), (c), (d) and (e). Because it is important I will read them into the record. I quote from the committee report on miscellaneous estimates, issue No. 8, Friday, March 17, 1978, at page 8:12: and page 8:13:

THE CHAIRMAN: Thank you, Mr. Alexander.

MR. ALEXANDER: Thank you very much, Mr. Chairman. Thank you, Mr. Auditor General. When you asked yourself those two questions, the why not and the why, it seems to me, and check me if I am wrong, you did not really throw out the window the suggestion that there could be some spelling out of duties and functions. You, and I say this with a great deal of respect, are interested in it, but I think what concerns you is the possibility that the Comptroller General's hands would be tied somewhat. Given the fact this is a new function or a new job, there are not new responsibilities, but there is the separation of them, what bothers me is that you indicated this type of function has never existed before. In the light of that I have a feeling that we around this table should at least give some direction and some indication of general duties and functions. I just want to read this to you because it does not seem to offend, if it is worded this way. It is purely a guideline which gives some indication as to what the committee thinks the duties and functions of the Comptroller General should be.

The Comptroller General of Canada shall design, develop, implement and monitor such systems that will ensure that

(a) the form of estimates provides a sound basis for budgetary control;

Without getting into whether you are for such an amendment, would you agree that should be a function? I will stop there.

MR. MACDONELL: Mr. Chairman, those words have quite a familiar ring to me.

MR. ALEXANDER: Right.

MR. MACDONELL: I have a suspicion that they are in my 1976 report.

MR. ALEXANDER: All right. So then, in other words, it is yes.

MR. LEFEBVRE: Is that what you call poetic licence?

MR. ALEXANDER: In other words, the answer is yes, sir.

MR. MACDONELL: Yes.

MR. ALEXANDER: Now, we will go to the second one.

(b) public monies and assets are under effective custody and control at all times;

MR. MACDONELL: Another effective ring.

MR. ALEXANDER: Is that another effective ring?

MR. MACDONELL: Indeed, it is.

MR. ALEXANDER: Right. That is number two.

(c) accounting procedures and financial reports conform to accepted accounting principles and standards;

MR. FRANCIS: This is House of Commons, dispense, Mr. Chairman.

MR. ALEXANDER: Dispense. May I have a yes to that one too, sir?

MR. MACDONELL: I like everything you are saying sir, very much.

MR. ALEXANDER: I am glad you like it, sir, because we are getting down to the crunch soon, you see. Now, the next one.

(d) expenditures of public monies are made with due regard for economy and efficiency;

No question about that.

MR. MACDONELL: I do not think I could write that better myself.

MR. ALEXANDER: So, I take it that the answer is, yes.

MR. MACDONELL: Yes.

MR. ALEXANDER: Okay. Now, the next one.

(e) satisfactory procedures measure the effectiveness of government programs.

MR. FRANCIS: You would make a very good speaker.

I do not want your job, sir. But we will see to it that if there is a choice it will be filled by someone who is equally as competent as you are.

MR. ALEXANDER: Excellent. Now, my last one is even more in keeping with what we are trying to do, particularly as we look at the clause in the bill. The last one and I think this is going to assist you greatly, sir.

MR. MACDONELL: I am all ears.

MR. ALEXANDER:

And without restricting the generality of the such other duties and functions which may be assigned to him by the Treasury Board.

That is taken right from the bill. I will ask you again, what is so offensive about that in the act?

Here is where we come to the meat of the issue. I want to be fair to the Auditor General. Even though he accepted what I was attempting to do, he had reservations because of what the President of the Treasury Board (Mr. Andras) had to say, and I am not blaming the Auditor General, he is not a politician, he has a job to do. They told him, "Well, I don't know whether we can accept the motion put forward by the opposition because it is without precedent." Mr. Macdonell goes on to say at the bottom of page 8:13:

MR. MACDONELL: Mr. Chairman, I will put it this way. There is not a thing offensive to me in everything you have said. I think the offensiveness is apparently caused—I have asked these questions as long as two years ago—because as an amateur in this business of constitutional law, I have bumped my head into the whole principle of ministerial responsibility.

MR. ANDRE: The minister would still be responsible.

Mr. Andre is the hon. member for Calgary Centre.

Mr. Macdonell goes on to say:

● (1612)

All I am telling the committee, sir, with respect to the answer that was given to me, is that it is not done that way. Again, I would declare my own bias. Anything that can strengthen control of the public purse, I am automatically for. I recognize and I did try to say that I find nothing offensive at all in this but I have to concede the point that it is certainly exceptional and people that admittedly know a lot more about parliamentary procedure and about how you do things legislatively in parliament say that you just do not spell out the detailed duties and responsibilities of an administrative official because the minister—in this case it would be presumably the committee of ministers known as the Treasury Board—are the people that are responsible to parliament for the administration of the duties aside from the act.

So the only reason we are not being shown any leadership is because the government is afraid. It is afraid to take that first step. I think that when we are treading new ground we should try to bring about some understanding of the need for financial management and control, and in creating this new office we can surely have the gumption to move ahead and not only establish the post of comptroller general but ensure that his views are to be respected.

Another thing that bothers me is this: after persistent prodding from this side of the House the minister did table something in March for the edification of hon. members. A

request was made to him on Thursday, March 16, and in response he sent over a three-page document which gives us some idea what are the responsibilities of the comptroller general. But those duties are not set out in legislation. They will not be found within the Financial Administration Act. The government at its pleasure will determine those responsibilities. The part I do not like is this: parliament means nothing. We have no say in the matter. The government can lay down what the duties of the comptroller general are to be, and parliament has no role to play.

A dozen or more responsibilities have been laid out. We read, for example:

The Comptroller General would be responsible for the Treasury Board's interest in the following items:

1. Financial Officers—development and maintenance in conjunction with PPB and PSC of training programs for financial officers. Liaison with Personnel Policy Branch concerning the general level of financial staff within the government and with PSC, departments and agencies concerning transfer and promotion of senior financial officers. Representation on selection boards for senior financial positions.

2. Ensuring that internal audit procedures support the Treasury Board Secretariat's audit for compliance.

It goes on and on. Yet who will be in a position to know just what his responsibilities actually are? Mr. Speaker, we shall never know, because those functions can be changed and amended at the whim of Treasury Board. Is this what parliament really wants? I do not think so. The government determines the role of the comptroller general but does not want anything specific to be expressed in legislation. We are hoping that before this debate is over the government will have second thoughts and admit that what the opposition is proposing is capable of working, that it will not be offensive to the principle of the Financial Administration Act or to the responsibilities of ministers. After all, we are breaking new ground, and in these circumstances we ought to do all we can to ensure that the post which is to be brought into being will be effective and that it will carry some clout.

I placed a number of questions on the order paper in an attempt to ascertain just what the Financial Administration Act was all about. In all fairness I must say that the President of the Treasury Board answered my questions, but when I read the answers to two or three of them I became concerned. I found there was a certain amount of confidentiality attached to provisions of the Financial Administration Act which will be passed over to the comptroller general. What disturbs me is that the comptroller general, in terms of analysis, views and reporting, will be involved with matters which are confidential and, as a result, people will never know what is going on. Let me put on record what I had to say in the committee about this aspect, one which I particularly dislike. The relevant part of the record reads as follows—I am quoting from issue No. 10 of Monday, April 3, 1978, Minutes of the Standing Committee on Miscellaneous Estimates at page 10:15:

MR. ALEXANDER: Thank you, Mr. Chairman. Mr. Minister, I placed some questions on the order paper back in January dealing with the Treasury Board's planning branch—some 19 questions. In two instances I have become a little concerned. You have done an excellent job in terms of answering most of the questions.

[Mr. Alexander.]

The minister was in attendance at that time so I did give him credit for what he had attempted to do. The record continues:

You have indicated that the planning branch terms of reference were to initiate and undertake studies of the effectiveness of selected government programs. When I get to questions such as, "What projects have been undertaken by the planning branch since 1970-71 in fulfilling its mandate?" your answer is: "The information requested refers to internal departmental projects of a confidential nature and cannot be released."

Question 7 is: "Which of these projects have been concerned with ensuring that programs are effective and that the desired results and benefits of the programs are being achieved?" The answer to that is: "The information requested refers to internal departmental projects of a confidential nature and cannot be released."

What is going on, sir, when we are talking about effectiveness?

MR. ANDRAS (PORT ARTHUR): Mr. Reid is Deputy Secretary of the Evaluation Branch which has now taken over this function. This branch will be working with the Comptroller General.

MR. ALEXANDER: Is that the same as the Efficiency Evaluation Branch?

MR. ANDRAS (PORT ARTHUR): Yes.

MR. ALEXANDER: Is that confidential too, sir?

MR. ANDRAS (PORT ARTHUR): I think you have just announced it, Mr. Alexander.

Mr. Reid.

MR. T. REID (DEPUTY SECRETARY, EFFICIENCY EVALUATION BRANCH, TREASURY BOARD): Mr. Chairman, the question is clearly put, and the answer was also quite clear, that in the cases in which the planning branch has done in-depth evaluations inside the Treasury Board Secretariat, those evaluations are done to prepare advice to ministers and that advice is confidential to the department.

That is my point. This is now being taken over by the comptroller general and the whole area will be confidential. Looking at this apparently innocuous bill it seems there are likely to be no problems. But it is dangerous. I continue to read:

MR. ALEXANDER: I see. Now we say that the efficiency evaluation branch, if I understand it, is going to be transferred to the "almost" office of the Comptroller General. Am I to understand then that the efficiency evaluation which will be done by him is as well confidential?

● (1622)

MR. ANDRAS (PORT ARTHUR): In some cases it will be, I think, Mr. Alexander.

MR. ALEXANDER: Well, how are we ever going to know how effective the Comptroller General is, Mr. Minister, when you refuse to spell out his duties by way of legislation and he is taking over a group that is going to be involved with confidential information? All I want to know is, where does a member of parliament happen to come in?

This is the sorry plot that this government is attempting to foist upon the Canadian people. We cannot have it.

There are two reasons why I find this bill offensive, but still I have to go along with it. Hopefully, the comptroller general himself will in due time stand up, be counted, and raise hell. I do not like the fact that the duties of the comptroller general are not spelled out. They are hidden, and he will be working in secret. Because of the devious approach of this government he will be covering up, even if he does not want to do that.

There is a problem regarding confidential information with which the efficiency evaluation branch deals but which will be taken over by the comptroller general. Is this fair, when we are talking about restraint? Is this fair, when we are talking trying

to bring about some meaningful discussion by members of parliament in the creation of this new office? I say no.

I have tried my best to point out the problems associated with this one paragraph bill. They are enormous and frightening, and the government should not proceed in this way. It is hiding, covering up, and dealing in secrecy, and it is not fair that the new Comptroller General should have to face such a lot, knowing that if this government had the necessary intestinal fortitude, it could have accepted the amendment which we introduced earlier. That would have given some indication of what the job is all about and what we can expect of the comptroller general.

Perhaps I am just whistling in the dark, because this is a callous government which does not really care. As long as there are enough hon. members opposite to vote us down, they are not interested in meaningful and responsible amendments or submissions. However, I never give up hope. I have been here ten years, and every now and again a chord can be struck. Some hon. members opposite are laughing at me, and that is very unfortunate.

Mr. Knowles (Winnipeg North Centre): You are just getting started.

Mr. Alexander: It is necessary that we give leadership. In view of the way the government is spending, perhaps it does not want the comptroller general to have any clout or any teeth. As the bill stands, he will be toothless.

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

Some hon. Members: Agreed.

Mr. Alexander: Mr. Speaker, I will not take too much time. I just want to plead with the Parliamentary Secretary to President of Treasury Board (Mr. Lefebvre). He knows the position of the opposition. As a member of parliament he knows what we are attempting to do. He knows that there is some merit in our position. He knows we should be moving in the direction the opposition wants this government to move. I know he has a speech to make. I will not say it has been prepared by departmental officials, because that would not be fair.

Mr. Lefebvre: I have it my hand.

Mr. Alexander: Just because it is written in long hand does not mean that it has not been prepared by departmental officials. However, I do not want to get involved in that because I see that the parliamentary secretary is getting sensitive and touchy. I do not want him to get touchy because I want him to understand and to agree that I have an exceptionally good point. I and other hon. members have attempted to put this point before the House for the edification of the Canadian people. I hope that on second thought, after listening to our cogent and important arguments, the government will accept our amendment. It would not have to accept it in its present form if there are technical difficulties with respect to drafting, but when the parliamentary secretary stands up, I hope he will move in that direction. If he does not do so, I will be extremely disappointed.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, if I say as much as the bill does, I will not talk for a long time: it will not take me more than two minutes to cover it all. Nevertheless I want to express my opinion about the principle of this bill under which the government would appoint a comptroller general.

The first time I read the title of the bill, even before I received a copy of it, I figured it would be quite a voluminous bill because I thought, and I still do, that the duties of the comptroller general would be of the upmost importance; I even consider they are more important than those of the auditor general because, in my mind, the auditor general's duty is to examine the administration of departments, to discover errors that have been made and to make parliament aware of these gaps, whereas I consider the comptroller general is more of a consultant, of a counsellor to the various departments and to the government. That is why the appointment of a comptroller general, as stated here, and I quote:

The purpose of this amendment is to establish the office of the Comptroller General of Canada and to provide for the assignment of duties and functions to the incumbent of that office.

Naturally, at first sight, nobody can be against the appointment of a comptroller general, but first we should know how the comptroller will be selected, what kind of man he will be. Will he be free in his actions or will he be bound to the policy of a party or that of a government? Mr. Speaker, this question always comes up in our parliamentary system. The bill says, and I quote:

● (1632)

The Governor in Council may appoint an officer called the Comptroller General . . .

Mr. Speaker, of course we would want an independent person, a person qualified to judge without prejudice the action and policies of the government, a person to be appointed by the minister or by the cabinet—in fact, this person will be appointed by the governor in council, that is by the cabinet. But are we to believe that they will select that person in the ranks of Progressive Conservative, NDP or Social Credit candidates? We all know the Liberals well enough not to expect them to do that, unless they pick someone from the Senate, but it is quite obvious that the people they send to the other place are no longer very useful.

Mr. Speaker, we know that election time is coming, some candidates will be defeated and every time I defeated lawyers in an election, they were appointed judges the next day. This is

so true that at the last election I was invited to the swearing-in of the lawyer I had defeated. I congratulated him and told him publicly as he is a friend of mine: I should not be the one to congratulate you; it should be the other way around because if I had not defeated you, you would not have been appointed judge. He understood and replied: That is true, if I had been elected to parliament, I would not be a judge now.

Mr. Speaker, this is another case of such an appointment and I suspect that this is what will happen under this bill when a public servant is appointed by the party. We read in the bill that a person appointed by a party will play the role of advisor and counsellor to the government and the various departments. Mr. Speaker, in my opinion, this sounds false; this distorts the vocation of the public servant because he will be held in a strangle hold as many are now and as the government itself is held captive by financial interests.

If this person is to be appointed as a result of party pressures, we will have only what we can expect. I believe that it would be more logical to have an elected comptroller general. He could be elected in parliament by a majority of two thirds. This way I believe we could have a public servant who would be completely outside of political influences. I cannot believe that the 264 members of parliament could not find in Canada someone objective enough to forget party politics. I suggest this would be the best way to choose such a person, a person whom I consider somewhat like the defender of the people, like the ombudsmen who now exist in Canada and the provinces.

Of course, I believe that the responsibilities of the comptroller general are as great and even greater than those of a minister in charge of a department. However, I do not believe that it would be logical for the comptroller general to report to the auditor general. Under the bill, he would report to the auditor general rather than to parliament.

It is the auditor general who will evaluate his work and he will be asked to submit his report to him. But he should submit his report to parliament so that this institution may review it as it does for the auditor's report. Those two men will certainly not share the same bed. They will have separate responsibilities and they should not depend on each other because, if they are two friends and particularly two friends from the same party, they will forgive many things to each other.

As concerns the rights and duties of that comptroller general, as I said earlier I think that his duties are even more important than those of the auditor general himself. The comptroller will certainly have control over taxation. This comptroller should have executive powers and not only act in an advisory capacity. He will have the right to control taxation rates as well as the Canadian debt so that a government may not decide to multiply taxes and deficits as today. In the last ten years, we have only heard about taxes and deficits.

I think that if the comptroller could demonstrate to the government the adverse effects of this uncontrolled debt, it would be good for the health of the Canadian economy and beneficial to everyone. We should also control pensions, particularly old age pensions that are totally ludicrous. They are ludicrous because we say that our pensioners will get $254, but it is not true. They get old age pensions of $150 and $155 and the rest comes from welfare or the Saint-Vincent-de-Paul Society, as long as Canadians will not be recognized the right to a full pension because workers have to contribute to a full pension, but when it is time to collect the pension, they are given only 50 per cent of it.

A comptroller could show that to the public and tell the government to stop fooling the people. The pensioner is asked during all his working life to pay 100 per cent unemployment insurance premiums, social security premiums or pension contributions, but he is not told that, at the time of retirement, he will be entitled to only 50 per cent of a given insurance, the old age security and a few dollars from the Quebec Pension Plan. And if he gets more, the Quebec Pension Plan will take his old age security from him. He is not told that and to top it off he is offered a ludicrous basic exemption that makes him pay taxes even on his old age pension. I think that if the comptroller were here he could prevent the government from causing all those difficulties to our pensioners and it is absolutely necessary in a democratic system to have a man able to advise the government.

There is certainly no shortage of civil servants but I feel there is no expert to tell the government how to spend some of the subsidies. Sure, subsidies are granted by the Department of Employment and others, but how are they spent? I do not have enough time to go into that but I believe there is much to be said about the subsidies of the Department of Employment. Besides, people complain a lot about the way they are spent, and especially those of DREE.

For my part, I call that department the department for the distribution of subsidies to privileged people. It is a typically political department, 100 per cent political, where the money spent is the least profitable. We find small millionaires who became millionaires thanks to those subsidies; no control was exercised over those funds and we end up finding out that of the $400 million to $500 million allotted in subsidies by the department, only about some $200 million were wisely spent, that the other millions disappeared into thin air as dust would in the wind. If we had a comptroller such circumstances would occur less frequently and we would have a better idea of how the money is spent, that money, our money, our tax dollars are spent in Canada. We often get leaflets in which the government explains how our tax dollars are spent but there is a world of difference between what they say in those folders and what we see happening. If the leaflets were written by a comptroller and checked by the auditor general, I think that literature would inform the Canadians generally far better. Once again, it is not that I am against the appointment of a comptroller; it is just that I should first like to see the terms well defined, so

that we will know where we are going with such a short bill which states only that we are going to have a comptroller.

● (1642)

[*English*]

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, when Bill C-10 is being considered, sometimes we lose sight of the bottom line of government spending. The hon. member for Roberval (Mr. Gauthier) touched upon the fact that when we are considering the powers of the comptroller general, which hopefully will result in greater restraint on the part of the Government of Canada in the future, we must remember we are fighting for a minimum of expenditure at the federal government level in relation to the services and programs which are put into place. There must be a minimum of expenditure to ensure a minimum of taxation as far as Canadians are concerned.

In the six years I have been here the government has given great lip service to restraint from time to time, but in fact government expenditures have skyrocketed during the decade of our present emperor, which skyrocketing has resulted in an unbelievable tax load for Canadians. The impact of that tax load should be emphasized because governmental expenditures in Canada today are one of the most significant contributing factors to our relatively high wage structure and lack of competitiveness in world markets. Canada has become so loaded with governmental expenditures that approximately 8 per cent more of our gross national product is carried in the form of government expenditure than is the case in respect of our neighbours to the south. That 8 per cent translates to possibly $16 billion of additional government expenditure, compared to what it would be if our load were the same as that of our counterparts in the United States. I should like to bring that into perspective.

Often we forget that Canada shares a continent, and that we must stay competitive with our neighbours to the south. If we do not, the result will be huge trade deficits, such as we are experiencing at the present time. That shows up when the tax loads of American and Canadian families are compared.

The 1966 report of the Royal Commission on Taxation, commonly known as the Carter report, contained startling observations concerning the tax paid by American families compared to Canadians. In that year the Carter report pointed out that Canadian tax was approximately 20 per cent higher than the United States tax, which contributed to the exodus or brain drain into the United States, and that the inequality between the American and Canadian tax levels must be adjusted to ensure that it no longer existed.

Certain significant recommendations were made in respect of the tax load in Canada. Those recommendations were designed to ensure Canadian families ceased being overtaxed in comparison to their American counterparts. In 1978, rather than this difference being lessened, most regrettably we find, under the aegis of the emperor who has ruled this country for the past ten years, the tax load as a percentage in relation to the American tax load has widened.

I have had occasion to visit three chartered international accountancy firms in order to receive the benefit of what they are advising multinational corporations in respect of the tax impact when those corporations transfer employees to Canada. The information was startling. One chartered accountant informed me of the advice he gave one international firm. That corporation intended to send a Canadian back to Canada who had been working in the mid-United States. Prior to implementing that transfer, the firm asked what amount it would have to pay to that employee to ensure him the same take-home pay in Canada as he was receiving in the United States. The chartered accountancy firm advised that multinational corporation that its employee, who was being paid $27,000 a year in the American mid-west, would have to be paid $44,000 Canadian, if he were transferred to Ontario, in order for him to receive an equivalent after tax take-home pay.

I should like to refer to two other examples which will illustrate what I am attempting to indicate. There examples are based on the relative after tax positions of individuals residing in the State of New York and Ontario, Canada. In both of these cases it is assumed that the individuals have been transferred to Canada by their employers for a period of more than one year, and that their families will reside in Canada with them. Because the cost of housing in Ontario is higher than in New York, the employers agreed to pay housing allowances to compensate the employees. The agreed upon amounts are received by the employees in addition to their base salaries.

● (1652)

In short, and I hope this is understood by hon. members, these are not cooked figures, they simply are figures a chartered accounting firm gave a multinational corporation in answer to a request to show what it would have to pay an employee in Canada after transferring him up here to ensure that he would be as well off in Canadian currency terms as he was in the United States. Before giving the example I should mention that the chartered accounting firm made the observation that the employer would incur substantially higher compensatory costs in Canada than in the United States for the same services from the employee.

[*Translation*]

Mr. Pinard: Mr. Speaker, I see that the Leader of the Opposition has just come in the House and I wonder whether he realizes that by filibustering this bill, the opposition is preventing passage of a legislation dealing with the language spoken by all Canadians before the courts and which would allow them to be tried in the official language of their choice.

[*English*]

The Acting Speaker (Mr. Ethier): Order, please. I do not think this constitutes a point of order.

Mr. Stevens: Frankly, Mr. Speaker, I suppose I should never be surprised in this House, but it is one thing for a backbench Liberal member to be unconcerned, if you like, with the explosion in expenditures in this country from about

$10 billion to $50 billion under the reign of the emperor who now rules the nation, but it is quite another thing for that same backbencher, ten minutes after my standing up to speak in respect of the tax implications of that explosion, to suggest I am engaged in some type of filibuster. Surely that is ludicrous.

What I am trying to point out is that one of the inherent problems we are living with in Canada is the result of the cost of government in Canada imposing a non-productive burden on Canadians much greater than is imposed on our American counterparts. This in turn is translated into higher gross wages in Canada, making us non-competitive.

This is a serious issue and, regardless of the wishes of the hon. member not to hear this, I intend to put some of these figures on the record. When a chartered accounting firm comes to me and suggests that I should be aware of the tax implications in Canada as compared to those of the United States when considering how we are to get back some of our competitiveness, then I think it is important to let hon. members and the people in the country know what are the figures about which we are talking.

The first example I want to give is of an employee by the name of Johnson who receives a basic salary of $19,700 in New York State. The company wanted to transfer Johnson to Canada and has been informed by its chartered accountants that he should first of all receive a housing allowance per year of $5,328 to compensate him for the higher cost of homes in Ontario and, secondly, that his OHIP payments should be included. It also suggested that the company must pay him what is referred to as a "tax equalization", which in short amounts to what the chartered accountants estimate the man needs in tax equalization to end up with take-home pay, after paying Canadian tax, equal to what he is getting in the United States. The amount of that payment is $3,968.

In total, to pay that employee doing virtually the same job in Canada for the company it will cost that international employer $29,380 compared to, and I emphasize this, $19,700 being paid in the United States. In short, by shifting one man to Canada at a wage rate of $19,700 the international employer must pay a difference of $9,680, or a gross salary of $29,380.

Let me point out how this works from the employee's stand point. His gross income in Canada will be $28,996. In Canada he pays taxes at all levels of $7,781, and receives an allowance of $5,328, giving him a net disposable income of $15,887. In the United States that same person with a gross income of $19,700 pays out $3,813 in taxes, giving a net disposable income of $15,887.

Just to summarize what I am saying, to give this man with a gross salary of $19,700 in the United States the same take-home pay in Canada of $15,887, he must be paid $28,996 here.

An hon. Member: Rubbish!

Mr. Stevens: I notice that certain hon. members on the other side have not joined in this debate, presumably because they have no concern about the expenditures with which we are concerned on this side of the House. Those hon. members have the audacity to talk about what the man in this example gets in Canada. Let me tell them that he gets in Canada—a lot less than he is getting in the United States at the present time.

Let me give another example. This chap is earning $35,460 in the United States. Before calling it five o'clock, Mr. Speaker, may I just—

[*Translation*]

Mr. Pinard: Mr. Speaker, on a point of order. When I hear a small "f" front bencher wasting all that time to quote statistics to make a comparison with the United States and deliberately omitting to speak of the numerous social benefits we enjoy in Canada, I say that he does not put into practice what his party is advocating.—

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

[*Translation*]

The Acting Speaker (Mr. Ethier): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follow: the hon. member for Central Nova (Mr. MacKay)—Regional Economic Expansion—Government action to assist areas of disparity; the hon. member for Capilano (Mr. Huntington)—Finance—Measures to prevent dumping of steel beams—Definition of "fair world price"; the hon. member for St. John's West (Mr. Crosbie)—Regional Economic Expansion—Cost-sharing of trans-Canada highway.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely public, private bills and notices of motions.

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Ethier): First I should draw to the attention of the House, if you will bear with me for a moment, that the first five items on the order paper under private members' notices of motions were called and allowed to stand at the request of the government on April 17, 1978. In accordance with my ruling on December 5, 1977, and Standing Orders 19(1) and 49(1), these items can be stood a second time only by unanimous consent. If that unanimous consent is not forthcoming, the items will be dropped from the order paper. Is there unanimous consent?

Some hon. Members: Agreed.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask for the unanimous consent of the House to proceed with notice of motion No. 15 and that all preceding notices of motions stand, not at the government's

request, but by unanimous consent of the House, in the hope that we might very soon proceed with Bill C-42.

● (1702)

[*English*]

Mr. Paproski: Yes, so agreed, Mr. Speaker.

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

* * *

CENTRAL MORTGAGE AND HOUSING CORPORATION

ADVISABILITY OF PROVIDING INCENTIVES TO BUILDERS FOR USE OF SOLAR ENERGY DESIGNS

The House resumed, from Friday, February 3, consideration of the motion of Mr. Caccia:

That, in the opinion of this House, the government should consider the advisability of directing the Central Mortgage and Housing Corporation to make appropriate changes in its lending policy regulations to provide incentives to builders and developers who incorporate in their building plans the use of passive solar energy designs and/or solar energy systems for space and water heating.

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, it is very appropriate to deal with this motion today because on Wednesday of this week—

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Hastings (Mr. Ellis) on a point of order.

Mr. Ellis: Mr. Speaker, I had the floor when this was last before the House. However, I will relinquish the floor to my friend across the way, and when he is finished I will follow. I had not realized the bill would be on the list today, so I am not really prepared. I could be ready in five minutes if my friend from Guelph wishes to continue.

The Acting Speaker (Mr. Ethier): In order to recognize the hon. member for Hastings at a later date we need unanimous consent.

[*Translation*]

Mr. Pinard: Mr. Speaker, presumably the hon. member knows his subject very well and we are quite prepared to let him go on with his speech. If he needs a few minutes to refresh his memory, we on this side of the House do not object to his speaking again a little later today.

The Acting Speaker (Mr. Ethier): Is there unanimous consent?

Some hon. Members: Agreed.

[*English*]

The Acting Speaker (Mr. Ethier): There is unanimous consent.

Use of Solar Energy

Mr. Maine: As I was saying, Mr. Speaker, it is very appropriate to deal with this motion today because Wednesday of this week has been designated as "Sun day", the day of the sun, a day on which we will be focusing attention on solar energy. I would like to say a very few words in support of the motion by the hon. member for Davenport (Mr. Caccia). I think it is a very important motion, that it should receive the attention of this House, and hopefully get consent to go to committee. We must encourage people in a very tangible, financial way to utilize solar energy in the design and construction of their houses and in innovations with respect to solar energy technology.

A recent example of solar energy technology being harnessed in a land base use—which should be a symbol to Canadians of what can be done and urge them to greater heights—is this solar energy, battery-powered electronic calculator that was made in Japan. It is a tremendous feat in technology. As you can see, it is very small, completely rechargeable, and powered by a solar battery located here. It is this kind of technology that is ahead of us and that will create jobs and make solar energy more applicable to life on planet earth and not just in space technology, as it has been used in past applications to date.

I do not see the encouragement for this industry in Canada. I do not see new ideas being utilized such as this electronic calculator. I have a few more examples, but I will be brief so as not to use much time in this private members' hour.

At the University of Toronto I recently observed an aluminum covered plastic in the form of a solar blind which would go up and down between two panes of window glass to act as a solar reflector thereby controlling the temperature inside a house. It was operated by a motor which was both triggered and repowered by solar energy. An area where solar energy is in use in this country, and which has been used historically a great deal in Europe, is in the use of shutters to keep heat in as well as control the amount of light coming into a building. Generally, normal shutters have to be opened and closed daily, but these could be both activated as well as powered by solar energy. There is sufficient technology in this country to develop and utilize such inventions through solar energy.

Another area for the use of solar energy is the controlling of lights. Solar energy could activate the lights in a building as well as power the mechanism that would turn them off and on at a suitable time interval. This would replace the usual timers currently being used which operate on a 24-hour-a-day basis using a great deal of electricity. Those three examples are just a few of the new applications that I can see for solar energy technology in the housing industry.

Solar energy would help to create new jobs, new industries in Canada. It is very appropriate and worth-while to support the motion of the hon. member for Davenport, and I do so.

Mr. J. R. Ellis (Hastings): I apologize once again, Mr. Speaker, for not being aware that this was going to be coming up. The very few moments that I will spend in continuing with what I was saying on February 3 last have to do first with the

question of support for this motion. I made it very clear that day that I intended, because of the manner in which these motions have been handled in the past, to talk it out, which I did. In so doing, however, I did not have enough time to put forward my support for the basic principle of the motion moved by the hon. member for Davenport (Mr. Caccia).

One of the questions I wanted to ask that day was whether or not either the Minister of State for Urban Affairs (Mr. Ouellet), who is responsible for Central Mortgage and Housing, or the Minister of Energy, Mines and Resources (Mr. Gillespie) would in fact give us some guarantee that the subject of this motion would be acted upon. One of the criticisms I had then, and continue to have, is the lack of support for renewable energy sources within this House. The information that I have is that the budget for the last full fiscal year was something in the order of $6 million. As the hon. member for Halifax (Mr. Stanfield) has said on previous occasions, "the government could spill more money than that in any given afternoon."

The need for energy from renewable resources has been well proven. Whether or not this motion in going to committee would give more support to that very necessary subject, is something about which I have a great deal of question. This motion—and I made the point earlier—merely asks that the Central Mortgage and Housing Corporation consider changing its lending policy to provide for extra loans. Unlike the United States, it does not provide for relief from the extra costs, or support for those who put in renewable energy sources.

On February 3 I had just arrived at the point of telling the House about a Mr. Ball in the village of Wellington, who has gone to the extent of spending approximately $20,000 to install wind generators powered by solar energy in his home, and other innovations for using renewable energy to heat and light his home. He has done an exceptionally fine job and, being a machinist, he has done all of the work himself, including the designing. This has brought his regular electric bill down to approximately $25 a month, but even reducing it by that much will not enable him to regain his $20,000 investment. There is just no way he could do it taking into account the interest he would have to pay on the money, yet no provision is made by the government to reimburse him for the savings in non-renewable energy resources that he is putting into effect.

● (1712)

It seems to me that we could follow the lead given by the Congress of the United States. There are a number of programs in effect there to reimburse individuals by way of better interest rates, better mortgages, and outright grants, if they are prepared to use renewable energy resources for heating or lighting their homes. I think even a heater for a swimming pool should qualify.

There has also been a great deal of study in the United States into various ways of using renewable energy resources. Several symposiums have been held to study the technology, and the information is readily available. Here in Canada, where the need for renewable energy resources is far greater, I have not come across any good information which would help people who want to use the resource. We have a problem with high unemployment, yet there is not a single program to encourage industries in this field, particularly small businesses, to become involved in the development and construction of parts and equipment necessary to the use of renewable energy in homes. At a number of home shows I attended recently, all of the technology came from the United States.

I have no quarrel with the motion of the hon. member for Davenport, Mr. Speaker, as I think it is time the government put legislation before the House to support the use of our renewable energy resources.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I shall not detain the House but I should like to take a few minutes to express my personal support and that of my colleagues for this motion. It is not necessary for me to remind hon. members that we are still in the midst of an energy crisis. We have tended to become so used to the energy crisis that we may feel it has passed away. The fact is that in terms of non-renewable energy resources, particularly oil, gas, and coal, in that order, we are rapidly running out of resources. We also have fewer sources of hydroelectric power, and therefore anything which can be done to help this country face the energy shortages which will confront us in a few years ought to be done immediately.

The best estimates show that by the middle of the 1990's Canada will be spending about $5 billion per year on imported oil. This will create problems with our balance of payments and costs of production, and it could deliver a serious blow to our economic future. I think we have not been tackling this problem as seriously as we should. No one would suggest for a moment that there is any simple solution to the energy shortage or that a good fairy will wave a magic wand and the problem will disappear.

There will have to be a three-pronged attack, Mr. Speaker. First, we must develop other non-renewable resources—oil from shale or tar sands or heavy oil. We have to make better use of coal than we have done in the past.

The second thing we have to do is embark upon a much more ambitious conservation program to reduce consumption of energy. A good deal of the consumption of energy in this country is wasteful. We consume huge quantities of energy simply because it was cheap in the past and we took it for granted that there would be no limit on the amount of energy available in the future.

The third approach is the one which this motion touches upon, that we must begin immediately to develop the renewable resources. That may be energy from wind, from harnessing the tides, from thermal power, from putting shafts down into the earth and capturing steam, or it may be from capturing the greatest source of energy of all: the sun.

Development of solar energy is something like motherhood and patriotism—everybody supports it. But we really have not done very much about it, Mr. Speaker. Some experiments are

going on in my constituency where a number of people are heating their homes using solar panels, others are using wind energy and some are using a combination of both. The government of Saskatchewan is financing construction of a house in which all the heating, lighting, and electrical appliances are powered by solar energy. This experiment will be very useful.

I have seen solar energy programs in Malaysia, Hong Kong, Singapore, and particularly in Australia, which has made great strides in developing solar panels. So far, however, we have only touched on the fringe of this subject.

We could do several things, one of which is mentioned in this motion. The government, through CMHC or any other mechanism it wants to use, could provide financial incentives for people building houses, and particularly for developers, to instal solar energy units in one form or another. That would give us an opportunity to see how they work, to compare costs, and to get people accustomed to them.

The main problem, however, is that we have not yet embarked upon a massive research and development program to produce an economic unit that would provide solar energy at a relatively low cost. The units which I saw are in Australia and which were being sold at agricultural fairs were relatively cheap by comparison to any solar panels that we buy here, but they were still fairly expensive.

● (1722)

I am convinced that if the government were prepared through the National Research Council and the Department of Energy, Mines and Resources to call in the whole of the electrical industry in this country and say to them, "Let us put on a massive program to produce a solar energy unit that will be the cheapest in the world", it could be done. Of course, it will cost money. But it will cost a great deal less than it will cost if we wait until the time comes when we do not have sufficient energy from other sources or if we wait until some major power, such as the United States, Japan or West Germany develops cheap solar energy and we have to pay a very high price for it.

I am sure that by 1990 there will be a $1 billion solar energy industry available to any country that has the foresight to establish the production of an economic solar unit. Canada can be the country, because there are many nations in the world which have warm climates and lots of sunlight, but they have no oil, no coal, and no gas. These countries do not have the technical know-how or research facilities to produce solar units themselves, but they would be prepared to purchase them if they could obtain them at reasonable prices from a country such as Canada.

I notice that the United States is already moving rapidly into this field. I am afraid that we will miss the boat. I hope that those of us who are supporting this motion, and I think we all are, will press the government to go one step further and not only provide financial incentives for the consumer to put in solar units but also spend the necessary money for research and development so that there are cheap solar units which we can purchase, manufacture, and export to other countries.

Sometimes we tend to spend money protecting and subsidizing industries which are on their way out. We ought to be spending money to develop industries which are in their infancy and which have a tremendous potential for the future. In my opinion, the solar energy industry is one where an investment by Canada at the present time would bring great benefits in the future, not only for our own people but for the export trade which we could develop.

● (1732)

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I have a great deal of interest in the motion put forward by the hon. member for Davenport (Mr. Caccia) in which he invites the House to tell the government that it should, and I quote:

> Consider the advisability of directing the Central Mortgage and Housing Corporation to make appropriate changes in its lending policy regulations to provide incentives to builders and developers who incorporate in their building plans the use of passive solar energy designs and/or solar energy systems for space and water heating.

Mr. Speaker, the motion is worthwhile. It urges the management of the Central Mortgage and Housing Corporation to devise plans enabling those who are involved in housing construction to provide for the possible uses of solar energy to heat buildings, houses and the water used by the people who live there. It seems to me that worth-while though it may be that motion places parliament in an inferior position towards the Crown corporation. The Central Mortgage and Housing Corporation is a Crown corporation which receives the funds the Canadian parliament agrees to allocate to it no matter how many millions are involved and that corporation administers those funds. The corporation sets up regulations concerning borrowers, those who want to benefit from the National Housing Act and build homes in which Canadian families can live decently.

Mr. Speaker, we should not expect the impossible from management. They should not be put in a position where the population would see the Central Mortgage and Housing Corporation as being the Canadian parliament. Yet the fact is that this is pretty much the intent of the motion. Mr. Speaker, if we really want our Crown corporations to perform well, they should not be put into some kind of a yoke. I for one am quite in favour of using solar energy. For several years I have been a supporter of the possibility of using solar energy for heating houses and domestic water.

Mr. Speaker, I even attended once in an African country a conference of the Association of French-speaking parliamentarians. I remember how glad and pleased my colleague the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) and I were on that occasion to consider seriously for hours on end the possible ways and means to tap, collect and make better use of these sources of energy. The hon. member for Bonaventure-Îles-de-la-Madeleine has just suggested something to me. Collect the energy and use it to meet the needs of

the people. These nations have solar energy to spare, but they lack the technology to use this energy to pump the water they need. And the conference considered very seriously this problem and this possibility to use these energies which are made available to us by God.

Mr. Speaker, I do not want to blame anyone in Canada, absolutely not. I do not intend to blame anybody but we have a housing policy which puts under a yoke those who need to go to the Central Mortgage and Housing Corporation. Of course, the corporation is responsible for the management of the funds which are made available to it and gives yearly accounts to the Parliament of Canada. The corporation lends at rates which force borrowers to refund three or four times the amount of the loan.

To have the right to own a house under the present policy, the borrowers have to sign a contract under which they agree to refund three or four times the value of the house. It is not surprising, Mr. Speaker, that there are now many more tenants than owners in our country because ownership is becoming increasingly impossible for a working couple with an average income under the onerous conditions for the refund of the loans or of the loan they can obtain to be able to own a house.

So, Mr. Speaker, under the present circumstances, it is obvious that the Central Mortgage and Housing Corporation feels obliged to impose obligations which are well beyond the repayment capacity of borrowers. And from year to year we see ever fewer couples prevailing themselves of this legislation and of the advantages which have been enumerated because they do not foresee the possibility one day of really becoming owners of the house they will have to maintain, in addition of municipal and school taxes and so on.

And this is why I say that in a normal society when one witnesses a phenomenon such as this when there are more tenants than owners, it becomes a source of concern. When a man owns a property it is like his little homeland. He is prepared to make all the necessary sacrifices to ensure the protection of his rights. It is his little homeland and he is prepared to accept any sacrifice to make sure it is truly his. When the majority of people in a country are not made owners but simply tenants, unfortunately—and history has shown this, the past bears this out—people are not interested in defending their homeland against attacks that may come from all sides. They let themselves be carried by ideologies and are prepared to accept anything, because they do not believe they could be worse off.

Well, Mr. Speaker, I find that the hon. member's motion is timely because we also have in Canada that opportunity of working to discover more fully the resources of the sun—solar energy. I understand that in recent years the government of Canada—and I say this with pride—has made efforts to carry out research to discover the possible uses of solar energy so as to reduce the cost of maintaining a house, and more particularly when it comes to heating water and keeping our houses warm, something which our climate has made necessary in this country.

Mr. Speaker, even if unlike the countries of Africa we do not have the advantage of enjoying a scorching sun all year round it is still possible to allocate more money to trying to find the necessary means for storing solar energy. It could be used advantageously by future home owners to reduce their costs, with the resulting advantage of being eager to have access to ownership and saying with pride, I own part of my homeland.

Mr. Speaker, that is the pride we have to transmit to our children if we want them to be really responsible citizens. Or, in short if we want them to be able to fight to protect their rights and the freedom that will enable them to enjoy the rights which come with the ownership of a piece of property. Mr. Speaker, that is why I think that the motion of the hon. member for Davenport is so timely. I know the House gives its unanimous consent to directing our research work in a serious way towards the use of solar energy. Mr. Speaker, I would not like us to find ourselves in the kind of mess we have been in for 50 years.

The energy of our rivers and of all those natural resources fell under the control of corporations which developed those resources to make profits and not to provide services. I consider that it is the responsibility of parliament to vote the necessary funds to carry out further research which could be valuable for Canadians instead of leaving them in the hands of those who can eventually centralize and cash in on those energies to make more profits and take unfair advantage of the people. Let us be careful.

Past experience should compel us to take steps and make parliament truly responsible, which would enable our researchers to work efficiently and submit practical proposals. The Minister of Energy, Mines and Resources (Mr. Gillespie) would thus be able to make solar energy available to all Canadians at prices in line with the ability to pay of each individual who wishes to gain ownership. This is why I seriously support the motion of the hon. member for Davenport, while suggesting that if one day the objective aimed at in the motion is attained, it should be beneficial to all Canadians.

I am concluding my comments so that this motion may be passed, because I do not want it to be said that I killed it as it has unfortunately happened too often in the past. I am in favour of life, Mr. Speaker, I am not a murderer. I am anxious that steps be taken so that all the assets given us by our Maker are made available to all mankind.

● (1742)

[*English*]

Mr. Ross Milne (Paliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, as a person who has engineering training and who had some re-

sponsibility for the design of buildings a few years back, I want to support this motion and to congratulate my colleague, the hon. member for Davenport (Mr. Caccia), for putting it forward. I was interested in the building trade at the time when new or adequate insulation standards were introduced, and perhaps by virtue of that I have some understanding of the enormity of the task of getting common acceptance for the use of solar energy in every-day housing and in other applications.

I want to comment on the positive role that the National Research Council has been playing in co-ordinating research effort and in advancing the state of the art. I hope that with the passing of this motion and in subsequent action on it by the government not only will the financial aspect of this motion be supported but also that recognition will be given to the fact that this is another problem which has to be addressed before there will be any wide scale acceptance of solar heating in mass produced housing.

Builders are reluctant to use new methods unless it is demonstrated to them that they are reliable, that they perform well and that down the road they will not be plagued with operational problems which will interfere with their business. The only point I want to make is that there is a large role for some government agency—I am not just sure which one it ought to be—in doing the innovative work for the early adapters, and in making sure that design work is done and that this new method is promoted. I do not mean to be negative toward people in the building business, but very few of them are prone to spend very much money or time to design new and innovative designs or to try out new ideas, and it seems to me that this is one of the roles that the government will have to play. It will have to do the engineering, the verification and the product testing so that people buying can be sure that the product is reliable and that its performance will be good. In addition to making appropriate changes in lending policies toward the application of solar energy, I hope that there is recognition that there is a large design, selling and demonstration job to be done.

I would like to put on the record the good work the community college in my riding is doing at the present time. It is putting together an alternative energy source house to demonstrate not only solar but also many other types of renewable energy approaches which can be used. I think this type of thing, along with the intent of this motion, will further the art.

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

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Motion agreed to.

[*Translation*]

Mr. Pinard: Mr. Speaker, under the circumstances, I suppose there is unanimous consent to let you say that it is six o'clock.

The Acting Speaker (Mr. Ethier): Does the House agree?

[*English*]

Mr. Paproski: Agreed.

Mr. Knowles (Winnipeg North Centre): Agreed.

The Acting Speaker (Mr. Ethier): It being six o'clock, the hour provided for the consideration of private members' business has now expired. I do now leave the chair until eight o'clock.

At 5.47 p.m. the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

FINANCIAL ADMINISTRATION ACT

AMENDMENT TO ESTABLISH OFFICE OF COMPTROLLER GENERAL

The House resumed consideration of the motion of Mr. Cullen (for Mr. Andras) that Bill C-10, to amend the Financial Administration Act, be read the third time and do pass.

The Acting Speaker (Mr. Turner): Order, please. At five o'clock the hon. member for York-Simcoe (Mr. Stevens) had the floor.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, as you have said, at five o'clock I had the floor and, you will recall, I was pointing out that as the result of the expenditure explosion which the federal government has permitted to occur in Canada, a very unhappy level of taxation has been reached. It means that the average Canadian family are paying substantially more in income tax than their counterparts in the United States.

I pointed out that this has resulted in Canadians being enticed to some degree to emigrate to the United States where they feel they bear a lighter tax load or, conversely, it means that Canadians who stay in Canada demand exceedingly high gross wages so as to have the same take home pay as they would if they were living and working in the United States. This is of particular concern to Canada today when we have lost a certain competitiveness in relation to our main trading partner, the United States.

If I could summarize, I am saying that as a result of our tax system and, more important, as a result of present expenditures paid either through direct taxation or by debt, we now have a much greater imbalance than was the case even 10 or 15 years ago between the tax load in Canada and that in the United States. I pointed out that a person in the United States earning a basic salary of $19,700, according to one of the largest accounting firms in the world, would need to earn $28,996 in Canada to give him the same take-home pay after tax. To carry the example further, a person in the United States earning $35,460, according to the same international accounting firm, would need $53,714 simply to get the same take-home pay after tax in Canada.

I think that that type of dramatic evidence should be enough to arrest the propensity that the government has shown for spending. Surely every day that we question the government on the flight of capital from Canada to the United States we are touching a nerve; we are touching something that is very undesirable. But when you add the fact that it is not only capital that is leaving but some of our best, most highly trained professional people, people who are moving because they feel that the tax load which they now have to bear in Canada is unbearable, the situation is all the worse.

Another international chartered accounting firm has given me the benefit of a schedule that they sent to one of their international clients in which they gave a tax equalization comparison for 1967, comparing a person who lives in Ontario with a person who lives in New Jersey, U.S., assuming these persons have a $20,000 salary, a $40,000 salary and a $60,000 salary in each country. This breakdown indicates that the person earning at the $20,000 level pays $1,000 more tax in Canada, compared to his counterpart in the United States. In short, that person would be required to pay $3,708 in Canada, compared to his counterpart in the United States who would be required to pay $2,734. The person earning $40,000 would pay $3,900 more taxation in Canada than in the United States. The person earning $40,000 in Canada would pay $12,369, compared to his counterpart in the United States who would pay $8,472. The person earning $60,000 would pay $6,400 more taxation in Canada than in the United States. In short, he would pay $22,737, compared to his American counterpart who would pay $16,330.

● (2012)

Now that the emperor has had ten years to place this burden upon Canadians, surely that heavy burden is evident. A significant thing which leads to this imbalance regarding tax load is the fact that the American counterpart has many more deductible items to subtract from his income before he pays taxes. More importantly, the tax load in the United States does not have to be as high. In fact, it is roughly 80 per cent of our tax load, because their expenditures are not as high. With regard to the gross national product, all governments in the United States take 35 per cent, whereas the governments in Canada take 43 per cent. The 8 per cent difference is borne by Canadian taxpayers. The bulk of that difference is an unnecessary charge.

Once again I should like to refer to the 1966 report of the Royal Commission on Taxation, usually referred to as the Carter report. Page 158 of Volume III reads as follows:

> For many Canadian workers, the market for their services is continental, not Canadian. This is especially true for highly skilled and professional employees who are increasingly sought by United States and other foreign employers as well as by employers in Canada. The so-called "brain drain" from Canada has been widely noted and deplored by many observers. We are anxious that the Canadian tax system should not contribute to that drain.

It continues:

> We are, however, concerned with reducing Canadian taxes on skilled workers and professionals to the point where there are no major tax incentives for emigration to the United States.

Then it refers to various examples, such as I have given, in respect of comparative tax loads. It concludes as follows:

> . . . taxes are substantially above the average for the respective countries. As can be seen from the data given in the table, income taxes are higher in Canada in all examples.

The Carter report found evidence of a tax imbalance, and it made recommendations as to how a new equality could be arrived at between the Canadian tax level and that of our neighbour to the south. Unfortunately the government only listened partially to the recommendations contained in that report, the net result of which is that the imbalance has widened rather than narrowed.

This brings me to the following crucial question: Why has there been such an explosion in government expenditures? I hope the Comptroller General, when he takes office, will do something about this explosion. This explosion is evident when one considers the government as an employer in our economy. In an earlier speech, I referred to some figures which I should like to give again. The President of the Treasury Board (Mr. Andras) was almost hysterical because he was embarrassed by the growth in the public service since the government took power. I should like to refer the President of the Treasury Board to the 1977-78 publication of the National Finances. At page 82 it is spelled out clearly why we are living with the expenditures of today. This publication was put out by the Canadian Tax Foundation, and reads in part as follows:

> The increase in the number of employees is a striking indication of the growth that has taken place in the size of the government during recent decades. In March 1925, when figures were first published, federal government employees numbered 39,000, compared to 121,000 at March 1946 at the beginning of the postwar period, and 580,022 at June 30, 1977.

I am glad Your Honour was seated when I read those figures. Is that charisma in action? Perhaps the Economic Review tabled on Friday fills in the other gaps, which explains why expenditures have risen so dramatically. In this connection, I refer hon. members to the Economic Review dated April 1978. At page 88 they will see how the deficit has been allowed to grow in Canada during the ten years the emperor has ruled us. The federal government deficit is shown as being $7,343 million. During the 1960 to 1970 period, the average surplus was $80 million. Thus, we came out of the 1960 to 1970 decade with an average surplus at the federal level of $80

million, arriving at a deficit of approximately $7.3 billion last year.

Perhaps Liberal backbenchers have been told in caucus not to worry about that deficit because it is a hangover from the unemployment problems, and that if the economy increases at its potential growth rate, that it will disappear. The figures I have referred to put the lie to that claim on the part of the government. Even if full employment accounting is used, this government is in a deficit position. For example, in 1977, even if the cyclical adjustment is taken into account, the deficit will be to the tune of $4.4 billion. Mr. Speaker, that is very, very serious. In its own Economic Review, the government admits that if this country were back to full employment the deficit would still be $4.4 billion. Surely the need for an effective comptroller general is evident. It is not only the impact of these deficits that is important for consideration, but the fact that the deficits must be paid in order to avoid incurring additional debt, either foreign or domestic.

● (2022)

Again in this regard we have some startling figures. We find at page 89 of the same Economic Review to which I have referred that the total net debt of the federal treasury in 1976 was $15.5 billion, while in 1978 the report shows the debt to be $40 billion. In fact, the report shows a jump of almost $11 billion between 1977 and 1978, and those figures are taken from the Economic Review of the Department of Finance.

Let me refer to the gross figures. The gross debt this year will be $77.8 billion, compared to $28.4 billion when the emperor first took power in Canada. These are some of the reasons I earnestly hope those on the government side will bring pressure to bear to ensure that the comptroller general is given a mandate which will be in truth meaningful as far as expenditure control at the federal government level is concerned.

Another interesting table in this Economic Review, which I am sure you have noted, Mr. Speaker, is Table 42 appearing at page 168 of the April issue. You will note here a sharp contrast between government price increases and the consumer price increase. I emphasize this because the government likes to represent that somehow or other inflation has been caused by labour, big business, the provinces or foreign disturbances and things of this kind. What the government rarely points out, although it knows this is true, is that the government has been in the vanguard in respect to increasing prices in the last ten years.

Table 42 points out the implicit price indices, which are the broader indices, rather than the consumer price indices. For 1968 this shows that personal expenditures on consumer goods and services, taking 1971 as 100, in 1968 stood at 90.8. That is on the personal expenditure side. On the government current expenditure on goods and services side the figure stood at 82.8. However, in the last ten years there has been a dramatic increase, not so much on the personal expenditure side as on the side in respect of government expenditures on goods and services. We find that this jumped from 82.2 in 1968 to 191.30, and again I emphasize that this is the implicit price index put out by the Department of Finance covering government expenditures as far as price escalation is concerned. In other words, based on the 1971 implicit price index for government expenditures the jump was well over 91 per cent. During the same period personal expenditures jumped from 90.8 to 158.

To express that based on the 1971 year equalling 100, we find that personal expenditures as far as price increases are concerned went up by only 58 compared to government expenditures which went up at the rate of nearly 100. When we consider the role of a comptroller general in this country we must bear these facts in mind. The truth is that it has been government expenditure, not only in volume but in actual prices, that has put this load on the taxpayer. Not only has there been an increase on the unit side; actual prices have skyrocketed as compared to price increases on the personal expenditure side.

I touch upon these points because I feel it is often overlooked, when we are thinking in terms of the weight of expenditure, who eventually pays the bill. There is no way the government can spend money and not pay, any more, Mr. Speaker, than you or I can. The fact is that when the government spends it must either pay for that expenditure through taxation or by borrowing money, which means the government is asking generations down the road to pay for those expenditures. Or it can take a third course, which this government is wont to do, and that is counterfeiting or printing more money in order to create a balance. That, of course, leads as much as anything to the inflation which this government likes to decry so much.

If that is so, that surely points out why it is absolutely necessary and essential that we get a better hold on government expenditure, and that is why I believe the move toward the establishment of the position of comptroller general is a welcome move; but only if he can be given the mandate he needs to do something effective in controlling these expenditures.

I recommend that hon. members read another Canadian Tax Foundation publication put out in January of this year entitled "The Expenditure Budget Process in the Government of Canada". It is authored by Douglas G. Hartle, professor of economics at the Institute for Policy Analysis, University of Toronto. He served as deputy secretary to Treasury Board from 1969 to 1973. Various comments are made in this little booklet concerning the budgetary process as well as the expenditure process in Canada. This was before the comptroller general idea came into being. Mr. Hartle points out that he hopes the Auditor General might be able to do certain things in order to get a better handle on the type of expenditure we have been discussing during this debate. At page 118 Mr. Hartle states:

> To this end we propose that the Auditor General report to parliament annually on each program or project for which he carries out a financial audit. The report should answer the following questions.
>
> 1) Has the department or agency specified the criteria by which it wishes the efficiency and effectiveness of this program or project to be assessed?
>
> 2) If so, have these criteria been made public?

3) If they have been made public, what is the reference?

4) If they have not been made public, what reason or reasons does the department or agency give?

5) If the department has specified the evaluative criteria—

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I would gladly yield the floor to the hon. member for York-Simcoe (Mr. Stevens) if—

The Acting Speaker (Mr. Turner): I definitely heard a "no" and I recognized the hon. member for Surrey-White Rock (Mr. Friesen).

Mr. Friesen: Thank you, Mr. Speaker. As much as I would like to defer to my colleague the hon. member for York-Simcoe, I can see that government members recognize quality when they see it and are waiting for what I am going to say.

An hon. Member: We knew you would be next.

Mr. Friesen: I am glad to have an opportunity to contribute to the debate on this bill that will introduce a new member to the government bureaucracy, namely, the Comptroller General. All hon. members have heard the story that a drowning man sees his life pass before him as he is going down for the third time. The government is going through that experience right now. They are about ready to meet their Maker, and seeing their whole life passing before them, they are engaging in a little bit of deathbed repentance. That is better than no repentance at all, but I wonder just how genuine the repentance is if it comes at the last minute. It is like the boy who when he was falling over a cliff said "Lord save me"; and just then his clothes caught on a branch, whereupon he said "Never mind, Lord, the tree has got me". That is the way the government feels about repentance.

● (2032)

The provision for a comptroller general is a kind of commentary on the government itself. While we on this side called for the creation of this office in the government, I do find two very serious shortcomings in the way the government has brought this bill forward. First of all, it has nothing to do with the establishing of the levels of the budget, and the government can tax all it wants in spite of the creation of this new office. It can continue to tax the Canadian people, and the comptroller general has no control over that. If the government has any kind of self-control or sense of feeling for the Canadian people and the weight of the burden they are already carrying in taxation, there would be no need for the office of comptroller general.

What we need is a little historical sketch as to where we have come in the institution of parliament. Many centuries ago it was the king who had the ultimate, total and absolute control over the powers of taxation and spending. He could act according to his whims, and it was not until the barons got hold of him at a place called Runnymede, England that they began to limit the exercise of his powers. Some time after that the House of Commons began to limit the powers of the king and say, "Look, you are going to have to come to us before you can exercise those so-called unlimited powers." Parliament then began to limit the taxation powers of the king.

Today, we have the emperor opposite, as he has been described tonight by the member for York-Simcoe, who feels that it is his prerogative to tax the Canadian people as much as he wants, and it is the prerogative of the Canadian people to pay without murmuring. That is noblesse oblige to do that. Over the centuries parliament began to control the taxation and spending powers of the king, but in one fell swoop over the past ten years the Prime Minister (Mr. Trudeau) has been able to undo all the progress that the House of Commons was able to establish over the centuries.

We now face a government headed by a Prime Minister who feels that the only limits that ought to be exercised are the limits of endurance of the Canadian taxpayers and that they ought not to squeal. The government's principle is to tax as much as possible rather than as little as possible. Having taxed as much as possible, it is then the responsibility of the government to spend as much as possible rather than as little as possible.

I noted with interest that Pat Carney, one of our economists in British Columbia and now one of our candidates in Vancouver Centre—and who is going to turf out that Liberal who wants to make it—has said that the country is facing a potential taxpayers' revolt. I can understand that. The one who wants to be the Liberal candidate, the former mayor of Vancouver, illustrated Liberal economics very well in the way he is going for the nomination. As Pat Carney pointed out in her speech, he bought ads for $1,900 in major Vancouver newspapers which go all over the province—and obviously most of the readers are not eligible to vote for the man in Vancouver Centre—to get himself nominated in Vancouver Centre. That is the way the Liberals look at things.

I read an article in the *Globe and Mail* this morning about what one of the government backbenchers is experiencing in the city of Toronto, and that article said:

> But, according to one senior Metro-area Liberal MP who has spent the past three week ends knocking on doors in his suburban riding, he doesn't need a public opinion poll to tell him that "it's turned to jelly in the past two months."

That is, the decline in support for the Liberal government.

> The decline in Liberal support in his riding is palpable, he told a reporter over lunch, and he wasn't the least surprised that Mr. Trudeau and his advisers are attempting to get another reading of the lie of the land.
>
> His constituents are expressing a general feeling of irritation and concern, a lack of confidence in the way things are going in the country and in their economic prospects, he said. This is, coupled with an increased antagonism toward Mr. Trudeau.
>
> To his surprise, this feeling includes an element of distrust, and when he probed for the reasons, Mr. Trudeau's flip-flop on the issue of wage and price controls was often cited.

The problem that we are facing in this country is that the government feels it can do anything it wants; it can make any promises it wants, and it does not have to deliver those promises if it does not want to. The taxpayers of Canada, as I have said, are going to revolt and change all of that as soon as the Prime Minister screws up his nerve. There has to be a limit to taxation and spending in our country.

As constituted in this legislation, the office of comptroller general really does not deal with the issue of the level of increase in the budget. In the past few days the papers have been reporting the fact that the Minister of Finance (Mr. Chrétien) is raising another $700 million in West Germany by a bond issue. Canadians are concerned about the interest that it is going to cost us in addition to the 12 per cent or 15 per cent that we are going to have to pay in exchange rates on that loan. The bill does not provide any kind of priorities in the way the budget is established.

A few months ago I went to visit a constituent of mine in Crescent Beach. I went to his office, and I spoke to his wife who was running the office because the gentleman cannot work any more. He is a veteran of World War II who was captured by the Japanese and held in a prisoner of war camp in the South Pacific. Many of the prisoners of war in those South Pacific camps suffered from malnutrition. When he came home he was emaciated, but after a little fattening up he looked all right, so veterans affairs discharged him.

Now, 30 years later, he is suffering from ancillary diseases resulting from his malnutrition during the war years, and he would like to get a disability pension. However, the government have an austerity program in operation and they just cannot afford the extra dollars that it would cost to give this man the kind of disability pension that he deserves. The Minister of Veterans Affairs (Mr. MacDonald) says that these men will understand very well because they are good Canadians; they will understand that we are on an austerity program and the government just does not have the money.

All the understanding in the world, regardless of how good these men are as Canadians, does not fill their stomachs. They still need that money to live on. Think of that, Mr. Speaker, and then think of the fact, as has been outlined in newspaper reports brought to the attention of the House last week, that the government has every intention of paying the $10,000 fine that the Minister of Supply and Services (Mr. Goyer) incurred as a result of slandering one of his civil servants. The government is not only going to pay the fine but also the legal fees to appeal the decision. There seems to be all kinds of money for that but somehow there is not enough to pay those veterans who suffered in a prisoner of war camp and who would like to have another $150 or $200 per month—and deserve it.

● (2042)

Somehow our priorities are all mixed up, Mr. Speaker. Those who are able bodied—I will keep it at able bodied when I speak of the Minister of Supply and Services because I do not know if there is any ability in any other direction—but able bodied people like the minister get all the attention while a man who is totally disadvantaged, whose wife now has to run the business because he cannot, does not get the attention he deserves.

This bill, which brings into being another officer who supposedly controls spending, does nothing about the priorities the government is establishing. What happened to the austerity the Minister of Veterans Affairs spoke of? Where did this $10,000 come from all of a sudden? Maybe the government could print it. As I have said before, the United States has Fort Knox and Canada has the Reid Paper Company. That is just about the way we get our extra money. I think the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) was quite right when he said last week that the government pays the expenses which accrue to a minister in the line of his duty. Now it has obviously decided that slandering one of his public servants is in a minister's line of duty and so the government is going to pay the expenses.

This bill holds out the possibility—and only the possibility—that the comptroller general will have some influence in controlling spending within the already established priorities. The second major shortcoming I see in the bill is that the comptroller general will have no effective control over spending. It is a short bill, Mr. Speaker, only one paragraph, and that is one of the delightful things about it. I wish there was more legislation like that.

For an understanding of Bill C-10 we must refer to the speech made by the minister in this House on March 8 on second reading. Obviously if the minister made a speech in the House it is recorded in *Hansard*. Nevertheless, he took the trouble to have it copied and sent to each member of the House. I do not know why he had to go to that expense when we could have read it in *Hansard*. Referring to the position of the comptroller general, the second paragraph of his speech notes:

> . . . will be responsible to the Treasury Board for the quality and integrity of financial administrative systems and related practices and procedures . . .

You will note that he is responsible to the President of the Treasury Board, Mr. Speaker. Surely if the government is serious about controlling spending it would not mind if the comptroller general were responsible to the House of Commons or the public accounts committee. If they were serious about wanting an examination of how well they have lived within their means, they would not mind that; but perhaps the minister is a little bit nervous about letting the House of Commons look at the comptroller general's report before it has been dealt with by Treasury Board.

The next paragraph states:

> Since the comptroller general will report to the President of the Treasury Board and will represent a new and somewhat specialized organization serving the Treasury Board, . . .

Mr. Speaker, we do not need someone else serving the Treasury Board. What we need is a tyrant—someone who will ride herd on the Treasury Board, someone who will sensitize their conscience. We do not need a servant of the Treasury Board. The next paragraph reads as follows:

In my previous statement, Mr. Speaker, I outlined the main duties and responsibilities of this new position. As well as responsibility to the Treasury Board for the quality and integrity of the financial administrative policies, practices, and control systems, the comptroller general will also develop and maintain policies, procedures and practices necessary to evaluate and report upon the efficiency and effectiveness of government programs.

That sounds good, Mr. Speaker, but if you look at the premise upon which it is based it is that he is responsible to the Treasury Board for all his actions and reporting.

On page 2 of his speech we come across this statement:

. . . as the legislation before the House clearly indicates, the comptroller general would report to the government through the President of the Treasury Board.

Why not report to parliament? Why not to the House of Commons—to the public accounts committee? There it would get detailed examination and scrutiny. The sentence that really disturbs me, however, is this one:

The systems that will fall within the comptroller general's purview are intended to ensure that the government has timely, accurate and comprehensive information.

Is it to be his job to collect information and give it to Treasury Board? It seems to me that in business practice the job of a comptroller general is to stop spending, not simply to provide information—to say "You have gone as far as you can, go no further."

From the remarks of the President of the Treasury Board it looks as though it is his intention that the Comptroller General will simply provide information to the government, not stop it spending as it should be stopped.

One page 3 of his speech the minister says:

I want to reiterate that the introduction of this new office will not in any way change the responsibility of the secretary of the Treasury Board in the field of resource allocation.

There is nothing about priorities in this bill, Mr. Speaker. The comptroller general is not going to be able to tell a minister that he will get 3 per cent, 5 per cent or 7 per cent but no more. It is still up to the President of the Treasury Board and the other ministers to decide how much they are going to spend.

As the hon. member for Egmont (Mr. MacDonald) pointed out several times in this House, a pattern is developing in departments such as DREE, external affairs, secretary of state; we see a ballooning of their administrative expenses. This, of course, leaves less money to be used for the purposes for which the funds were intended originally.

The minister went on to say:

As I explained in detail to the Public Accounts Committee last April 26, the secretary will retain responsibility for the direction of the resource allocation and the control processes of funds; and ensure that they will not be reallocated without due authority.

So there will not be a recycling of funds. I welcome the limitation to be put on government in this respect so that unused funds cannot be put back into consolidated revenue or some other department. There will possibly be closer scrutiny of those one dollar items in the blue book.

Those are the two main concerns I have about the legislation, Mr. Speaker. There is no assurance that it is going to stop or curtail government expenditure in any serious way. It has nothing to do with the establishment of the levels of the budget and the amount of spending. It simply says that when the Cabinet establishes spending limits the Comptroller General will make sure that they stay within those limits. That is some kind of help. But as long as it is the cabinet which sets those limits, the needs of the Canadian people will not be met.

● (2052)

It appears to me from what the minister has said that there will be no real power in the office of the Comptroller General such as to seriously limit government spending. Therefore, while this is the best that we can get out of the legislation, to that extent I suppose we must support it. It is far short of what we in the opposition had in mind when we suggested that the government create this office so that there would be genuine control of government spending.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, it is an honour for me to speak on third reading of this debate. This matter has taken up a great deal of my time and concern since its first introduction into the House. While this debate is coming to a close, I think it is worth-while to remind the House and the country of the reasons for this piece of legislation and how it came about.

The House will recollect—and I hope the country will recollect and not forget—the Auditor General's report of 1975 in which he stated, and I quote:

The present state of the financial management and control systems of departments and agencies of the Government of Canada is significantly below acceptable standards of quality and effectiveness.

This is the kind of audit which, if contained in the annual statement of a privately held corporation or a corporation trading on the public stock exchange, would result in the delisting of that stock by the provincial securities commission. It would certainly result in a fall in the value of that stock and it would result in any decent, self-respecting investment broker or banker ceasing to have anything to do with a business that received an audit like that.

There was a recommendation attached to that statement of the quality of the comptroller. It stated that a comptroller general, a chief financial officer, be established to monitor the control systems of government so that these types of criticisms would not be applicable in the future. The government's response to that was exemplified by testimony before the public accounts committee. I quote from page 18:3 where the then secretary of the Treasury Board was asked this question by a Liberal member of that public accounts committee, the hon. member for Toronto-Lakeshore (Mr. Robinson):

Do you not feel there should be a chief financial officer?

To which the then secretary of Treasury Board, Mr. Osbaldeston, replied:

No, sir, I believe a government governs and the government is responsible for doing so and is accountable to the country and it must discharge that responsibility. I say that very directly.

That was the initial response of the government. It said no, that its job was to govern. It is responsible to the people, and regardless of what the Auditor General says or recommends the government intends to ignore it.

In the 1976 report of the Auditor General, a year later, after further examination the Auditor General was moved to say:

Based on the study of the systems of departments, agencies and Crown Corporations audited by the Auditor General financial management and control in the Government of Canada is grossly inadequate. Furthermore it is likely to remain so until the government takes strong, appropriate and effective measures to rectify this critically serious situation.

I cannot comprehend any publicly held company remaining in business if it received an audit such as that. It would surely be driven out of business. Finally, after being told in such harsh terms as an auditor could possibly use, the government started to concede a little bit and said that they might consider the recommendation of the Auditor General and establish the office of a comptroller general. On April 25, 1977 the new President of the Treasury Board (Mr. Andras)—the former president of the Treasury Board who refused to accept this recommendation in the first place is the present Minister of Finance (Mr. Chrétien)—said that the government had decided to go along with the recommendation and establish the position of a comptroller general.

The government said that this comptroller general would have a special functional relationship with the chief financial officers, departments and agencies, but he went on to make it clear that the ongoing responsibilities of the secretary of Treasury Board would remain the same. In other words, he made it clear there would not be much change. He ended his statement with a bit of flimflammery of the type the President of the Treasury Board likes to use, namely, "we are endeavouring to give further evidence of our determination to maintain the highest standards of control." What an absurd statement, Mr. Speaker. The Auditor General said that the control standards were grossly inadequate. The President of the Treasury Board said that they will continue to maintain the highest standards of control. That is more flimflammery.

What is the responsibility of Treasury Board in regard to financial management control? The Financial Administration Act states that the Treasury Board has the responsibility for financial management, including estimates, expenditures, financial commitments, accounts, fees, or charges for the provision of services or the use of facilities, rentals, licences, leases, revenues from the disposition of property, and procedures by which departments manage, record and account for revenues received or receivable from any source whatever.

In other words, according to the Financial Administration Act, Treasury Board already has responsibility for the financial management and control of its departments and agencies, a responsibility which it has totally failed to uphold. For the President of the Treasury Board to say "we will maintain those standards" I say is absurd.

After the denial and dismissal of the Auditor General's recommendation of a comptroller general and the subsequent admission that maybe the Auditor General's recommendation had some merit, what do we get? We get a one-line bill which says there shall be created another deputy minister. That is all that the bill says. It is true that the deputy minister shall have a fancy name, that his name shall be "Comptroller General." But what is in a name, after all? If a rose by any other name is a rose, then a deputy minister by any other name is a deputy minister. All this bill does is give us another deputy minister and nothing more.

The Auditor General's recommendations set out in great detail a restructuring of Treasury Board and the types of functions, responsibilities and activities that the comptroller general will engage in. These are set out in paragraph 2.15 of the Auditor General's report of 1976. I will not repeat them because they are here for everyone to see. What the Auditor General recommended was a substantial restructuring of the Treasury Board with the specific responsibilities of the comptroller general spelled out.

Why is there nothing in this act to reflect that particular recommendation of the Auditor General? When one asked the minister about this, as he was asked repeatedly in the House and in committee, he said that they operate under a system of ministerial responsibility. He said ministers are responsible to the House for what their deputies do. In no way whatsoever. The government holds constantly to this principle of ministerial responsibility when it would deny the House of Commons access to information or deny it the right to take any initiative with regard to certain legislation. But when it comes to admitting that it has failed to exercise proper supervision over the expenditure of taxpayers' money, it is quite another story. Do we ever hear of ministers resigning in such circumstances? Not on your life.

• (2102)

What are the chances of success for the comptroller general? We on this side hope he is outstandingly successful, but if I were a betting man I would bet that his chances of success are next to nil. What are we giving him by way of authority to move into government and cure the ills which the Auditor General describes as horrendous? He will walk into an operation which has carried the responsibility all along; he will walk into a Treasury Board structure which has proved to be a total failure, without any legislative authority; in short, it is without any tools with which to accomplish the job.

He will, it is true, be given a set of guidelines laying out a general job description. I should like to mention just one item:

Design and implementation guidance with respect to systems of financial reporting, financial management and financial control to provide assurance that public monies and assets are expended with probity, economy and efficiency and that public monies and assets are under effective custody and control. Assessment of the adequacy of such systems in departments and agencies.

The key word here is "guidance". In other words, the comptroller general will not have the authority to instal systems of financial management and control which will work. He will simply provide guidance. He will, in effect, be some kind of co-ordinator or teacher. That is no authority at all, Mr. Speaker; he will be eaten alive. Those 500,000 civil servants who have been operating out of control, according to the

Auditor General, will continue in the future as they have in the past. We are told that the minister will give the comptroller general the necessary authority, because the minister is responsible. But will the minister live up to that responsibility? I have not seen any president of Treasury Board resigning although the president of any company who receives an auditor's report similar to the one the government received would be gone within 24 hours. The fact is that the comptroller general is going into the den of lions with no weapons whatever.

What our party tried to do in committee and on report stage was to strengthen this position. I regret that at the report stage I was not able to be here to present my motion personally; I thank my hon. friend from Edmonton West (Mr. Lambert) for doing so on my behalf. That amendment, had it been accepted, would, it is true, not have answered all the questions I have raised but it would have given the Comptroller General a certain legislative authority; he could have approached his task in the knowledge that the House of Commons had vested him with responsibility by statute to look after such things as the form of the estimates, the effective control of public moneys and assets, making sure that financial procedures and reports conform to accepted accounting principles and that expenditures of public money are made with due regard for economy and efficiency. He could have acted to see that specific steps were taken to measure the effectiveness of government programs.

A provision of this kind in the statute would have given him some leverage so that when he met the resistance which will surely be forthcoming he would have the necessary power to overcome it. It was a simple amendment and a reasonable one. Indeed, it contained an additional sentence—"that without restricting the generality of the foregoing he should be allotted such functions as may be assigned to him by Treasury Board." Had this amendment been accepted it would have made the task of the comptroller general easy. But it was something which the government was not willing to accept. Why? Because the government has no intention of changing things in any way.

The bill before us, the appointment of this individual, is simply window dressing for the benefit of the public. The government is trying to say: "Look, we are doing something about the fact that your tax dollars are being spent in foolish, inefficient and wasteful fashion; we have appointed the comptroller general." Nonsense, Mr. Speaker. They have appointed another deputy minister, that is all, and the same old gang will carry on just as they carried on before.

That was the only amendment we put forward in committee. Another had to do with the making of an annual report to parliament, through Treasury Board, which would stand permanently referred to the appropriate committee. In that way members of parliament would at least have an opportunity to examine the report on an annual basis, to question the comptroller general and to establish where he was meeting resistance with a view to backing him up should he need support. Again, we ran into opposition. The minister claimed that in accordance with our parliamentary traditions a committee of the House could not be involved in the manner suggested. To put it another way, it amounts to some sort of rude interference when members of parliament seek effective ways of expressing concern about the manner in which taxpayers' money is being spent. Such things, we are told, are the prerogative of members of Treasury Board. But when things are getting out of hand, don't expect the minister to resign. No way.

We also introduced in committee, unfortunately without success, a sunset clause. We agreed with the recommendation of the Auditor General that something had to be done about the fact that financial controls within government were nonexistent, but we also recognized that the course proposed might not be the answer to the problem. There is a possibility that it will not succeed. There is a possibility that costs may be too high. After all, imposing another central agency on such a huge operation like this may restrict the flexibility of the government. It may introduce inefficiencies in itself, and so we think it only wise that when we take a step like this and create a new office, a new structure and a new way of doing things, we put in a sunset clause so that five years, eight years, ten years or whatever, at some point in the future the House of Commons asks itself what it did five years ago, what it put in place at that time, whether it is working, whether it should carry on as before and whether it should be dropped, amended or changed. At some time we should look into it. To me that is the only responsible action.

● (2112)

However, again we ran into resistance from the government and from the minister. The minister said the government could not tolerate that kind of interference by parliament in the operations of government because, after all, parliament has no right to interfere in the operations of government; parliament should mind its own business. I have always felt that the business of parliament is government, but apparently hon. members opposite do not think so.

So it is with some degree of sadness that I see this stage of this bill nearing its completion. It is a nothing bill, really. It appoints another deputy minister, that is all, full stop. We obviously cannot be opposed to nothing, and therefore we are not opposed to this bill. But I hope the public of Canada is not deluded into believing that this piece of legislation is a response to the observations of the Auditor General with regard to the quality of financial management and control of Canada's taxpayers' money because it is not. This is a nothing bill which does nothing in terms of solving the problems articulated by the Auditor General some three years ago and which remain outstanding. Given the level of taxation in this country and the amount of money which is just wasted through inefficient practices, it is indeed a tragedy that we carry on as before and an even worse tragedy that we have such an irresponsible government.

In closing, let me repeat that we on this side wish the new Comptroller General well. According to my knowledge of his

background, he is a person of exceptional qualifications, and perhaps he will be able to overcome the obstacles which will be put in front of him. I am not optimistic in that regard. If I were a betting man, I would bet that he will fail. I am saddened that we on this side of the House were not able to give him the legislative back-up necessary so that he could get to the root of the problems and improve the quality of financial management and control within the federal government. However, until the Prime Minister (Mr. Trudeau) screws up his courage and gives the people of Canada an opportunity to do something about it, we have to live with the recommendations of that group opposite. Hence, it is our intention to let the bill pass at third reading with the realization that the job we face when we assume office will be that much harder.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, in his concluding remarks the hon. member for Calgary Centre (Mr. Andre) said that this is a nothing bill, and I do not know whether the Canadian public realizes just how much nothing there is in it. The bill purports to appoint an officer called the Comptroller General of Canada to hold office during pleasure. The bill goes on to say the following, "and to perform such duties and functions as may be assigned to him by the Treasury Board". That is the extent of the bill.

The explanatory note, which generally elaborates on the intent of a bill, says much the same thing, and then it says, "and to provide for the assignment of duties and functions to the incumbent of that office". As I see it, the explanatory note is very misleading. You would be bound to agree with me, Mr. Speaker, that to provide for the assignment of duties when there is no assignment of duties here—because the wording of the bill is "and to perform such duties and functions as may be assigned to him by the Treasury Board"—is a contradiction. There is a contradiction between the text of the bill and the explanatory note which I find more than a little disturbing.

I have forgotten just how many years ago it was—perhaps two or three—but I recall the circumstances under which the concept of a comptroller general came to the fore. It stemmed basically from a remark in one of the reports of the Auditor General to the effect that the accounts of the Government of Canada were in such a deplorable state—I am paraphrasing, but this was certainly the intent of his comment—that the day might come, and come soon, when the Auditor General would be unable to certify them as being accurate. That is a very serious indictment of the accounts of any organization, but for one which has a budget of some $42 billion, all of which is raised through taxation of the Canadian population or by other means, it is a damning indictment. It is an indictment of the accounting record of this government.

In addition to that background I remember one report in which the Auditor General recommended the establishment of the position of comptroller general. I think that was in the 1976 report. At that point that government stood up and said it did not need a comptroller general at all, that it had everything in hand and that instead of appointing a comptroller general it would appoint a royal commission of inquiry on financial management and accountability in the Government of Canada.

The government said that a royal commission would soon satisfy all the needs and allay all the worries of the Auditor General. That was the first reaction of the government. A commission was duly appointed. It was chaired by Mr. Lambert of the board of the Toronto Dominion Bank. There vere other members including a former public servant who was at the time the deputy minister of industry, trade and commerce. Time went on. I have forgotten just how much time passed. Then all of a sudden we understand that a selection process took place and a comptroller general was named. There was some questioning and prodding: Why this change from the royal commission approach, which was supposed to solve all problems, to what appears to be an acquiescence in or an agreement with what the Auditor General said? I do not think we really know the background on that story, unless it was that the government became particularly worried. However, what concerns me is that this turnaround is a mark of indecision and evidence of a lack of good financial control over accounts, and looking at the ten-year record of this government in financial terms and in parliamentary terms, I think the Canadian people have cause for serious misgivings about the promises and undertakings which are set forth in this bill. I would like to see it otherwise.

● (2122)

It was suggested by my friend who spoke just before me, the hon. member for Calgary Centre, that it was just the appointment of another deputy minister, nothing more. Certainly the powers that will be given to him are not now being exercised by the Treasury Board. They may or may not be those which were outlined by the Auditor General, and I shall come to them in a few minutes because I want to talk about some of them in particular terms. As I said, with the record of this government in the matter of ministerial responsibility, we have seen time and time again when the government has developed a new theory or a new principle, and I call the principle one of ministerial abdication. The government is prepared to slough off on to the public servant responsibility for acts which are properly the government's acts. So if the comptroller general does something wrong, it is his fault and out he goes.

This has been done in the case of the public servant, Mr. Stopforth, whose name, we find, has been cleared, although the Minister of Supply and Services (Mr. Goyer) defamed him in public. It is not one of the ministerial responsibilities to defame a public servant, and therefore it is not the responsibility of parliament or of the Canadian people to make good the judicial judgment at a trial covering that matter. It is the individual responsibility of the minister who has defamed the public servant to do so.

So in the matter of ministerial responsibility this government has shown itself to be utterly deficient. Let me recall that this government has managed to create just this year a deficit equal to the whole budgetary spending program the year it took office—that is, $10 billion. Is that a record of monetary

or fiscal responsibility? Yet we are expected to accept that sort of bill as an undertaking to provide what is required according to the Auditor General. And I certainly subscribe to the words of the Auditor General when he says that this sort of operation is needed. We have been asked to sign a blank cheque to allow a government with such a record to define in all secrecy—because this government is known, in addition to all its other defects, to operate in complete secrecy—the responsibilities of a comptroller general once he has been placed in office.

I ask myself: When it abdicates its responsibilities in one area, why should the government expect us to accept the notion that it will perform any more satisfactorily in another area? Its fiscal record is so abominable and so abysmal, I suggest, that we have every reason to think that in this area it will be unable to meet expectations. Therefore, we really do need a clearer definition in the legislation of the functions and responsibilities of the person whose post is being created by this legislation. We are not safe with a government with such a record of secrecy and we need an assurance in law that control will be carried out, in accordance with the efforts made by my colleagues in committee and at report stage to have the appropriate amendments brought in, efforts which were defeated by this government by sheer weight of number.

Perhaps we should ask ourselves what is a comptroller general. My first action, when I run into an expression like that, is to seek the dictionary definition as guidance. So I went to the 12 volume edition of the Oxford dictionary where I found the following definition of the word "comptroller":

An erroneous spelling of controller, introduced c1500, and formerly frequent in all senses; still retained in certain official designations, while in others it has been changed to the ordinary spelling.

So the word "comptroller" is really the erroneous spelling of the word "controller", which is more commonly used in English. I suspect it was done by a scribe who found it easier to write the word comptroller, which comes from the French word "compter", one who holds accounts. Then I went to the definition of "controller" and I found four or five definitions here. One reads:

One who keeps a counter-roll so as to check a treasurer or person in charge of accounts.

Another reads:

A household officer whose duty was primarily to check expenditure . . .

Another reads:

An officer having similar duties in various public offices.

Another one is:

One who takes to task, calls in question, reproves, or censures: a censorious critic.

This is the definition which really meets the case. Another definition is:

One who controls or keeps under control; one who restrains, directs or manages.

That is what we need; we need a restrainer around here.

Another definition reads:

Controller-general: an officer entrusted with the supreme direction or control.

[Mr. Munro (Esquimalt-Saanich).]

Those are not the sorts of definitions that would be all that meaningful in an act, but surely when this act was being drafted there were some competent legal people who could define in two languages what a comptroller general was supposed to do and could put it into the bill.

I took a hint from my colleague, the hon. member for Calgary Centre, and I looked up the distinction that was made by the Auditor General when he was discussing the role of the future comptroller general. I think it is worth putting on the record again and again—it cannot be repeated too often—just what he saw the comptroller general as being required to do. These are the terms that should have gone into the bill. The Auditor General examined the structure of the Treasury Board and he said:

All functions relating to financial management and control would be assigned to the comptroller general of Canada,—

—leaving aside those of the secretary of the Treasury Board relating to resource allocation, personnel policy, administrative policy, and management of the official languages program, which would remain with the secretary of the Treasury Board or would otherwise be assigned as the government may see fit. He went on to say that the responsibilities of the comptroller general "relative to other deputy heads and his relationships with departmental financial officers are described in Part 3 of this report," to which I may have an opportunity to come.

Although this part is important, I consider it secondary this evening because my time is limited. There were five principal functions set down and I think they should be listed so that they are known. I know that in common law it is not the discussion surrounding a bill or an act which determines definitions in courts of law. For a better understanding of the meaning of this bill, the five functions of the Comptroller General should be laid down as they were seen by the Auditor General. As reported on page 3589 of *Hansard*, his responsibilities would be as follows:

● (2132)

His basic responsibilities would include the design, development, implementation and monitoring of adequate systems and procedures to ensure that the form of the estimates provides a sound basis for the government's budgetary control system, . . .

All of us have complained about the estimates, the difficulties which are faced when reading the estimates and extracting something from them which is meaningful. We can criticize, examine and approve, but the estimates are deemed to be approved at the end of this month if they are not passed by deliberate act.

His second responsibility would be as follows:

. . . that accounting procedures and financial reports throughout government . . . conform to acceptable accounting principles and standards . . .

In itself that is an indictment of what is now the practice, or it would not have to be said. It is a shameful thing for a public servant to feel it is necessary to advise parliament in this regard.

His third responsibility would be:

> ... that expenditures of public moneys are made with due regard for economy and efficiency ...

This is a most important responsibility.

The fourth one would be:

> ... that satisfactory procedures measure the effectiveness of programs where they could reasonably be expected to apply.

His fifth responsibility would be:

> The responsibility for maintaining the central accounts of Canada would be transferred to the office of the Comptroller General from the Department of Supply and Services where it is now located.

To that I say, "Amen". Nothing should be left in the hands of the Department of Supply and Services and its minister.

I have in my possession a publication entitled, "Guide on Financial Administration for Departments and Agencies of the Government of Canada". It is signed by a previous president of the Treasury Board and is dated September, 1973. Apparently it is full of meaninglessness, and was discarded by the Auditor General. How many thousands of copies of this were produced and distributed for guidance?

Certainly we need accountability and efficiency in the economy in order for us to know if the programs undertaken by the government are meaningful. This could lead us to zero-based budgeting, whereby programs start from zero and the individuals working on those programs are required to justify what they are doing. This will not be an easy process, but it ought to be introduced early.

That zero-based budgeting, which is an effective tool of management, could be started within the departments first, and then expanded on a department by department basis. The export development program regarding the line of credit to Algeria amounted to $1.2 billion. Can that program be examined? Would it stand up under the criteria of efficiency and economy? What about the Eneraction program? I call it the enervation program. In that program, people are taken off the dole and asked to assist in the provision of insulation for the elderly. These people know nothing about insulation or construction. They have applied for a grant to operate the government program. They undertake to train people in the field of insulating houses. People are taken from the unemployment insurance rolls to be trained. These people know nothing about construction or construction standards. The result of that program is that qualified insulators are going on the unemployment rolls. They are unable to get work because of this program.

There is a great need for an examination of the economy and the efficiency of government programs. The comptroller general should be encouraging department heads to examine programs such as these. This is the area in which his relationship with other government departments would come into play. Department heads could come to him indicating that they do not know if the Eneraction program is working or not. A system of examination, assessment and evaluation could be worked out to determine whether returns were being paid in the form of economy and efficiency. If not, then the program must be dropped. I use this program merely as an example. The public will never hear about these programs unless the comptroller general is given the real power he requires to assure economy and efficiency in government operations.

Surely it is not too much to ask for these clarifications to be added to the bill. As the hon. member for Calgary Centre (Mr. Andre) suggested, there should be an annual report to parliament from the comptroller general so that parliament would know the comptroller general was exercising his functions.

Some hon. Members: Hear, hear!

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I welcome the opportunity to speak on Bill C-10. The successful passage of this very important and long-awaited piece of legislation will enable the establishment of the office of the comptroller general of Canada. The setting up of a watch dog over the spending spree of the government is long overdue.

After grim warnings from the Auditor General that the federal government has pretty well lost control of the public purse, and as a result of persistent prodding from members of my party, finally we are close to starting along the long road to introducing some economic sanity into the government and its spending. The prodigal son spending approach of the government has led this country to the brink of bankruptcy. Elected officials must register their concern and fully support this bill. It is hoped that the appointment of the comptroller general will improve financial management and introduce some degree of accountability. Similar sentiment has been expressed by the Auditor General in his annual report.

One of the basic functions of parliament is responsibility for the public purse. We in the opposition consistently have been vigilant in requiring accountability for government spending. I must confess it has been a most frustrating experience. As a member of the Standing Committee on Public Accounts, I am well aware of the lack of accountability exhibited by the government. The committees have failed miserably in their efforts to apply brakes on excessive government spending. Through their long and extended testimony, ministers have tried to undermine the parliamentary tradition of scrutinizing government spending.

In its progress report of November 1977, the Royal Commission on Financial Management and Accountability said the following:

> We are persuaded that if accountability is to have full meaning and real effect, parliament must be a vital part of it.

● (2142)

I am one of those of the opinion that surveillance of government spending by parliamentary committees ought to be made more effective. A regular review of government departments should be conducted. We sorely lack effective mechanisms for obtaining government accountability. Accountability to parliament and to the people of Canada is the most essential element of our democratic process. If for some reason this privilege is abused, it plunges us into the kind of economic chaos we have been led into.

Consider for the moment the following. Between 1969 and 1977 public expenditure amounted to $235 billion. The startling fact is that during all that time parliament made only two cuts; $19,000 in supplementary funds for Information Canada in March of 1973, and $1,000 from money intended for the CBC in June of 1973. This illustrates well the manner in which the government has bull-dozed its spending estimates through parliament.

The government has indulged in questionable advertising campaigns on behalf of government departments reflecting party bias. The taxpayers are paying for the whims of the philosopher king who is engaged in playing games with the election date, thus requiring the CBC to station its technicians and vans on Parliament Hill awaiting the election announcement. This was mentioned last week by one of the previous speakers from our party. The cost estimate given in this regard was a startling figure.

I could go on and list the massive dose of inefficiency this government has given. I have only to mention the fact that the government's deficit today is more than the total budget of the last Conservative government in power by a good many millions of dollars.

For too long the king has thrived under the automatic passage of estimates by May 31. This built-in acceptance mechanism should be removed. Members should be allowed the opportunity to thoroughly examine the estimates before voting on them. That is the only way we can put an end to the spending legacy of this government.

Big Daddy, the biggest spender ever—and that is the federal government—certainly has a great deal to account for in the years to come, and possibly in the forthcoming federal election campaign. The Government of Canada is the greatest spender of all in advertising its own wares, telling the story of how good it is and what it has to offer. This is rather unusual when you consider that the government has no competition. I think of some of the great private concerns which spend millions of dollars to sell their products, such as Procter and Gamble, whose budget for advertising is phenomenal, General Motors, tobacco and alcohol companies. Yet their advertising budgets do not hold a candle to this government's. Certainly if there is a priority for the Comptroller General when he takes office it will be to investigate the advertising campaign in which the present government is involved. There is one particular aspect of one department which requires investigation, and that is the $1 million advertising campaign pointing out abuses to the Unemployment Insurance Act.

The Post Office is an important department. I am vitally interested in it as a member of the committee. Some ten years ago this department had a deficit of $67 million. This year the Postmaster General (Mr. Lamontagne) says there will be a deficit of approximately $600 million. In 1968, some ten years ago, the employees of the Post Office numbered 36,000. This number has now increased to 66,000, but the service has not improved greatly. It is difficult to know when you can count on a letter being delivered. Let me give an example. Some telegrams were sent to me from my riding of Parry Sound-Muskoka last Tuesday, some of which were delivered today. Those were telegrams so the House can imagine how much good those telegrams did!

In 1968 there were 236,000 employees of the civil service. Various members of this party have pointed out tonight that the number of employees presently in the civil service is about 500,000. These huges increases should be investigated, and let us hope the Comptroller General will be able to do so.

The proposed budget for this coming year is $45 billion. We are well aware that, with the supplementary estimates which will come in from time to time, by the time March 31 of next year arrives the budget will probably be $50 billion in round figures.

It has already been mentioned that various government departments as well as the government have talked about zero budgeting. However, that is as far as it has gone. Let us hope the Comptroller General will be able to do something to bring these departments to heel, cutting back on overspending.

A suggestion that the Auditor General and the Comptroller General should take into consideration is one involving an incentive system for various departments, having the deputy ministers made responsible. The deputy ministers would have to keep within their budgets or face penalties. If they stayed within the budgets they would receive bonuses. I am aware that deputy ministers are not among the underpaid in this country today, but if they could save taxpayers' money it would be worthwhile giving them an incentive to do so.

I have heard on good authority, and I believe government members will agree, that in certain departments just before March 31 there is an effort to spend that remaining portion of the budget in order that they will receive the same or a greater budget the following year. These people dust around and do their darndest to spend what money is left so that as much or more will be available in the following year. If they could save $300,000 or $400,000 they could be given bonuses of $10,000. I am sure they would think twice then before squandering taxpayers' money. This is an idea the new Comptroller General should consider and perhaps put into practice.

As a member on this side of the House I am in support of this bill. I trust it will accomplish something. Some hon. members are pessimistic about it, but I have the highest praise for the government for bringing it forward even at this late stage. I offer my best wishes to the new Comptroller General. Let him get on with his job as quickly as possible in order that we may stretch taxpayers' dollars a lot further than at the present time.

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of Treasury Board): Mr. Speaker, I have followed the debate since first reading of this bill with a great deal of interest and attention, especially the views put forward by members of the official opposition. One of the most interesting speeches was made by the hon. member for Capilano (Mr. Huntington), who I am happy to see in the House tonight. That gentleman is the chairman of the Public Accounts Committee. He is the only member of the opposition to hold the

position of chairman. Let me say that he carries out his task in this regard in a very excellent fashion. I appreciated the kind words he had for various members of this party, especially for the hon. member for Ottawa West (Mr. Francis), the hon. member for Trinity (Miss Nicholson) and myself who, along with himself and members from all parties, have had an opportunity of working together in the Public Accounts Committee.

● (2152)

In his speech on this third reading of Bill C-10, he made a very interesting observation, to be found on page 4980 of *Hansard* dated April 28:

> The tireless efforts of the Auditor General through the Standing Committee on Public Accounts have brought a realization that a chief financial officer is indeed needed at the Treasury Board level. Having worked on this subject matter for some time now, I can see the sense of the chief financial officer, the comptroller general, reporting through the Treasury Board to the House, though some of my colleagues may disagree with me. He is the one responsible for putting in place within our agencies, departments and Crown corporations, mechanisms which will demand a better performance in the management of our tax resource.

Let us not forget, Mr. Speaker, the great work that was done by the members of the miscellaneous estimates committee to which this bill had been referred. This committee was responsible for calling forth the witnesses to be questioned on this bill regarding the functions and duties of the Comptroller General. On behalf of the minister, I wish to thank all those who have taken part in the debate and the committee hearings in relation to this bill. It was referred to the miscellaneous estimates committee at which time the President of the Treasury Board (Mr. Andras), the secretary of the Treasury Board, the Auditor General and the new Comptroller General himself, Mr. Rogers, appeared. We had been told before meeting him that he had been chosen after careful study and was a person who had had a very extensive career in the private sector in a variety of positions of responsibility with a major international corporation. He indeed impressed all those present with his answers and coolness in spite of the fact it was his first time before a committee of parliament, and there was no doubt that he was an excellent choice.

The hon. member for Red Deer (Mr. Towers), who is also in the House tonight, was the only member from the opposition parties who was able to be present throughout the hearings on the day Mr. Rogers appeared as the new Comptroller General replied to questions. Yet everyone who has spoken in this debate keeps saying over and over how important this position of comptroller general is. Further, I hope that in the future more and more members of this House will become more active participants in the Public Accounts Committee. As I know from long experience, this is one of the most important committees in this House.

This is an historic occasion, and as one who has been an active member of the Public Accounts Committee for approximately nine of my 12 years in the House, I join all members in welcoming the official establishment of this new office. I am sure all members will join me in wishing Mr. Rogers well in his new, important duties.

I remind hon. members of the words of the Auditor General in committee when he stated that with this new office and the other changes that have been made since he assumed office, the Canadian government now has the most advanced system of accountability and control of any government in the western world. Even though members may have other priorities and may not become active members of either the Public Accounts Committee or the miscellaneous estimates committee, I would commend to them the reading of the minutes of these committees. Opposition members have especially taken objection to this one-paragraph bill setting up the office of the Comptroller General, but if they study the committee hearings and statements made by the ministers and others they will find the answers to all their questions.

Hon. members will find that in an unresolved conflict existing between the Auditor General and the Comptroller General, if this conflict still exists at the time the Auditor General makes his annual report to parliament, it will be included in that report. This will mean the necessity of a further report to parliament is disproven. In other words, if for some reason Mr. Rogers and Mr. Macdonell cannot come to an agreement on a certain item of government expenditure, then the Auditor General will include it in his report to be tabled in parliament, which is automatically referred to the Public Accounts Committee.

As I previously stated, this committee has been ably chaired by the hon. member for Capilano and other opposition members. Therefore, the committee will be quite free to carry on any investigation it feels necessary. Indeed, neither Mr. Rogers, the Comptroller General, nor the Auditor General, Mr. Macdonell, has any problem with Bill C-10. They are both confident that they can carry out their duties, and have testified to such in committee. I now hope that we can get through third reading of this important bill.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

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

Mr. Young: Mr. Speaker, there have been the usual consultations, and I understand that if you were not to see the clock for a short period of time we could now proceed to Bill S-8 rather expeditiously.

Mr. Woolliams: Mr. Speaker, I hope I have not misled anybody but I cannot agree to that. Why I cannot agree can be found if hon. members will look at page 11 of the bill, section 18. I have a 20-minute speech ready, but I am prepared to listen to the parliamentary secretary until ten o'clock.

Mr. Young: Mr. Speaker, if you call second reading of Bill S-8, I will be glad to begin. We have twice had misunderstandings which I cannot understand.

Mr. Paproski: Mr. Speaker, the idea was to introduce the bill today and we would discuss it further tomorrow.

* * *

FUGITIVE OFFENDERS ACT

MEASURE RESPECTING SURRENDER OF PERSONS APPREHENDED IN CANADA

Hon. Ron Basford (Minister of Justice) moved that Bill S-8, respecting fugitive offenders in Canada, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, may I call it ten o'clock?

* * *

BUSINESS OF THE HOUSE

Mr. Hnatyshyn: Mr. Speaker, I rise on a point of order. I would like to ask the acting House leader if he could confirm the order of business for tomorrow.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, as announced by the Deputy Prime Minister for Canada, we will proceed with second reading of Bill S-8 and then with consideration of Bill C-42. If we deal quickly enough with the latter, which concerns language before the courts, and I trust that the opposition parties, particularly the Progressive Conservative party, will not object to quick passage of the bill, we could go on to Bill S-9 and Bill C-4. So, Mr. Speaker, to answer the hon. member's question, the order would be as follows: S-8, C-42, which should go rapidly, and then S-9 and C-4.

● (2202)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

REGIONAL ECONOMIC EXPANSION—GOVERNMENT ACTION TO ASSIST AREAS OF DISPARITY

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, recently I asked the Minister of Regional Economic Expansion (Mr. Lessard) what new initiatives he had in mind to focus more specifically his department's resources in the critical areas of regional disparity, particularly since the department's budget is down in real terms. Not only is it down in actual cash but new areas have been added and inflation has undermined this department's resources as it has so many other cases.

As it now stands, this department is failing in its task. In 1970, one year after DREE was created, unemployment in Canada stood at 5.7 per cent while in the Atlantic region, a classic area of economic disparity it was 6.2 per cent. Seven years later unemployment in Canada stood at 8.1 per cent while in Atlantic Canada it was 12.7 per cent. Clearly the situation is getting worse instead of better. Economic differences have become more exaggerated and critical.

As the hon. member for Halifax (Mr. Stanfield), our former leader, pointed out a few weeks ago, the result of the combined policies with respect to Canada's various regions is such that to a substantial degree various regions have turned into government dependencies. Energy costs and transportation costs continue to plague the efforts of the Atlantic region to limit its failure to expand as it should.

I want to suggest to the minister tonight that he take steps to educate and work with other departments in order to do something about this lamentable state of affairs. Since the federal government is the largest employer, the largest buyer of goods and services in the country, it is time that the Atlantic region was given more equity.

In 1976, for example, total federal spending on goods and services was about $9.7 billion. Experts and analysts consider that approximately 85 per cent of all procurement is done in central Canada, leaving less than 15 per cent for the other eight provinces and two territories. I remember that shortly after coming to this place the then minister of supply and services stated clearly that his department was going to institute a more enlightened purchasing policy. This has not had any appreciable effect to date.

The Department of Industry, Trade and Commerce also contributes to the under-development of Atlantic Canada. In a recent year, Atlantic Canada received only 1.7 per cent of the funds allotted for industrial assistance. On a per capita basis it should have received over five times as much.

Since my time is very limited tonight, I just want to make a suggestion to the minister. Although both his predecessors had experience in the Department of Transport as well as DREE, by taking the initiative he could accomplish something that they could not, except by paying lip service to the idea, and that is to make transportation a partner with regional economic expansion in attacking disparities in this country.

I should like to suggest this evening that the minister or his parliamentary secretary take a very close look at building something that has been talked about for many years in the Atlantic region, and that is a corridor road extending from the New Brunswick border through northern Maine to the vicinity of Sherbrooke in la belle province, Quebec. A corridor road would be a direct link through the state of Maine from New Brunswick to Quebec. It could be an extension of the Vanceboro-Lincoln Road at the New Brunswick border which

would emerge in the vicinity of Sherbrooke, Quebec after crossing New Brunswick, saving approximately 200 miles on the existing route from Fredericton to Montreal and almost as far by driving through the United States on the existing highway route.

The construction of such a road could perhaps be of more benefit than the St. Lawrence Seaway as far as Atlantic Canada is concerned. It could be and should have been one of the areas of joint co-operation and negotiation between the United States and Canada whenever mutual concessions, aims and objectives were in issue, as for example in the recent pipeline negotiations or when Alaska highway matters are on the table between our two nations.

Such a road would reduce the driving time by approximately four hours and thus allow many additional trips in the course of a year with great savings in energy and maintenance costs. It would bring the Atlantic provinces much closer in real terms to markets in the rest of Canada. Many bulk commodities now tied to rail or water transport could look at potential new markets via road transport. Tourism would be facilitated. There is something to be said for building a road thereby bringing Gagetown, New Brunswick into close linkage with the military installations in the United States. Such a road would be welcome in both countries. It would be expensive. But it would be money well spent compared to some of the cosmetic capital costs involved in building unnecessary and grandiose skyscrapers and monster airports. It would do a great deal in real terms to overcome some of the natural disadvantages geographically that we have in the maritimes.

● (2207)

Let DREE help facilitate the arteries of commerce. We need improvements and opportunities in the maritimes, not handouts. DREE can help but it cannot do much in its present posture. It needs to take steps to either build sound infrastructures and to work with other departments in projects of this magnitude, or make its definition section more flexible. It could allow other industries, except manufacturing and processing industries, to be eligible for DREE aid, as is done in Germany, for example. If we continue to drift along with DREE in its present form, as statistics have shown we are not only perpetuating policies which are not helping the disparate regions of the country, but we are seeing as time goes by a steady erosion of the situation that existed even a few years ago.

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the hon. member for Central Nova (Mr. MacKay) has raised several questions concerning the role of the Department of Regional Economic Expansion in Atlantic Canada and in his own province of Nova Scotia with respect to creating employment. While the minister feels that this department's efforts in this regard ought to be well known by now to most Nova Scotians, on the minister's behalf, as his former parliamentary secretary, I am pleased at this time to acquaint the hon. member with what is happening not only in his home province but in his own riding.

He asks what new initiatives the department has in mind. DREE operates in concert with provincial governments in the identification and exploitation of development opportunities. Therefore, I do not unilaterally have new initiatives in mind.

What the department intends to do must also be put in the context of what it is already doing. The department is constantly working, in conjunction with the province, to find new initiatives leading to development agreements. In Nova Scotia the department has signed ten such agreements in less than three years, with a total value approaching one quarter of a billion dollars. We hope in the near future to be announcing further agreements which will contribute in a meaningful and permanent way to the betterment of that province's economy.

The agreements already in force deal with the natural resource sectors, such as forestry, agriculture and minerals. Others deal with industrial development, the Sydney steel mill, the Strait of Canso, tourism and redevelopment of the Halifax-Dartmouth waterfront area.

It is frequently suggested by members of the opposition, that all the department has to do to straighten out our economic problems is to develop our natural resources. We are presently fully committed to the natural resources in Nova Scotia. Another resource, the fisheries, has the full attention of an entire department of the government.

These agreements were not worked out on an ad hoc basis, nor were they proposed as purely political, counter-cyclical measures to create jobs out of thin air. In short, they do not represent the kind of stop-gap measures the hon. member thinks we ought to engage in.

If permanent jobs could be created simply by making interest-free money available to the private sector, we would have recommended this action a long time ago; but this approach is too simplistic. It makes no attempt to recognize the facts of economic life nor, I might add, does it take into account what the availability of too much "free money" would do to our conventional lending institutions.

What we can do, however, and what the department is doing, is to put federal dollars into the economy in such a way that, hopefully, more opportunities for investment will be created. Our development agreements represent the best thinking available as to how to stimulate economic growth by first creating an environment which is attractive to private investment.

● (2212)

This is not easily achieved. Nor can it be done overnight. Broad-based programs for forestry, agriculture, minerals and tourism must by definition be diffuse in their application. They carry with them, however, a number of opportunities for the private sector.

The hon. member might be interested to hear that residents of his own riding and of the surrounding areas have been benefitting from these programs for some time. Grants to farmers in Pictou county during the past two years have

amounted to more than $491,000. This money was provided under the agreement for development of the agriculture sector.

Mr. Deputy Speaker: Order. I regret to interrupt the hon. parliamentary secretary but his time has expired.

FINANCE—MEASURES TO PREVENT DUMPING OF STEEL BEAMS—DEFINITION OF "FAIR WORLD PRICE"

Mr. Ron Huntington (Capilano): Mr. Speaker, on February 20 of this year, as reported in *Hansard* at page 3006, I addressed the following question to the Prime Minister (Mr. Trudeau). The preamble reads:

> The heart of much of the regional antagonism caused by federal rulings on matters like the dumping duty on wide-flange steel beams seems to be in our failure to recognize that often more than one market can exist in a country as vast as Canada.
>
> Can the minister, or the Prime Minister, advise whether the government is negotiating an amendment under article 4(A)(ii) of the GATT agreement to reflect the fact that transportation costs and other regional marketing factors may create in Canada two or more markets, where in at least one Canadian producers sell none or almost none of their goods?

The Minister of Finance (Mr. Chrétien) replied as follows:

> We have recognized that there is a short-term problem in British Columbia. Of course, when we have one Canadian market we have to maintain a tariff and have an adjudication by the tribunal when it looks into a dumping case—whether it be steel or any other product—because we cannot accept dumping of products on the Canadian market. I am sure the hon. member would not be pleased if we did not protect, in the eastern market, the price of plywood that very often comes from B.C.

In answer to a supplementary question by my hon. friend from Prince George-Peace River (Mr. Oberle), the same minister ended his explanation by saying:

> Of course, British Columbia producers will always have access to international steel as long as it is not dumped on the Canadian market.

It is not my intention, nor that of the B.C. government, to speak against the principle of protection against dumping. However, for the federal government to continue to treat this vast land with ports on the Atlantic close to European markets and with ports on the Pacific close to Asian and Pacific Rim markets as a single market is to keep in place a policy that is obsolete, a policy that maintains regional stresses, a policy that works against unity and a policy that enhances anti-centralist feeling to the disadvantage of federalism.

My argument against the position taken by the government is that injury should be isolated to the region or market where the injury can be identified. The main factor which determines markets within Canada is railroad freight rates, as anyone who has been in the business of distributing or manufacturing goods knows.

The issue facing us is that tariffs erected to safeguard against injury to domestic producers caused by dumping be considered in two parts; first, within the market regions of Canada where such dumping is causing injury and, second, within market regions of Canada where such dumping is not causing injury. We should limit the safeguard to the region in which the safeguard is prompted as a result of the threat or reality of injury.

[Mr. Lumley.]

As a member of GATT, Canada has accepted the principle of liberalizing trade between member nations. Indeed, this is the thrust of the Tokyo round. The suggested isolation of the safeguard resort would mean protection for the region of Canada needing it, leaving the benefits of freer trade to those not served by domestic production and historically dependent on offshore materials. Surely the federal government can see that this suggestion fits the spirit and objectives of GATT.

To continue as we are today will deliver the West Coast steel fabricating markets to the fabricators of Ontario. The loss to British Columbia will be in neighbourhood of 1,500 to 2,000 jobs, plus all the spin-off benefits attendant to this employment. If the concern of the government for unity and regional equity extends beyond rhetoric, I trust my plea tonight will be given careful consideration by the ministers concerned.

● (2217)

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the hon. member for Capilano (Mr. Huntington) has raised a question concerning the recent move by the government to remit anti-dumping duties on wide flanged steel shapes imported from certain countries for installation in projects in British Columbia, Alberta, Newfoundland and the Yukon Territory. The remission order, as hon. members are aware, will apply for the nine-month period from the application of the provisional anti-dumping duties; that is, for the period from September 29, 1977 to June 29, 1978. As noted in the press announcement, this action was approved to cushion the transition to higher input costs for fabricators in the areas mentioned. As such, it is both limited in coverage and temporary in duration.

The hon. member suggests in his comments that the temporary nature of the remission order will add to the uncertainty facing the steel fabricating industry in British Columbia. Moreover, he is urging that the Minister of Finance (Mr. Chrétien) act quickly to announce the level of the final dumping duties involved.

Let me first say that it is not the responsibility of the Minister of Finance to determine the level of the anti-dumping duties applicable. The law requires that this decision be taken by the deputy minister of the Department of National Revenue for customs and excise. In this connection I would like to stress, however, that any delay involved in arriving at a final determination should not be attributed to the Department of National Revenue. As I understand the situation, that department has encountered extreme difficulty in obtaining the necessary factual information from the exporters concerned in order to make its findings in such cases. Clearly, much of the uncertainty involved could be eliminated very quickly if the exporters would co-operate with the Department of National Revenue to this end.

With regard to the temporary nature of the remission order, I can assure the hon. member that the matter was given very careful consideration by the government prior to taking a decision. In this instance the government was faced with a

request from the provinces of British Columbia and Newfoundland to assist their fabricating industries to adjust to a new situation. This new situation resulted directly from a decision by the anti-dumping tribunal that dumped imports of the steel product in question were causing injury to domestic production. This decision, by a court of record, was in full conformity with the terms of the Anti-Dumping Act passed by this parliament. The government, in light of the representations it received, felt that a limited remission was warranted in this instance to enable time for the regional fabricating industry to adjust.

It must, however, be clearly recognized that the real issue at stake here is whether Canada is prepared to allow its domestic industry to suffer injury by unfair trading practices of other countries. The government has in the past and will in the future use all the means at its disposal to provide the environment in which our domestic producers can be assured of fair trading practices. At this particular time the steel industry worldwide is facing difficulty. This is expected to continue until such time as the world economy picks up. Other governments have taken special measures to guard against predatory dumping of steel into their markets. The Department of National Revenue has also stepped up its activity to ensure that steel is not injuriously dumped into the Canadian market in massive quantities.

It should be borne in mind—

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

REGIONAL ECONOMIC EXPANSION—COST-SHARING OF TRANS-CANADA HIGHWAY

Mr. John C. Crosbie (St. John's West): Mr. Speaker, on April 3 I asked the Prime Minister (Mr. Trudeau) a question about cost-sharing and the reconstruction and improvement of the trans-Canada highway in Newfoundland. I asked him would his government agree to a cost-sharing arrangement of 75 per cent federal and 25 per cent provincial, as the province had asked. The province originally asked for a 90-10 deal. The Prime Minister said that I should ask the DREE minister. He thought it was a matter for DREE. Mr. Speaker, this shows you how little the Prime Minister knows about what is going on in his government.

Negotiations were going on with the department of transportation, the minister of transportation of the Newfoundland government, since May of 1973 at least, over this cost-sharing arrangement. The Prime Minister is governing in the dark. The left hand does not know what the right hand is doing. He is pirouetting in the deep purple. Either that or he is so dithered about the election and whether to call it or not, or he is so puzzled about patronage, that he does not know what is happening in his own government.

In 1965 the trans-Canada highway, Mr. Speaker, was completed under the great slogan "We'll finish the drive in '65 thanks to Mr. Pearson". That is when the federal government agreed to pay 90 per cent of the cost of completing the trans-Canada highway in Newfoundland. But the highway was build to substandard; it was not built to the trans-Canada standards on the mainland. It was substandard then, and since then, Mr. Speaker, federal neglect of their obligations with respect to the Newfoundland railway and CNR neglect of the needs of the Newfoundland railway and mismanagement of the Newfoundland railway has resulted in most freight now being taken by truck rather than by rail cars across Newfoundland.

The figures are staggering. In the year 1971, 2,500 tractor trailers landed at Port aux Basques to go across the Island. In 1976, 28,000, a huge increase in traffic. In 1970 the railway moved 385,000 tons of freight. In 1976, six years later, just 397,000 tons, only a 3 per cent increase. But whereas in 1970 there were 3,292 truck and trailer units operating in Newfoundland, it went to 17,247 in 1976, a 424 per cent increase. In 1976, trucks carried about 90 per cent of all the freight carried across Newfoundland.

● (2222)

In addition, the federal government and CNR conspired with Mr. Smallwood, when he was premier of Newfoundland, to do away with the railway passenger service in that province, and since 1968 we have had a bus service only for passengers travelling across Newfoundland. The result is there is this tremendous increase in traffic on the substandard trans-Canada highway.

The highway is deteriorating completely. Anyone who trucks on that highway will tell you, as did the St. John's Board of Trade a few months ago, that repairs to transport equipment skyrocketed; the transport trucks are damaged by the condition of the highway. They said also:

> And claims by business to the truckers have doubled because the freight being hauled across this province "has literally been smashed to pieces".

Of course, those costs are being met by the consumer. This is happening in a province like Newfoundland with its weak financial condition, with the federal government letting CN concur in the dumping of all the freight on the small and narrow Trans-Canada Highway, and with our recognition that we are a special case, as was found by the MacPherson Royal Commission which stated in 1962:

> The situation in Newfoundland is a special case distinct from the rest of Canada.

You cannot put it any plainer than that. They are finding that a highway network is beyond our resources and the government should see that the provincial government has money for roads other than the trans-Canada. At least a 90-10 deal is needed for the next ten years in the reconstruction of the trans-Canada highway in Newfoundland and its strengthening and upgrading. The province simply cannot find 50 per cent of the $250 million required.

The Minister of Transport (Mr. Lang), with his Teutonic, terrorist transport tactics, sent wires to the four Atlantic premiers in June of this year telling them that they would cost share 50-50 only, and that if they did not accept this 50-50 offer, the money would be used for some other purpose by the federal government. Because of this ultimatum, they all col-

lapsed, with Newfoundland falling in line on March 29 of this year. Newfoundland surrendered and accepted this pitiful and incomplete offer. So instead of "We'll finish the drive in 65, thanks to Mr. Pearson", what we have now is: "On the Newfoundland highway, you drive with a bang, until you get rid of Otto Lang". We must get some minister of transport in there that is not hip on the user-pay principle of the present minister and who will treat Newfoundland fairly in this direction.

The present transport policy is to discontinue ferry subsidies in Newfoundland; it is to put an inadequate search and rescue service there; it is not to give us any kind of ice breaking service at all; it is to continue withdrawals by CN Marine and the CNR and an inferior ferry service from the mainland to Argentia.

This Minister of Transport will languish in history as the least sympathetic, the least useful, the most loutish and the most lumpish of all federal ministers of transport ever seen. His actions in Newfoundland, to put the best face on it, are barbaric. I am asking the government now to change this unilateral decision of theirs that they will finance only 50 per cent of the cost. We are talking of $250 million over ten years, not $250 million that must be spent this year, next year or the year after. It will cost $250 million over ten years, of which the federal government is now offering $125 million if they go for the whole ten years. This is a three-year agreement only. It should be a 75 per cent deal at least.

If you look at the brief submitted by the Canadian Railway Labour Association to the Government of Canada on March 20 of this year you will see what happened in Newfoundland. It reads:

> In sum, what we now have on the island of Newfoundland is an inefficient passenger service; an inefficient freight service; a fast deteriorating trans-Canada highway and a rail system, operated by the frustrated Crown corporation, the Canadian National Railways; a federal transport policy based upon "commercial viability" and "user-pay concept".

That is what we have now in Newfoundland. What is to be done? If this government will not do it, then the next government, which will be of a different political persuasion—we hope, in any event—will have to do it, and that is to give the province of Newfoundland better financial terms to put across the island a decent trans-Canada highway and ensure that the Newfoundland railway continues to operate more efficiently and at a more reasonable freight rate, so that much of this freight traffic will go off the highway and back on to the Newfoundland railway where it belongs.

● (2227)

So I call upon the Minister of Transport, in his last month of office, to stop this loutish behaviour and to give Newfoundland a fair deal.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I really do not see where the hon. member is getting at with all the wordiness and verbal inflation that he uses when speaking of the Minister of Transport and even of the right hon. Prime Minister, who have spent all their energy in harmonizing the policies of the Departments of Regional Economic Expansion, Transport, and others in consultation with the provinces, in order to give the Maritimes the best possible road system for the best possible service to the population of those provinces.

First of all, Mr. Speaker, I am happy to confirm that on Tuesday, April 18, the Minister of Transport of Canada and the minister of transportation and communication of Newfoundland signed an official agreement regarding a three year road improvement program for Newfoundland. This program will involve expenditures of almost $60 million. The agreement concludes fruitful negotiations with the four Atlantic provinces, and the road improvement program can thus be implemented without delay.

As the hon. member of the opposition is aware, the federal government agreed, in May 1977, to spend up to $125 million over the next three years to upgrade the transport system in the Maritimes, and a large proportion of that amount, namely $100 million, is earmarked for the highway improvement program, which is a program whose costs are shared equally by the provinces and the Government of Canada.

[*English*]

Work to be undertaken over the next three years in Newfoundland includes construction of additional lanes at selected locations between St. John's and Highway 70; strengthening and upgrading between highways 201 and 210; also between Port Blandford and Terra Nova Park, and between the park and Highway 320; between Georges Lake and Crabbes River; and between Bishop's Falls and Grand Falls. In addition, the agreement provides for the standardization of allowable axle weights and gross vehicle weights for truck using the primary highway systems.

In closing, I should emphasize that the government is anxiously awaiting recommendations from the Sullivan commission, which is reviewing transportation on Newfoundland. Of course, this recently signed agreement will not affect any of the recommendations which may arise from the commission's findings.

Mr. Crosbie: I am talking about the Trans-Canada, not the DREE agreement.

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

Motion agreed to and the House adjourned at 10.29 p.m.

HOUSE OF COMMONS

Tuesday, May 2, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

ELECTIONS

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

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise under the provisions of Standing Order 43, on a matter of urgent and pressing necessity, to move:

That, without further delay, in view of the Gallup poll of today's date which indicates that the Trudeau government is on the way out, this House calls upon the right hon. Prime Minister, having lost the confidence and support of the Canadian people, to put an end at once to the uncertainty and secure the consent of His Excellency the Governor General of Canada to immediate dissolution of this House so that the people of Canada can elect a government without delay which will meet the tremendous economic problems that exist and face this country.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Paproski: The Prime Minister said no.

* * *

POST OFFICE

NEGOTIATIONS WITH CUPW TO AVOID STRIKE—MOTION UNDER S.O. 43

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, under the terms of Standing Order 43 I rise on a matter of urgent and pressing necessity. In view of the fact that the long drawn-out contract negotiations between the government and the Canadian Union of Postal Workers are reaching a critical stage, and the Postmaster General is not involved in the discussions, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the Postmaster General participate in the current critical contract negotiations with the Canadian Union of Postal Workers through the established procedures of the conciliation board rather than by statements to the press.

Mr. Speaker: Presentation of such a motion for debate would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

NATIONAL RESEARCH COUNCIL

PROPOSED INQUIRY INTO ALLEGED IRREGULARITIES RESPECTING RESEARCH WORKERS—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

In view of the many criticisms which have been levelled against the National Research Council of Canada, which is said to discriminate against Quebec research workers, with the result that the province of Quebec is not likely to receive its fair share of the research grants, and in view of the series of irregularities which today's edition of *Le Devoir* has published concerning the appointment of the selection committee, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the House urge the minister responsible for the National Research Council of Canada to investigate these alleged irregularities and report to the House so that the Canadian public at large may know the whole truth about this matter.

Mr. Speaker: Order, please. Pursuant to Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

SUGGESTION FUTURE AMENDMENTS TO BANK ACT BE PUBLICIZED—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion on a matter

of urgent and vital necessity for both Quebec and the rest of Canada.

Considering that according to what the Prime Minister himself said in the House of Commons on April 19 last, caisses populaires and credit unions will fall under the future bank legislation; considering that in Quebec particularly, but elsewhere as well, both institutions are based on the savings of people and are the centre of local economies; considering that in all logic and justice no amendment to the present status of these institutions should be made without previously seeking consent from the provinces, I move, seconded by the hon. member for Brome-Missisquoi (Mr. Grafftey):

That the House unanimously urge the Minister of Finance to make public before the next election campaign the essence of the provisions of the future legislation and to consult his provincial counterparts on any proposed change of jurisdiction in this area.

Mr. Speaker: Presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

TRANSPORT

VIA RAIL—RATES TO MOVE CARS AND TRUCKS—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. VIA Rail has announced that excursion rates to Churchill will be the same as last year. At the same time, rates to move cars and half-ton trucks out of communities that are isolated and have no highway access have been increased. Therefore, I move, seconded by the hon. member for Portage (Mr. Masniuk):

That VIA Rail be instructed to also leave the rates for moving passenger cars and trucks at the same rate as last year.

Mr. Speaker: The presentation of such a motion for debate can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

SUGGESTED AMENDMENT TO ACT RESPECTING CAPITAL GAINS—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise on a matter of urgency under the provisions of Standing Order 43. In view of the statement the Minister of Finance made in this House on December 6, 1977, as reported at page 1603 of *Hansard*, that corporations would not be included in the roll-over provision for capital gains tax on farms, and in view of the statement of the hon. member for Trinity, as reported on April 28, that the Income Tax Act would be amended to enable a small businessman to sell his shoe store and buy a clothing store without paying capital gains tax, I move, seconded by the hon. member for Fraser Valley East (Mr. Patterson):

● (1412)

That the Minister of Finance immediately introduce amendments to the Income Tax Act to allow small businessmen the same capital gains tax provision as suggested by the hon. Leader of the Opposition in Hamilton on April 26.

Mr. Speaker: Presentation of such a motion for discussion requires unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PENSIONS

LEGISLATION TO ESTABLISH PENSION EQUALITY FOR WOMEN—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, because the urgency of this matter will continue until it is resolved, I move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That this House calls on the government to expedite the introduction of legislation to establish pension equality for women, including full rights for women under the Canada Pension Plan, equal pension rights for all women between the ages of 60 and 65 regardless of marital status, increasing the pensions paid to widows under various government plans to at least 75 per cent, and the continuing payment of pensions granted to widows regardless of any subsequent change in marital status.

Some hon. Members: Hear, hear!

Mr. Speaker: Under the provisions of Standing Order 43, presentation of such a motion for discussion can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

HISTORIC SITES

REQUEST AGED PERSONS HAVE ACCESS BY MOTOR VEHICLES—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a very important motion.

In view of the fact that the Plains of Abraham at the top of Cape Diamond in Quebec City are under federal jurisdiction; in view of the fact that the National Battlefields Commission is in charge of the administration of this large historic site; in view of the fact that there is a great deal of talk about prohibiting motor vehicle traffic in this area, which will be quite detrimental to aged persons because it is their only means of transport to go there, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That this House urge the minister in charge of the Plains of Abraham not to allow the National Battlefields Commission to prevent aged persons and young children from gaining access to this historic site by motor vehicle.

Mr. Speaker: Order. Such a motion can be presented only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

PENITENTIARIES

CONSTRUCTION OF INSTITUTION AT SELKIRK, MAN.—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that there is 30 per cent unemployment in the construction industry in Manitoba, and in light of the government's decision to proceed in 1980 with a new maximum security penitentiary for Manitoba to be located in Selkirk, I move, seconded by the hon. member for Portage (Mr. Masniuk):

That the government immediately proceed with the construction of the penitentiary in order to maximize the economic benefits for both Selkirk and the province.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

VACANCY

Mr. Speaker: I have the honour to inform the House that I have received a communication notifying me that a vacancy has occurred in the representation, namely, the Hon. Mitchell Sharp, P.C., member for the electoral district of Eglinton, by resignation. Accordingly, I have addressed my warrant to the Chief Electoral Officer for the issue of a new writ of election for the said electoral district.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

DECLINE IN FARM INCOME AND INCREASE IN PRICE OF FOOD

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to direct a question to the hon. Minister of Finance. Yesterday, Statistics Canada released disturbing figures indicating, based on 1976 incomes, that farm incomes in Canada have declined by 6.9 per cent. I hope the Minister of Agriculture takes note of that. At the same time, the Anti-Inflation Board introduced startling figures which indicated that food prices in Canada over one month have increased by 2.6 per cent, representing an 11.9 per cent increase in the price of food, as measured by the AIB, in one year.

It is obvious the people of Canada are very unhappy about the situation, and Dr. Gallup confirmed that. What does the government propose to do about this very serious problem which is imposing such an unjust burden on middle and low income earners in this country?

● (1417)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, since April 15 we have relied on the marketplace to decide. Hon. members opposite have been saying for the last three years that controls in Canada were not the proper instrument to control our economy. We then decided to discontinue the controls program and leave the decisions to the marketplace. If the hon. member is proposing that we reinstate controls, we can look into that.

Mr. McGrath: Mr. Speaker, the minister must still be suffering from Montezuma's revenge, because that could be the only way to explain the fact that he does not know food prices are not covered by the AIB, and never have been.

Some hon. Members: Hear, hear!

Mr. McGrath: It is obvious that food prices in Canada, according to the AIB, will continue to rise. That fact is confirmed by Statistics Canada in the consumer price index. This can be related, among other things, to the minister's floating-sinking dollar. Now that parliament will be around for a while at least, will the minister bring in measures to offset

the failure of his budget and address this serious problem that is hurting the poor and the low income earners of this country?

Mr. Chrétien: Mr. Speaker, the hon. member is ignoring some very basic facts; firstly, that farm prices are not controlled at the farm gate. However, everything else, the ingredients of transportation, marketing, and so on, is controlled; and this represents more than 50 per cent of the price of the food product. Also, many of the foods consumed in Canada during the winter are imported from the United States and Mexico. Of course, because of the decline of the Canadian dollar we have gained at lot in the export business, but we have to pay higher prices for imported foods.

STEPS TO IMPROVE FARM INCOME

Mr. James A. McGrath (St. John's East): Mr. Speaker, I thank the minister for that tremendous concession, whereby he now admits that his monetary policies are disastrous and are driving up food prices.

I have a question for the gloomy-faced Minister of Agriculture who has a lot to be gloomy about. Can he tell us what he proposes to do about the farm income situation which, if not corrected, will lower production in this country? While he is at it, will he tell us what has become of the so-called conference on food strategy which was heralded with such fanfare last winter?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, if anything makes me gloomy, it is some of the false statements made by the hon. member and the fact that some people may believe him. The hon. member has stressed food prices, while knowing full well that such things as coffee showed on the index an increase of 280 per cent last year. Total imports in foods show a 58 per cent increase in one year. These are foods that cannot be produced in Canada and come from tropical and semi-tropical areas.

When the hon. member talks about income to farmers, one of the groups that he condemns is an anti-inflation fighter's dream: the Canadian Egg Marketing Agency lowered egg prices 3.4 per cent last year, yet the producer had a decent profit all the time.

Mr. McGrath: Man does not live by eggs alone.

FORECAST RESPECTING FOOD PRICES

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is to the Minister of Finance, who has already referred to the weaker dollar. As we know, the weaker dollar is contributing to the high prices in Canada that the minister has already referred to. At page 4 of the Bank of Canada Review for April, we find the admission that increases of nearly 12 per cent, on average, in import prices were experienced in 1977.

Would the minister indicate, bearing in mind the already objectionably high food prices that we have in the country, whether they have taken a survey to determine what is likely to happen to food prices in May, June and July? May we anticipate still higher food prices, as many merchandising organizations are indicating?

[Mr. McGrath.]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I cannot give a precise indication of what will happen, but in our forecast we anticipate there will be an average inflation level of 7 per cent in 1978. As usual, with summer coming it means that more food will be produced in Canada of the kind that will bring down the price of food in the CPI. In the winter, when we rely on imported food, we have to pay higher prices because of the weaker dollar, which has been extremely good for our balance of trade. We have a record balance of trade for the month of March to an extent Canada has never experienced before.

• (1422)

Mr. Stevens: A supplementary question, Mr. Speaker. If we are to attain that 7 per cent price increase level by the end of the year, it will mean we will have to be down to 6.4 per cent in the last quarter of this year, which is very unlikely. In view of the revelation made today with respect to our foreign exchange reserves, namely, that the government has borrowed a total of $2.1 billion to protect the weaker dollar that the minister has referred to, what does the minister anticipate the interest load on that increased borrowing from foreigners will be, bearing in mind that the interest load set out by the Bank of Canada in the Annual Review this month was $2.4 billion paid to foreigners? That means $100 for every Canadian was paid to foreigners in interest alone in 1977. What will be the impact of the new foreign borrowing revealed in today's figures?

Mr. Chrétien: Mr. Speaker, the impact will not be major. If the hon. member understands the system, the money we are borrowing abroad to supplement the inflow of capital into Canada is money that we do not have to borrow internally. When we borrow in Canada, we pay interest, just as we pay interest on foreign borrowing. The net cost is just the margin of the rate of interest we have to pay between the two. If I compare the rate for borrowing on the German market, borrowing there at this time will in fact save us some interest.

Mr. Stevens: A further supplementary question, Mr. Speaker. This is the only Minister of Finance in Canadian history to claim it is better to borrow from foreigners than from the Canadian people. In view of the outflow revealed in the minister's release today of $700 million as far as our reserves are concerned, which is made up, of course, by this foreign borrowing, would the minister indicate if he anticipates this outflow will continue supporting the weaker dollar and, specifically, would he indicate where the $200 million went that we lost in International Monetary Fund reserves?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I am not going to make any speculation as to what might be the level of fluctuations in our reserves during May. We will wait until the end of the month

to reveal the amount, whether positive or negative, of the reserve loss and, of course, the hon. member will find out about it on the first Tuesday of June.

* * *

INDUSTRY

CANADA-U.S. AUTO PACT—DISTRIBUTION OF JOBS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. Yet another automotive parts company has today announced the shutdown of most of its operations in Sarnia and that it will move back to the United States.

Considering that the Ontario government's study of the auto industry confirmed what we and the Canadian autoworkers have been saying for many months, namely, that Canada is not getting its share of jobs in this industry, would the minister admit that he and his colleague, the minister of public works, have been misinforming the House when they have contended that Canada has received more than its share of jobs, because they failed to take into account the more than 225,000 U.S. auto workers employed in such key sectors as stampings, carburettors and windshields?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I never at any time said that everything at all times is perfect with the automotive pact. I have said repeatedly in this House that we are trying to encourage the building of more automobile plants in Canada because we recognize that there is an imbalance of trade between the two countries. The fact is, however, that the Ontario government's study does not take into consideration third countries shipping to Canada, such as Japan, Germany and other European countries, when trying to balance the automotive trade between Canada and the United States.

Mr. Broadbent: What the minister has said is perfectly true, Mr. Speaker, but they do not consider the price of apples in Tanzania, either. What the minister has indicated is irrelevant to the question. The minister of public works said in this House on Friday that Canada received in excess of 11 per cent of the jobs and that we are consuming some 9 per cent of the output of this industry. That is a falsehood, Mr. Speaker.

I am asking the minister to confirm that that falsehood which he, as the minister, stated on an earlier occasion, not in this House but in committee, leaves out some 225,000 Americans working in such sectors as windshields, stampings, carburettors, and so on. The Government of Canada is using misleading figures: I want the minister to admit that.

• (1427)

Mr. Horner: Mr. Speaker, we in Canada have 11.2 per cent of the labour involved in the automobile industry between Canada and the United States.

Mr. Broadbent: That is false.

Mr. Horner: The hon. member says it is false.

Mr. Broadbent: Read the Ontario report.

Mr. Horner: He can produce his figures. Obviously, the Ontario government has produced theirs, and theirs are in error because they have failed to take into consideration, as I said, third countries shipping into Canada. They have failed to take into consideration that fact; that is why their figures are in error.

Mr. Broadbent: Mr. Speaker, this can be pursued at another time, but it is basically the minister who is in error because the federal government has left out 225,000 Americans who are employed in this industry. More specifically, I want to know what the minister is doing about getting more jobs. He has admitted that we have a shortfall in jobs. I want to know what he is doing.

Specifically, would he agree that the Canada-U.S. automotive agreement which states that both countries are committed to a share on a fair and equitable basis in the future growth of the industry means that the companies should be investing proportionately in both countries. If he admits that, would he tell us why he has not obtained from the companies precise commitments to invest in Canada in the next two years in proportion to what they plan to invest in the United States?

Mr. Horner: Mr. Speaker, I have repeatedly said that there is a shortfall in the automotive trade of about 5,000 jobs. I do not mind saying that again. I have repeatedly told the House that we are carrying on negotiations with the three major auto manufacturers in the North American markets hoping that we will get some additional plants built in Canada.

Nothing world give me more pleasure than to tell the House today that more plants will be built in A, B and C locations, but I cannot say that. Negotiations are still going on. I hope one day to be able to tell the hon. member in this House where the plants will be built and how many more jobs will be created by them.

[*Translation*]

NATIONAL RESEARCH COUNCIL

REPRESENTATIONS CONCERNING ALLEGED INJUSTICE TOWARD RESEARCH WORKERS

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, my question is directed to the minister in charge of science and technology.

Today's *Le Devoir* reports statements made by Mr. Brian Gregory who spoke on behalf of the National Institute for Scientific Research in the University of Quebec. The newspaper article denounces discrimination against Quebec research workers who do not receive their fair share of research funding. For example if one considers priority fields such as energy, Quebec research workers have received only 12 per cent of the grants, yet they represent 48 per cent of all Canadian research workers in that field. So I would like to ask the minister whether he has received representations about this injustice which is reported in today's *Le Devoir*.

[*English*]

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I have not received such representation. However, I will be happy to look into the figures drawn to my attention by the hon. member and report back to him.

[*Translation*]

Mr. Beaudoin: Mr. Speaker, I should like to put a supplementary question.

Mr. Gregory stated that Ontario was generously rewarded with research grants but several other provinces that had applied for grants had not been successful. Will the minister inquire about this matter so that the provinces which have research staff in their universities may get their fair share?

[*English*]

Mr. Buchanan: Mr. Speaker, these grants, basically, are made through universities. There is an evaluation process which they go through. We do not, in fact, do it within the department; it is done by a group primarily made up of academics who assess the various projects which are proposed. As I said earlier, I will be happy to look into the representations.

* * *

SMALL BUSINESSES

MEASURES TO PREVENT FAILURES

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is for the Minister of State (Small Business). In view of the fact that figures which were compiled by Dun and Bradstreet of Canada show that business failures in 1977 increased by over 38 per cent compared with the figure for the year before—an increase of 1,155—can the minister confirm to the House that the vast preponderance of business failures taking place in Canada today are taking place in the small business section? Also, can he tell the House whether he and his colleagues are prepared to put before parliament a comprehensive program which would give small businessmen the break they need if they are to survive in Canada today?

● (1432)

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, in partial answer to the hon. member's question, since the vast preponderance of businesses in Canada are small, necessarily the highest proportion of failures will occur in that sector. We have a number of programs that are very helpful to small business, and more are in the planning stage. There is our tax system and the various other programs.

I would point out that the same organization, Dun and Bradstreet, indicates that the principal cause of 90 per cent of the business failures is management problems. Therefore, we have very strong belief in the CASE program which is offered by the FDBD, employing some 2,000 consultants to help small businessmen, at low cost.

Mr. Beatty: Mr. Speaker, that is typical of this government. Just as they would blame the unemployed for unemployment, they blame Canada's small businessmen for the failures of the government.

Some hon. Members: Hear, hear!

Mr. Beatty: I want to know from this complacent minister whether he and his officials have attempted to compile figures for the first quarter of this year. Can he confirm reports published in the press which indicate that the failure among businesses in Canada has actually accelerated in the first quarter of this year over last year?

Mr. Abbott: Mr. Speaker, I am not blaming small business. Since there are one million small businesses, some 400,000 incorporated small businesses, if there is a substantial number of business failures they obviously have to be drawn largely from that sector. The point I am making is that we recognize 1977 and 1978 have been difficult years. We are distressed by the number of business failures. We do have figures compiled. I would not differ with the figures the hon. member has cited, but I would like to examine them.

Mr. Beatty: The minister is attempting to pass the buck. When will this government be placing before parliament new proposals which will give a break to the small business sector? The minister acknowledges that the trend accelerated in the first quarter of 1978. When will the minister be prepared to take action and place a program before parliament?

Mr. Abbott: Mr. Speaker, we have a number of programs and I am hopeful we will be producing more.

CANADIAN WHEAT BOARD

IMPLEMENTATION OF RECOMMENDATIONS OF HALL COMMISSION

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, my question is for the minister responsible for the Canadian Wheat Board. Yesterday the minister said he was setting new records. However, he has established a few records which he did not mention. In view of record demurrage charges, 16 ships waiting in Vancouver today, record export backlog, 35 million bushels behind, record farm debt, up again today, record discrepancy between selling price and farmers' price at $2 a bushel, record outpouring of—

Mr. Speaker: Order, please. Will the hon. member put his question.

Mr. Hamilton (Swift Current-Maple Creek): When does the minister intend to implement those sections of the Hall commission report which are designed to straighten out the transportation mess in our western grain industry?

Some hon. Members: Hear, hear!

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I find it extraordinary that a member of the Conservative party can say that, when a colleague of his, a Conservative from New Brunswick, in the debate the other day said that we in this government are doing everything in transportation for the west. I do not know how the hon. member for Swift Current-Maple Creek can ride right over the fact that this government just in the last month approved $600 million toward a rail rehabilitation program. We have approved the expansion of Prince Rupert. In fact, we are moving toward a record volume of wheat exports and grain exports. We are likely to move 850 million bushels of grain this year. In the Diefenbaker years, we scarcely passed 400 million bushels.

Some hon. Members: Hear, hear!

Mr. Hamilton (Swift Current-Maple Creek): Mr. Speaker, it is generally conceded in western Canada that our grain industry is in the hands of an economic virgin. Yesterday the Alberta Wheat Pool was unable to unload a single bushel of grain; they did not have any. Last weekend only two terminals in Vancouver worked. Will the minister look at the transportation section of the Wheat Board with a view to somehow streamlining it?

Mr. Lang: Mr. Speaker, once again, I am glad the hon. member referred to the fact that these are operational matters which are in the hands of the Canadian Wheat Board. Unlike the hon. member, the Canadian Wheat Board has the full and almost complete support of farmers right across the prairies. I know it does not have the support of the Conservative party, as evidenced just now by this speaker and when the Leader of the Opposition indicated some time ago that he was going to break down the export monopoly of the Canadian Wheat Board. That is a losing policy all across the west.

Some hon. Members: Hear, hear!

[*Translation*]

FINANCE

INQUIRY WHETHER GOVERNMENT WILL NEGOTIATE SALES TAX WITH QUEBEC

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to put a question to the right hon. Prime Minister.

According to a report issued by the office of the Minister of Commerce here in Ottawa, if the federal government were to adopt the proposals of the Quebec minister of finance even the other provinces might benefit from it; according to the same report, of the 36,000 jobs lost in Canada in the manufacturing industry in the last 18 months, 30,000 were lost in the province of Quebec in the traditional sectors such as clothing, footwear, furniture and others. As those factors—

Mr. Speaker: Order. If the hon. member has a question to put, would he kindly put it immediately?

Mr. Grafftey: In view of those factors, is the right hon. Prime Minister now willing to negotiate with the province of Quebec in a spirit of flexibility as the government did with Saskatchewan and British Columbia with a view to accepting Mr. Parizeau's proposals?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, on the one hand the hon. member speaks of negotiating and on the other of accepting. Clearly, we are favourable to having negotiations. To wit, the federal Minister of Finance negotiated for three weeks with his provincial counterparts, including Mr. Parizeau. It so happens that Mr. Parizeau was unable to give an answer.

So, we did negotiate, and they could not give us a reply. As pointed out by Mr. Chrétien, our finance minister, now that the game is over Mr. Parizeau comes out on the ice and wants to score points. We find that a strange way of negotiating. Still, despite that we have continued to try and find a solution, for the objective of the government is very clear: we want to make sure the Quebec government is not penalized through the fault of that particular government; we have always stated clearly that the money involved would go to Quebeckers one way or another. The problems lies with whether Mr. Parizeau can negotiate as we did with him, that is, in good faith, and as we did with all the other provinces.

Mr. Grafftey: Mr. Speaker, I would like to ask a supplementary question.

Considering that the sales tax remains a matter of provincial jurisdiction and that last week the entire opposition in the National Assembly, which includes the Liberal party, supported Mr. Parizeau's proposal, are you accusing those people at the provincial level of encouraging the separatist option, much as you accused us in the opposition here in Ottawa last week?

Mr. Trudeau: Well no, Mr. Speaker. The provincial parties, whether in Quebec, in Alberta or in British Columbia, naturally offer a provincial point of view, and that is not only their right, but also in their interest. On the other hand, the federal government—and I would have thought that the opposition would agree—offers a national point of view. That is what we attempted to do by saying: Of course this tax comes under provincial jurisdiction. We want to cut federal taxes, which we can very well do in our sphere of responsibility, but for once let us try to do so jointly. We acted jointly with nine out of ten provinces, the tenth having failed to reply. So the federal government cannot be accused of refusing to negotiate. It was Mr. Parizeau who let the nine other provinces and the federal government arrive at an agreement which was acceptable to all and who then said: Now that everyone has had his turn, I have something else to say. We will continue to negotiate with him. I repeat, the federal government will take the necessary action so that Quebec taxpayers do not lose a cent because of Mr. Parizeau's desire to make federalism impossible.

● (1442)

[*English*]

CANADIAN POSITION AT GATT NEGOTIATIONS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I got off my sick bed to come here, so I cannot shout.

Some hon. Members: Oh, oh!

Mr. Crosbie: I have a question for the Minister of Finance.

An hon. Member: Speak up.

Some hon. Members: Oh, oh!

Mr. Speaker: Order. The hon. member for St. John's West.

Mr. Crosbie: In the minister's recent budget he continued certain tariff reductions that were made in 1972 by Mr. Turner, who made these reductions on grounds that he wanted to wrestle the cost of inflation to the ground. The minister continued in his recent budget of 1978. Could the minister tell us, did he get any *quid pro quo*, or did his colleagues attempt to get any *quid pro quo* from the nations negotiating at Geneva in this GATT round for his continuation of these cuts, which he was not required to do? Did we get any *quid pro quo* in return?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we take into account all factors in the negotiations. Those cuts are on a temporary basis for Canada, they are not permanent, so they are still part of the package which we can offer at the Geneva negotiations. I think the hon. member can now go back to his bed.

Mr. Crosbie: Mr. Speaker, I will not tell the minister and the government where they should go; that is obvious.

Some hon. Members: Hear, hear!

[Mr. Grafftey.]

Mr. Crosbie: In connection with these tariff reductions, one industry, the coffin and casket industry—

Some hon. Members: Oh, oh!

Mr. Crosbie: —had its tariff reduced from 22.5 per cent to 15 per cent. Has the minister received any representations because, as a result, 300 jobs have been lost and there has been a large increase in the number of coffins and caskets imported—for the government, probably, after the next election—and will he consider some additional protection for industries such as this which manufacture here in Canada?

Mr. Chrétien: Mr. Speaker, if we look at the people in this House who have tended to encourage that type of operation, caskets, in the last 15 years in the House I think they have bought many more than we have bought. I have not received any specific recommendation from the hon. member or otherwise.

Mr. Hnatyshyn: Just try to get into a Japanese casket and see how you like it.

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CANADIAN WHEAT BOARD

GOVERNMENT ACTION TO IMPROVE GRAIN HANDLING

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I would like to direct a couple of questions to the Minister of Transport, who is also in charge of the Canadian Wheat Board, regarding our future prospects for grain movement and sales. The United States Department of Agriculture foreign magazine of yesterday says that Canada, which is China's largest traditional supplier, is experiencing transportation tie-ups in moving grain for export, and that in any event Canada may not be in a position to supply the import needs of the People's Republic of China through November of 1978.

Is there any accuracy in that statement by the United States Department of Agriculture? If so, what measures is the minister taking to increase grain movement and grain supply of the grades and kinds which are wanted by the Canadian Wheat Board and by the Chinese, and will he be recommending to prairie grain producers that they maximize their seeding acreages this spring?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the nature of our very large sales did lead us on March 1 to indicate to farmers the great opportunities there were for them to produce wheat, Durum and other grains. It is true that the selling program of the Canadian Wheat Board has advanced so far that it has not very much more space for sales, having regard to supplies as well as transportation and port facilities.

In setting a likely record of, for example, 850 million bushels for export this year we may be getting close to what we

actually can move out of the country during the course of a year. That, of course, happens to be the total of the 1977 crop available for export, plus 150 million bushels out of that which was available from 1976. Our objective, however, is to continue to encourage production and farming techniques which result in it. The increased storage in Vancouver which is now under construction will be a major help, as will the very important facilities which we expect to see under construction in Prince Rupert within a few months.

Mr. Benjamin: Mr. Speaker, in view of the likelihood—or it may be a fact—that China will require additional grain and may look to the United States for that rather than to Canada, has the minister received requests or urgings from the Canadian Wheat Board and others reminding him that 2,000 boxcars went out of service this year and that they are requesting 4,000 more hopper cars and funds for the refurbishing of 5,000 boxcars in order to keep up with the grain movement we would like to have for grain sales to China?

The second part of my question, Mr. Speaker—

Mr. Speaker: Order, please. The hon. member will realize that there were three parts to his first question. He is now on the second part of his second question, which really calls for some leniency.

Mr. Benjamin: Mr. Speaker, I was trying to avoid asking for a second supplementary. Will the minister shorten the timeframe for the enlargement of storage facilities at Prince Rupert and allow for the use of the present capacity? We could double grain movement, with the present capacity at Prince Rupert, in order to enlarge shipments to places like China.

Mr. Lang: Mr. Speaker, I assure the hon. member that we are looking at all alternatives including, of course, improvements to the existing terminal at Prince Rupert which we announced and which will be under way. We are looking at the question of the need for additional hopper cars. We have been very alert to that problem, and we furnished the first 8,000 hopper cars to move our grain.

We also have been prepared to look at every available facility, including bulk handling facilities on the west coast, and I am fairly satisfied that we can move our export capability up by another 50 million bushels, even with existing facilities but, clearly, we are looking to the future and will want to go even 100 million bushels over that figure.

EFFECT OF DEVALUED DOLLAR ON GRAIN SALES

Mr. Gordon Towers (Red Deer): Mr. Speaker, I would like to direct a supplementary question to the same minister. In view of the fact that forward sales of Canadian wheat were based on the $1.03 dollar and our dollar is now down to 88 cents, which means a direct loss of 15 per cent to the wheat producers, I wonder when the minister will be able to say that future sales will be based on the 88-cent dollar.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the hon. member is exactly wrong in his conclusions. Most of the sales of wheat are, indeed, priced in U.S. dollar terms, so that the 15 per cent change in the value of our dollar has produced an increase of 15 per cent, measured in Canadian dollar terms, to Canadian farmers. So they are far better off in the current circumstances.

Some hon. Members: Hear, hear!

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FISHERIES

REOPENING OF SWORDFISHING INDUSTRY

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Minister of Fisheries and the Environment. Judge Winston Arrow, of the United States district court in Pensacola, Florida, recently ruled in favour of a group of American swordfishermen who were charged with distributing swordfish which were supposed to contain excessive amounts of mercury, since under test the fish proved to contain less than one part per million of mercury.

Since the American food and drug directorate set the level of acceptable mercury in swordfish at five parts per million in 1969, has the minister made representations recently to Washington concerning the possibility of reopening the Canadian swordfishing industry, now it is evident that mercury levels in these fish are not harmful; and, if so, what was the result?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I know that conversations were held several weeks ago and I understand that they are going to continue. I will report to the hon. member.

* * *

CANADIAN WHEAT BOARD

SCHEDULE FOR IMPROVING GRAIN HANDLING FACILITIES AT PRINCE RUPERT

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I have a short question for the Minister of Transport, who is also responsible for the Canadian Wheat Board. He made reference a few moments ago to improvement of the port facilities at Prince Rupert. He said it would be a matter of months before that port would be capable of meeting its grain handling potential.

Can the minister tell the House what firm commitments have been made and what the construction schedule is? Is he

not confusing the improvement of elevators there with the coal port which is being planned for the future?

• (1452)

Hon. Otto E. Lang (Minister of Transport): No, Mr. Speaker, I am not confusing wheat and coal; but the hon. member is mistaking what I said. I indicated that I would expect construction to begin in the near future in relation to the expansion at Prince Rupert. Indeed, we will be improving the existing elevator and that work will be coming forward very quickly. We will also be moving ahead with the site preparation on Ridley Island on the assumption that a new terminal building will be built there. There are active discussions taking place now involving the Alberta government and some of the grain companies in connection with that terminal, and I am hoping that will put together the necessary equity and investment for a major terminal on Ridley Island. Obviously, the construction phase of the major terminal will take two or three years, but the work will be under way very soon.

Mr. Oberle: Is it reasonable to assume that the minister has not yet made any firm commitments to contractors or shippers of grain in respect of the improvement of the elevator facilities and grain handling facilities at Prince Rupert?

Mr. Lang: The contracts in relation to the existing elevator are, of course, the responsibility of my colleague, the Minister of Agriculture. The contract preparations are under way. In the case of Wrigley Island, our first project is the engineering studies which are required in order to ensure that we are building the causeway and the rail facilities in the correct location. That work is about to get under way. The construction phase will obviously follow that engineering phase.

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TRANSPORT

GOVERNMENT ASSISTANCE FOR URBAN TRANSIT SYSTEMS

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question is directed to the Minister of Transport. In view of the fact that this weekend the Ontario government began its urban transport improvement program with much needed renovations to Toronto's Union station, and because most necessary projected improvements cannot be completed, let alone started, as the result of this government's reneging on its 1974 election promise of $290 million for urban transit, a promise which was assumed to have been made in good faith—

Some hon. Members: Shame.

Mr. Jelinek: —I would like to ask the minister whether or not, before he starts drafting new election promises, he would consider fulfilling at least part of his 1974 promise in order that urban transit projects in and around metropolitan Toronto and elsewhere can be completed?

[Mr. Oberle.]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the hon. member is well aware of the fact that we have made available $230 million for the urban transportation assistance program, which included $100 million of new money on the commuter side. That was not all we had intended to do in our program in 1974, but in face of the severe fiscal restraint being required it was the conscious and careful decision of this government to cut back, particularly in this area where the prime responsibility is that of the province and municipalities. However, we are making $100 million of new money available, and a very flexible $230 million for the urban transportation assistance program.

Mr. Jelinek: Mr. Speaker, in view of the minister's answer, I would like to put my question to the right hon. Prime Minister. Last year the same government made grants available in the millions of dollars, one of which was for such an earth-shattering project as "to study the role of the harmonica in a social culture of each region of Canada".

In view of the serious need to improve urban transit systems in Toronto as well as in other parts of Canada, could the Prime Minister reconsider the priorities pertaining to the government's expenditures and assure the House that his 1974 election campaign promises, at least in the sense of urban transit, will be fulfilled?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am not aware of the particular case quoted by the hon. member. I will look it up. I believe it must be a project under the Canada Works program and I suppose it is something that has been decided by a local council. I will look into this matter to see if the hon. member has a point.

* * *

NATIONAL REVENUE

REGULATIONS RESPECTING CHARITABLE ORGANIZATIONS

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is for the Prime Minister. Yesterday the Prime Minister gave a commitment to the House that National Revenue circular No. 78-3 restricting the activities of charitable organizations would be suspended. Since we have taken the Prime Minister at his word in this regard, will he now inform the House of the nature of the communication that has been sent to the 36,000 registered charitable organizations in this country indicating that this circular is no longer in effect, that it has been suspended?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I take it that the members of the public who are interested in this debate have heard my words of yesterday. They have

heard, also, the explanations I gave—which I repeat now—that this circular was meant to help charitable organizations by indicating to them what the courts had decided on the basis of the law. I repeat what I said yesterday, that if the charitable organizations do not want to be guided by this circular, they do not have to be.

It is put out as a service to them, not as a statement of the law or even as guidance under the law. It is put out as a service to those charitable organizations which asked the previous minister of national revenue if he would issue such guidance for their information. If they do not want to be guided by it, they do not have to be. I repeat my statement of yesterday, that in the last resort it is the courts which will decide what the law says.

Miss MacDonald: Mr. Speaker, I asked the Prime Minister what action he has taken to put his suspension order into effect, because the Prime Minister knows that it is not enough just to say it is suspended and something will vanish. If that were the case, he could have said the same thing long ago, no doubt, about unemployment and inflation. Because of the concern and the confusion that his comments of yesterday have created, what actual steps have been taken to put this order into effect? Has he at least been in touch with the Minister of National Revenue, who is out of reach of this chamber, to instruct him to put his order suspending this circular into effect?

Mr. Trudeau: Yes, Mr. Speaker. Following yesterday's debate, I did ensure that the Department of National Revenue would be informed of the debate in the House and they would take whatever action is necessary. I said in the House yesterday that if it were in my power to suspend the document, I would suspend it. I went on to say that suspending such a document only has meaning for those who do not want to ask for help from the department in guiding them on whether or not they are charitable organizations.

The House must understand that many charitable organizations do things through inadvertence which are interpreted as political activity and which might disqualify them from exemptions. I understand that these organizations go to the department and ask for guidance. When they are told that certain actions have been judged under the law as disqualifying them as charitable organizations, they cease those activities and then are able to qualify; they are not penalized. Once again, the Department of National Revenue's duty is to help citizens to understand the law, and this is exactly what the circular is meant for. If some citizens do not consider it helpful, they can consider it suspended.

Some hon. Members: Hear, hear!

Oral Questions

FINANCE

REQUEST FOR DEBATE ON BANK ACT

Mr. Joe Clark (Leader of the Opposition): What the Prime Minister is saying, sir, is that the new document which was suspended yesterday is in effect today. In other words, he is being as consistent in this matter as he was in the question of controls when he betrayed the Canadian people in the 1974 election campaign.

Some hon. Members: Hear, hear!

Mr. Clark: My question, sir, is for the Minister of Finance—

Mr. Trudeau: Mr. Speaker—

Some hon. Members: Sit down.

Some hon. Members: Order.

Mr. Trudeau: First, the Leader of the Opposition forces his lady member to sit down; then he addresses a question to me; then he addresses one to the Minister of Finance.

Mr. Speaker: Order, please.

An hon. Member: Go and see the Governor General.

Mr. Speaker: I recognized the Leader of the Opposition and I will let him pursue his question; but it stretches the point to put a preamble to one minister and a question to another.

Mr. Clark: Mr. Speaker, my question to the Minister of Finance—

Some hon. Members: Oh, oh!

Mr. Clark: I will wait until there is quiet in the House.

Some hon. Members: Oh, oh!

Mr. Clark: My question to the Minister of Finance, if I can get some order on that side of the House—

Some hon. Members: Oh, oh!

An hon. Member: You are not in church, Joe.

Mr. Clark: —relates to economic policy and to the opportunity of the House of Commons to consider some economic measures. I wonder if the Minister of Finance can tell the House when he intends to introduce to the House for debate the Bank Act which this government has been deliberately delaying in the hope of avoiding revealing its intentions before an election campaign, and when might we expect to have before the House the necessary amendments to the Income Tax Act arising from the budget?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, last week I gave the answer that we were waiting for the French translation of the bill. The bill is now in front of the cabinet. I hope that within a matter of weeks—

Some hon. Members: Weeks?

Mr. Chrétien: —a maximum of couple of a weeks, to be able to table the bill. So far as the other bill is concerned, I will be discussing it with the House leader and will bring it in as quickly as possible.

Mr. Clark: It raises some intriguing questions as to why a bill, on which the policy has already been decided, which has been drafted and translated, will take a matter of weeks to get through the cabinet, although with this cabinet I can understand that it takes the simplest thing a long time to get through.

Some hon. Members: Hear, hear!

• (1502)

Mr. Clark: So that the Standing Committee on Finance, Trade and Economic Affairs might not be denied an opportunity, even if the entire House is denied an opportunity to deal with economic policy, would the minister be prerared to make an immediate reference of the annual economic review of his department to the Standing Committee on Finance, Trade and Economic Affairs?

Mr. Chrétien: Mr. Speaker, I will follow the usual procedure about those things. I will be appearing before the committee of the House on Thursday afternoon, at which time hon. members of the opposition can ask me questions. Also, I have agreed to be present at another meeting next week or the week after; I do not know. I am accepting the invitation of the committee. If they want more work in front of them, certainly I am able to send some more over to them.

* * *

PRIVILEGE

MR. STANFIELD—SURVEILLANCE OF CANDIDATES SEEKING PUBLIC OFFICE

Mr. Speaker: Order, please. On Friday I indicated some preliminary reasons for disposing of the motion originally put by the hon. member for Halifax (Mr. Stanfield). Also I made some remarks about the basic nature of the subject raised in the motion. I believe the hon. member for Halifax is ready to make further representations.

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, I have had an opportunity to follow the discussion in the House on Friday, particularly relating to the question of privilege which I raised originally last Wednesday. At that time I indicated I would be prepared to bring a motion on Thursday, which I did. On Friday there was a discussion concerning that motion, at which time Your Honour expressed some views.

On Friday Your Honour indicated that the motion I presented could not be regarded as being in order. At least that was your disposition at that time. It could not be considered in order, because on Friday the Solicitor General (Mr. Blais) denied that he took the position the McDonald commission was the only appropriate place for this question to be dealt with, rather than the House. Your Honour indicated that this had become a question of fact, and still remained a question on that point, and could not be regarded as a question of privilege. Certainly I do not quarrel with Your Honour's ruling in that regard.

When I raised the question of privilege on Wednesday, it seemed to me that the Solicitor General was taking the exact position of which I had accused him. On that point, I am content he backed away from that position. On Friday in the House he indicated quite explicitly that he was not standing by that position. He was not contending that the House was not entitled to information. Indeed, he put some information before the House. He was not contending that the McDonald commission was the only appropriate place for this question to be considered. I am happy the Solicitor General departed from the very hard line which he took on last Wednesday, when I raised my question of privilege.

As the matter now stands, in the minister's judgment and the judgment of everyone else it is very clear the House is not precluded from inquiring into this type of question on the grounds it is a security matter, when in fact it touches upon some very fundamental rights and concerns of members of parliament. I take it that is now settled.

As reported at page 4977 of *Hansard* dated April 28, 1978, Your Honour indicated the following:

> The difficulty for the Chair is that that procedural problem does not set aside the basic problem that rests at the core of this matter, which may now come to light, or it may not, I do not know. However, the contributions that have been made now indicate that there may be some regime in existence which may be offensive to members and which they may want to put in the form of some motion.

Your Honour indicated that my motion would have to be set aside on procedural grounds.

Following an intervention by the hon. member for Grenville-Carleton (Mr. Baker), Your Honour is reported as saying the following:

> The only other step that I had in mind would be to set aside this particular motion on procedural grounds, without prejudice to the right of the hon. member for Halifax (Mr. Stanfield), or for that matter to any other member, to reintroduce a motion on the same subject. I do not have to take that step now, however, but I wanted to indicate my thinking on it.

The discussion was suspended until today by Your Honour. If it is believed that there is in fact a prima facie case, I would be prepared to move:

> That the matter of the surveillance by the security forces of candidates at general elections be referred to the Standing Committee on Privileges and Elections in order that the committee can determine and report upon the extent of and criteria for such surveillance.

In other words, while the Solicitor General and others have eased our concerns in some respects, still those concerns are very fundamental. I am not referring to the refusal of the Prime Minister (Mr. Trudeau) to tell the House clearly what the instructions of the government were to the security forces following the invocation of the War Measures Act, at which time the government asked the security forces to give more

attention to internal subversion. We sought those instructions, but we have not been able to get them. However, that is not the point I am making this afternoon.

Instructions within the Royal Canadian Mounted Police to certain designated personnel, relating to the surveillance of candidates in elections, came to light last week. On Friday the minister indicated that in fact the RCMP does not exercise any surveillance. If they check the list of candidates and find a name which is already in their files, then they become interested and place it in their files. Some of us are quite concerned about the security forces' definition of the words "subversive", "security risk" or "security interest" in this connection. From this document, it seems to be very broadly conceived as genuine. It relates to candidates; in some to their agents; and in other cases to their contributors. It includes any candidate who is considered to be a separatist, whether he is a subversive, separatist, or otherwise. Our concern is that we just do not know how sweeping is the definition of "subversive".

Also, the document refers to government requirements. It points out the request for names of nominated candidates is not so much directly for security purposes as it is to meet certain statistical requirements and government requirements. I do not know what the term "government requirements" means in that connection.

● (1512)

I do not know what the RCM Police do with this information when they find somebody who is in one of their files and who has been nominated as a candidate. What do they do with that? Why do they have this particular interest in that file? If somebody is nominated and they feel he is a security risk, what happens after that? Do they merely make up a file and that is as far as it goes, or is some initiative taken in the course of the campaign? I do not know, but I do not like the way matters stand.

As I say, there is a question in this document of the broad definition of security risk; there is a question of what is meant by government requirements, which are referred to as the reason for these instructions, and there is to me the very disturbing question as to what happens in connection with a candidate when his name is found to be on one of their files. With respect, sir, these have to be matters of concern to this House, and I think the existence of the document and these instructions do impinge upon the privileges of this House. This issue should be clarified by being referred to the Standing Committee on Privileges and Elections. If you believe I have a prima facie ground for doing this, sir, I would so move.

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I intend to add very little to what was said in this debate on Friday by the Deputy Prime Minister (Mr. MacEachen) and the Solicitor General (Mr. Blais). The hon. member for Halifax (Mr. Stanfield) has referred to the War Measures Act and the events of 1970 in a way which would, once again, reinforce the impression that was earlier erroneously given that somehow these instructions were given to the police as a result of those events.

I would like to repeat what was made abundantly clear, it seems to me, on Friday in the House, but in the absence of the hon. member for Halifax. It was made abundantly clear that this practice has been going on for at least 30 years, that it has been the practice of the Royal Canadian Mounted Police to be performing such duties before elections at various levels of government administration. Therefore, the practice existed not only under my predecessor but under the right hon. gentleman from Prince Albert, under Mr. St. Laurent and Mr. Mackenzie King.

While the right hon. member for Prince Albert (Mr. Diefenbaker) has criticized our attitude, that the government of the day should not be involved in the day-to-day operations of the police, I do remember him saying that when he was Prime Minister he knew everything which was going on in the police. He is not here to speak today, but I merely make that suggestion, and he may want to deal with this point at some other time. However, if he is correct in saying that he knew everything that was going on, presumably he knew about these instructions.

I can say unequivocally that I did not know, because I do not make it a practice, as the House well knows, to involve myself in the day-to-day operations of the RCMP. Either the right hon. gentleman knew about it or he did not, but the point is it has been a practice for at least 30 years, in spite of successive administrations. However, I have been able to give the assurance and to repeat it unequivocally, that no member in this House, since I have been Prime Minister, has been the object of security surveillance without his consent, and in so far as it concerns the members of this House there is obviously no question of privilege. In so far as the practice in general is concerned, it would seem to me that, since it has been going on for at least 30 years, the proper course would be not to make it the subject of partisan debate but to refer these concerns to the royal commission.

Mr. Blais: They already have.

Mr. Trudeau: I am told, Mr. Speaker, by the Solicitor General that they already have been referred, and as a matter of fact I believe that the existence of this practice was made known to the McDonald commission.

I realize the urgency in the minds of the members to get to the bottom of this. I repeat, if it has been going on for 30 years without prejudice to the members of this House, one would think that it would be to the advantage—

Mr. Fraser: How can you say "without prejudice"?

Mr. Trudeau: The hon. member from Vancouver asks how I can say "without prejudice." I repeat, no member of this House, since I have been Prime Minister, has been the object of electronic surveillance by the RCMP in security matters.

Mr. Fraser: To your knowledge.

Mr. Trudeau: The words are to my knowledge. I have that knowledge from the commissioner of the RCMP. If the hon. gentleman from Vancouver wishes to question that gentleman's word, then of course that is his right. It seems to me—

Mr. Fraser: You also told us that that break-in was an isolated event.

Mr. Trudeau: Mr. Speaker, this is the kind of matter which should be referred to the McDonald commission, and that is what we propose to do.

Mr. Edward Broadbent (Oshawa-Whitby): I join in this important discussion, Mr. Speaker, following what the Prime Minister (Mr. Trudeau) just had to say. It seems to me that the Prime Minister has made two points. The first one concerns the duration of time that this kind of practice may have been in existence. With all due respect to the source, the duration of time, sir, is beside the point. If something has been going on for 30 years which has been pernicious in any way in its influence, whether or not it has become public knowledge, that is no reason to legitimize or perpetuate such a circumstance.

We all know, taking something out of the history of our country and going back into that time-frame, that the Government of Canada took a certain course of action toward Canadians of Japanese ancestry during World War II that was anything but reputable to those who concerned with civil liberties. At that time certain candidates for political office, and indeed certain members of parliament, came to the defence of those Canadians of Japanese ancestry. What the Prime Minister has had to say does not offer any persuasive evidence at all for us to abandon the concerns expressed by the hon. member for Halifax (Mr. Stanfield). Indeed, there may well have been some kind of action taken toward the candidates for office at that time, whether they were elected or not. It is something that is worth while for members of the House as it is presently constituted to consider within the framework of its present practices. The argument that the Prime Minister has made with reference to past practice is not one of substance or germane to the issue as raised by the hon. member for Halifax.

The central question is the loose definition and broad concept given to subversive or wrong activity to legitimize this kind of activity by the police forces in Canada. Without repeating the fine argument that has already been made by the hon. member for Halifax, on behalf of my colleagues I would like to lend the strongest possible, unequivocal support to the view that he expressed. If you do find there is a prima facie case that has been made out by the member for Halifax, quite independent of what the McDonald inquiry should decide to do with this matter—and it should look into it as well—it seems to me that the members of the present House have a real obligation to exercise their responsibility representing all parties to look into this matter.

I listened to the words of the Prime Minister with care when he talked this afternoon about surveillance, because in his earlier comments he said that he had given assurances that since he has been Prime Minister there had been no surveillance of members of the House. I listened, because I know that that is not the record. The record of the Prime Minister has been that there is no electronic surveillance that has been undertaken, and that is quite a different notion. Later in his comments this afternoon he corrected himself when he made reference to surveillance of present members and he said there was no electronic surveillance. I submit, sir, that even the government's position vis-à-vis the issue of surveillance of present members is at the very least ambiguous. Mr. Speaker, I conclude by repeating what I said a few minutes ago, that we support the case made by the hon. member for Halifax 100 per cent.

● (1522)

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I shall try not to impose upon you or repeat the argument I made last Friday when the subject was a different motion. The arguments made then were rather forceful and I hope were of assistance to you.

I want to deal briefly with two or three points. The first of these was discussed by the hon. member for Oshawa-Whitby (Mr. Broadbent), and that is the assurance that no member of the House has been the subject of electronic surveillance since 1968. I am not quite sure if that is the issue and whether it should be conclusive in preventing you from finding a prima facie question of privilege. There has been a question about that assurance as it relates to the Minister of Consumer and Corporate Affairs (Mr. Allmand) and to the hon. member for Nickel Belt (Mr. Rodriguez) who were alleged to have been the subject of such electronic surveillance. We had a question of privilege on that matter as it related to the hon. member for Nickel Belt, and it was voted upon.

If I understand the submission of the Solicitor General (Mr. Blais) correctly it is that, having confirmed the existence of a document, one defence to a prima facie question of privilege was the sensitive nature of that document or documents. I do not believe that is a defence to finding that there is a prima facie question of privilege. There is a certain sensitivity, but I think all of us would acknowledge that it has nothing to do with the question of whether our rights and privileges have been affected. Indeed, there are ways of handling that sensitivity which are well known to Your Honour.

We have, apparently, a cross check between the names of political candidates and certain lists of persons believed to be members of subversive groups or who are alleged to have participated in subversive activities.

On Friday the Deputy Prime Minister (Mr. MacEachen) made a special point of saying that no one is immune, and I quite agree. I would argue, however, that this is not the issue. There may be other documents and other manuals relating to union leaders, businessmen, municipal leaders, and all kinds of people, but each of those groups has its own remedies. Those remedies may be political or they may be legal. Our remedy, sir, is to appeal to you, because there is this one manual

apparently directed solely to a certain group who happen to be political candidates. Your Honour is not asked to deal with union leaders or business leaders and, if I were to intervene on their behalf, I would have no question of privilege. As their spokesman, other remedies would be available to me. Our only remedy, however, is to appeal to you as protector of our rights and privileges.

What I pose as an ancillary to the question put to you by my hon. friend from Halifax is the criteria used in putting these names on a certain list—not what names are there but on what basis they were selected, against which list political candidates are checked. It seems to me that not knowing the criteria might assist you in finding a prima facie case. In other words, doubt about what that criteria might be, might assist Your Honour.

In my submission, the fact that this has been a practice for 30 years is irrelevant. No one knows what criteria have been used over that 30 years or whether they have changed from prime minister to prime minister or from commissioner to commissioner. The fact that the practice has developed over 30 years has nothing to do with the question of whether our rights and privileges may be affected.

We have no idea what criteria are used to put a certain name on a list against which the name of a candidate for political office may be checked to find if he belongs to a subversive group or has engaged in subversive activities, to use the words of the Solicitor General. Therefore, the assurance given by the Solicitor General on Friday about how the manual was used does not, in my view, affect the question of whether there is a question of privilege in this case.

Is Your Honour prepared to find that the threat of an impingement upon our rights is equal to an actual impingement? If there is a cloud over political candidates which may affect them, even though we cannot point to one candidate as the subject of electronic surveillance, is that threat sufficient for Your Honour to find there is a prima facie question of privilege? That is the ancillary argument I would put to the main argument advanced by the hon. member for Halifax.

In summary, sir, I reject the argument advanced by the Deputy Prime Minister on Friday to the effect that we seek special privileges. It is not special privileges we seek but a special forum in which we can look for redress or assistance when we think we have been affected. It is only in this House, and only through you, sir, that we can come to seek that special right.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, following the presentation of this new motion by the hon. member, it is clear that he refers to general surveillance. I think it is important, in the present debate, to point out that several speakers have suggested or, at least, seemed to have suggested that systematic surveillance has been exercised on candidates in federal elections.

Now, if we refer to the facts or to the evidence given by the Solicitor General or the Deputy Prime Minister in the House last Friday, we realize that this allegation is not true. At the outset of my argument, Mr. Speaker, I stated that this has been categorically denied by the Solicitor General and the Deputy Prime Minister of Canada.

Never have we said, on this side of the House, that all candidates have been subjected to systematic surveillance. What has indeed been mentioned is that it is verified whether or not a candidate has a record. Verification is not surveillance, Mr. Speaker. And being a candidate in a federal election does not automatically rule out verification as to whether he or she has a record and whether he or she represents a threat to the security of the state.

So I think that anyone anxious to enter into federal politics is not automatically exempt from simple and normal scrutiny applied to any Canadian citizen. Does the candidate for public office have a record containing facts suggesting that person may represent a threat to the security of the state? I maintain, Mr. Speaker, that this does not constitute systematic surveillance of candidates, but rather a verification to know whether or not there is a record against that person.

My second point, Mr. Speaker, is in line with the first point I referred to. The Solicitor General of Canada has formally denied that any member of this House is the subject of any surveillance. If we take these two facts into account, first that there is no systematic surveillance of candidates, and second that no member of the House is the subject of any surveillance, I wonder how the privileges of hon. members can possibly be threatened or violated. If we are to hold a theoretical discussion on the way the RCMP arrives at its security standards about Canadian citizens, I submit we should not do so by way of a question of privilege before Parliament. Things would be different if one or more members of the House had been the subjects of surveillance. But that has been denied. So we have to take for granted what the Solicitor General says: no member of the House is the subject of surveillance. Therefore we cannot argue that the privileges of members are threatened or violated. As for electoral candidates, they do not come under any systematic surveillance but, as the Deputy Prime Minister (Mr. MacEachen) said, it is a verification to know whether a candidate, who is an ordinary citizen, has a record.

Since this matter of checking on individuals in Canada, whether or not they are running for federal office, is now before an inquiry set up under an act of this Parliament—the McDonald commission was set up under the Public Inquiries Act, an act of this federal parliament, passed by us—since that inquiry is a valid, democratic institution whose purpose and mission is precisely to inquire into those situations, I say it would be a duplication to ask a committee of this House to check whether or not the RCMP has valid criteria on which to determine whether or not an individual who is a Canadian constitutes a risk to the security of the state.

The question the hon. member raises in his motion and his question of privilege is that of the criteria on which the police has to determine whether a candidate constitutes or not a danger for the state. Well, a candidate is not a member of parliament, Mr. Speaker. In this House we deal with questions of privilege affecting members of this House and not people who might become members of parliament. I say it would be a dangerous precedent and a dangerous departure to extend the notion of privilege of members to those who might one day become members of this House. I say that is not our role, that Canadian citizens are not above the law simply because they show an interest in running for federal office, and that on the very face of it the motion is not a prima facie case of encroachment upon the privileges of members. On the contrary, it does not refer to members of parliament but to candidates and to Canadians citizens under surveillance, something which was denied.

There is nothing in this House to indicate that systematic surveillance is being carried out, but rather an absolutely normal check on any Canadian citizen. For those reasons, Mr. Speaker, and those are basic issues of fact, I believe that no member here in this House considers that his privileges are being interfered with by an absolutely normal check made by the police on people who want to enter federal politics. For those reasons I say the motion should not be presented, is out of order and there is no breach of the privileges of members of parliament here.

● (1532)

[*English*]

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I appreciate being able to make a short contribution to this question of privilege. Your Honour will have had time to evaluate the motion put by the hon. member for Halifax (Mr. Stanfield), his submission to this debate as well as statements which were made on Friday in support of and against the hon. member's motion. It defies any rule of logic to listen to the President of Privy Council (Mr. MacEachen) who said on Friday that members of parliament should have no special privilege in this regard, whereas his parliamentary secretary told us just now that members of parliament should have different privileges than has a candidate.

It would help us all if we were to look at the basis for the argument which is presented here, the definition of the words subversion or subversive. The Prime Minister (Mr. Trudeau) has told us repeatedly that the definition of the term as it is applied here is derived from the definition given in the Official Secrets Act. The Official Secrets Act deals with the matter of subversion in four different categories: (a) espionage or sabotage; (b) foreign intelligence activities; (d) activities by a foreign power directed toward actual or potential attack, and (e) activities of a foreign terrorist group. I have omitted (c), which I suppose is the definition the Prime Minister relates to, that is to say, activities directed toward accomplishing governmental change within Canada or elsewhere by force or violence or any criminal means.

Surely a candidate seeking election to the House of Commons is seeking to take part in a time-honoured democratic process. Is it the suggestion that members of parliament or candidates will resort to violence after they are elected, or during an election? Mr. Speaker, persons issuing directives to the RCMP to keep an eye on persons who offer themselves to this time-honoured democratic process must be attempting to subvert the political process if they are suggesting that a person who seeks office or seeks the confidence of his supporters could indeed resort to violence. It is an expression of non-confidence in the political process.

I do not know what process is carried out by the government party, but in my party there is a serious recruiting process carried on to attract people to run for office. Once these people have made the offer to run for office, the party executives in the various ridings learn more about this person before they offer their support. Following this there is a nomination meeting held where the general membership of the party again follows a process of evaluating the person they will support in the general election. Then there is the general election itself where all Canadians have the right and the responsibility to look at that person who will be representing them in this, the highest court in the land.

I will quote a statement made by the Solicitor General (Mr. Blais) on Friday. He said:

> When the names of candidates seeking office become available to the security service . . .

We do not know how they become available to the security service but we assume that someone is responsible. Are we to believe the person in charge of elections in Canada provides the police with the names of all the candidates who have offered themselves for election? In any event, a list is made available to the RCMP.

The Solicitor General went on to say:

> . . . a name check is conducted against a list of persons known to belong to subversive groups . . .

And here again, Mr. Speaker, it is not a name check conducted against files held by the RCMP. The Solicitor General continued by saying:

> . . . or involved in subversive activities. If and when a candidate is positively identified as falling into that category, the fact of his candidacy is duly noted, and the security service continues to be legitimately interested in his or her activities.

I presume those activities might eventually be the duties of a member of parliament.

When the Solicitor General speaks about lists, I cannot, of course, overlook the fact that this House has been preoccupied with the existence of lists. As well, I cannot overlook the fact that in the last week we have been preoccupied with a certain practice within the Solicitor General's office during the tenure of one certain solicitor general who happens to be in the House at the moment. This practice was to compile lists, and a

concept called extra parliamentary opposition was very much in evidence.

That brings me to the statement the Prime Minister made a few moments ago, as well on previous occasions, when he said the practice of surveillance has been going on for 30 years. But never before, under no other administration, was there a capacity within the Solicitor General's office of the type that we have now, the security and analysis group, which has access to these lists. As we all know, they have not only kept these lists for the purpose which was identified by the Solicitor General last Friday, but they have circulated these lists to other departments of government. These lists have become public knowledge.

When the President of Privy Council tells us that members of parliament should have no special privilege, he is very much confused. He says that members of parliament should not be on these lists but other people may. There are other lists which are made up of union leaders, when unions have been under surveillance, and native leaders who have been under surveillance. I could name these lists, but I do not intend to do so here. However, I will do so on another occasion. There has been surveillance of student leaders on campuses, and surveillance of public servants.

If one relates this situation to actual personalities there is the example of a person by the name of Walter Rudnicki, whose name happened to be on one of these lists. He is very much interested in the political process. He may want to offer his name to compete in an election. The question arises, what will happen when the police find his name on the list? Also, what will happen when they find his name on the list in which he was identified as a subversive, a person who by illegal and violent means wishes to overthrow this government? That is the difference to which we have to address ourselves.

● (1542)

We have here a unique opportunity to raise these matters which are very sensitive and crucial. In my case it has become a very emotional issue. I still today have information about some of these matters which I have not yet brought to the attention of the McDonald Royal Commission. I find it distasteful to bring this to the attention of the public, either in the House of Commons or outside.

I desperately want to be provided with a forum and an opportunity to tell all I know. What better time and way to do that than by an internal inquiry? If this matter is referred to the committee and the motion of the hon. member for Halifax is accepted, I suggest that some of the hearings and meetings might well be held in camera. People like myself and some of my colleagues could then bring these matters to the attention of our friends and colleagues in the House of Commons. We could once and for all take the necessary remedial actions and measures to clean up what I consider to be a very critical, distasteful, and ugly mess, a sort of monster which has the potential of becoming unmanageable. This should be done at the earliest possible opportunity.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I wish to direct your attention to the principal issue before you, the question of whether the rights of members of parliament have been violated as a result of the release of this particular document. Surely the overwhelming fact is that a candidate and member of parliament are one and the same thing during the time that an election takes place.

If I could direct Your Honour's attention to that fact, that is prima facie evidence that the surveillance techniques were putting members of parliament under surveillance. Perhaps you might wish to argue about people who are not members of parliament, those who are merely candidates, and I do not say they should be put under surveillance, because they should not. The key issue is whether there is a prima facie case against members of parliament.

I ask, Mr. Speaker, that you direct your attention to the law, which is that a member of parliament continues to be a member of parliament after an election is called. Therefore, the documents that the hon. member for Halifax (Mr. Stanfield) has referred to clearly refer to the surveillance of members of parliament.

We have ample precedent before us. That is the question which arose from the surveillance of the hon. member for Nickel Belt (Mr. Rodriguez). The facts in that case were that a sworn affidavit by one Warren Hart said (a) "I was directed by the RCMP" and (b) "I placed the hon. member for Nickel Belt under surveillance." Therefore, that was found to be a prima facie case of an interference with the normal rights and privileges of a member of parliament.

In that case, as Your Honour so well put it, it was of such importance, with the new kinds of electronic techniques that have been developed, that Your Honour felt it was a matter that should be dealt with by the House. In that instance Your Honour saw fit to put the motion before the House. This House, to its eternal shame, turned down that motion. The Liberal whips got on the job and decided that the motion Your Honour decided to put before this House should not be referred to a committee.

I am willing to accept the assurances of the Prime Minister (Mr. Trudeau). That is my job as a member of parliament. However, I find it deeply suspicious, with a motion put in the circumstances which the hon. member for Nickel Belt was faced with, when this Liberal government, with some notable exceptions I see who are here, would not allow an inquiry, even an inquiry to determine whether his rights had been violated.

We heard some rhetoric from the Deputy Prime Minister (Mr. MacEachen) on Friday, rhetoric about members of parliament seeking to expand their rights as a result of this. The rights of a member of parliament are traditional, to protect his constituents from oppression. The rights of a member of parliament are a direct result of an attempt by a democracy to protect itself from the agents of the Crown. That is what the rights of a member of parliament are all about.

No one is standing in this House trying to expand the rights of a member of parliament on some kind of personal basis. We

are trying to protect our constituents from oppression by the state. That is what we are doing. If, in doing that job, Your Honour finds a prima facie case, and I submit there is an overwhelming prima facie case here to put the motion, because the documents speak for themselves that in fact there is direction to the RCMP to place members of parliament under surveillance, then there is no other way those documents can be interpreted or read. Some members of parliament must have been placed under surveillance.

How then can this House be denied at least the opportunity to inquire as to whether those rights have been interfered with? Is this government going to deny that? We should at least have the opportunity to see if its members have the courage to stand up again and say they will not allow us even to look at this particular subject as members of parliament.

I submit there is an overwhelming prima facie case that an instruction was given to the RCMP to put members of parliament under surveillance; admittedly, the evidence is, if they have information on a particular member. However, that is an interference with the right of a member of parliament to do the traditional thing that he must, which is to have the freedom to represent his constituents.

As I say, the case of the hon. member for Nickel Belt was prima facie. It was direct. In fact it was substantiated by an affidavit wherein Mr. Warren Hart said he was willing to spend 14 years in jail as a—

Mr. Speaker: Order, please. The hon. member has made some reference to that argument which is one that has served its purpose in the past. It has a rather limited application to this particular case. We really ought to stick to the facts of this case.

Mr. Leggatt: Getting back to the question at hand, Mr. Speaker, I can appreciate that you might have some difficulty with persons who are not members of parliament who could allegedly come under surveillance under the guidelines that the hon. member for Halifax mentioned. However, the argument that somehow there is another forum looking into that is a false argument. If Your Honour would simply examine its terms of reference, you see it has no jurisdiction to inquire into the rights of members of parliament in this place.

There is no other forum that can examine the rights of a member of parliament other than this forum, the highest court in the land. If Your Honour were tempted to accept the argument of the Prime Minister and the Deputy Prime Minister that there is a forum that is examining this subject, therefore let them do it, I say that is a specious and false argument. Your Honour has pointed that out many times in the past. In fact the rights of members of parliament must be determined in this place, not by the McDonald inquiry. Therefore, I would urge you to reject that kind of argument in terms of the material which has been placed before you.

I submit again there is a very strong prima facie case based upon the fact that by law a member of parliament continues to be a member of parliament during a campaign. There is a directive to the police forces of this country to place certain members under surveillance. It is therefore the duty of this House to determine the extent of that surveillance to protect the rights, not of members of parliament, but of the people of Canada.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I listened with great interest, as I am sure you did as well as other members of the House, to the arguments put forward, both pro and con, on the motion of the hon. member for Halifax (Mr. Stanfield). I want to be brief, but I do not want my brevity to indicate any lack of sincere concern about the gravity of this motion.

● (1552)

I want to join with those of my colleagues who have rejected the proposition put by the Deputy Prime Minister (Mr. MacEachen) when he suggested that the purpose behind a motion of this kind is that we, as members of parliament, are trying to expand our rights individually. Nothing could be farther from the truth, and the Deputy Prime Minister knows full well that what is of interest and importance here is the requirement that we must always try to expand, not upon the rights of individual members of parliament, but the rights of the individual citizens of our country who is indeed deeply affected by the possibility of surveillance of the democratic process.

I want to distile as much as I can the facts which I think Your Honour must consider. There has been in a document an unequivocal admission of surveillance with respect to candidates for office, and I say that Your Honour's role will be to determine whether parliament and its rights as an institution and the rights of members of parliament are affected by the existence of this kind of practice within the security service.

The affirmations made by the Prime Minister (Mr. Trudeau), the Deputy Prime Minister, and the Solicitor General (Mr. Blais) that within their knowledge no present member of parliament has been the subject of surveillance simply begs the issue. It is clearly admitted that candidates have been under surveillance. It is clearly admitted by the Prime Minister, the Deputy Prime Minister, and the Solicitor General that the information they have has been given to them by other parties. What I am saying is that the way these hon. gentlemen have framed their statements with respect to members of parliament indicates a qualification, and the point I think important is that if there is a question of degree or any qualification to the statements made by the Prime Minister today, for example, it is incumbent upon Your Honour to allow this motion to go before the House so that the committee can determine by cross-examination of those involved, by examination of documents, and by the introduction of witnesses—the proper forum would be a committee of this House and not the McDonald commission—whether or not there has been a direct or indirect operation affecting the rights and privileges of members of parliament.

I think Your Honour has to judge whether the statements made by the Prime Minister, the Deputy Prime Minister, and the Solicitor General somehow render this whole proposition invalid because they have given their word that no member of

parliament has been under surveillance. However, I think Your Honour should also consider a very recent exception which I think the Prime Minister himself would have to agree was considered sufficiently strong to allow Your Honour to put a motion with respect to the hon. member for Nickel Belt (Mr. Rodriguez). Allegations were made about the Minister of Consumer and Corporate Affairs (Mr. Allmand) regarding accidental or incidental surveillance. It was surveillance, nonetheless.

The point I want to make is that the House of Commons has a responsibility, in the interest of democracy within Canada, to ensure that people presenting themselves as candidates, particularly at this time when we are looking forward within the next year to an election—I gather—are protected. The fact of the matter is that we should be more cognizant now and make ourselves more aware of any limitation upon candidates, because a limitation upon candidacy for parliament is a limitation upon parliament.

In conclusion—and I am attempting to be brief—I am very unhappy to hear rhetoric about how members of parliament are trying to protect themselves against prosecution and about how we are above the law. There are many examples of sitting members of parliament in the Mother of Parliaments, and in this parliament, who, when found to have contravened official secrets acts, have been prosecuted and imprisoned or suffered whatever penalties there were in the existing law. I say that that is not at all relevant. The relevant thing for your Honour to consider is whether we in parliament are being limited in any way in the performance of our duties by this operation. A full examination is required, and I strongly support the position put forward by the hon. member for Halifax in his motion.

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, in saying a few words about this important matter I would like to identify myself with what was said by the hon. member for New Westminster (Mr. Leggatt), the hon. member for Halifax (Mr. Stanfield), and the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn). As many hon. members have stated, this is the highest court in the land, and there have been many words of legal art or jurisprudence spoken here today, but one of the things hon. members to my knowledge have not mentioned this afternoon is the doctrine with which you, sir, being a distinguished counsel, are very familiar, and that is the doctrine of benefit of doubt.

It seems to me that the perception is growing among members of the public, and perhaps among members of the House of Commons, that this House is abandoning much of its jurisdiction, to stick with legal terminology, and leaving it to the McDonald commission. Surely we cannot permit ourselves as members of parliament to allow things as sensitive as the rights and privileges of ourselves to be considered exclusively by the McDonald commission. I see no reason why the McDonald commission might not have concurrent jurisdiction, but I see no merit at all in the contention that somehow it has exclusive jurisdiction.

I was interested in the remarks of the parliamentary secretary, who stated that we should take the assurances of the Solicitor General (Mr. Blais) that everything was all right. Without meaning any disrespect to the Solicitor General—and this has already been pointed out this afternoon—the Solicitor General may not know. He may in good faith say that certain things are true, but he may not know because he may be misinformed. It was suggested by the predecessor of the Solicitor General at the time of the Hart affair that perhaps things were kept from him. I think this was attributed at one point to the present Minister of Consumer and Corporate Affairs (Mr. Allmand). I wish he were here to confirm that. When the present Solicitor General was postmaster general as Your Honour well recalls, he stood in his place in the House and said that mail was never opened, and your Honour will also recall the look of amazement on his face when the then solicitor general said that indeed it had been opened. That is fresh in the recollections of all of us.

So I say to you, sir, that there is no comfort in the fact that the Solicitor General may say that everything is all right. He may be perfectly entitled to do so on the basis of the information he has but, as in the past, it may very well be that he does not have enough information.

The parliamentary secretary also said something to the effect that perhaps the surveillance was not systematic. It may have been only general and occasional. Again, with respect, the best judge of that will be the evidence brought, hopefully, before the Standing Committee on Privileges and Elections. Surely as members of parliament we have the right to extract evidence which affects all of us. Surely it must be relevant to consider the performance of the McDonald commission on a matter which has been referred to it, and I will not belabour this because Your Honour has indicated that you do not want much said about it because it has already been argued.

However, to the best of my knowledge the McDonald commission has not taken any meaningful steps, apart from one trip to Washington to make arrangements to take Mr. Hart's testimony, in getting to the bottom of this very important matter. We have a situation where the government is voting down a very important question of privilege. One of the arguments is that the McDonald commission will be looking into it, but based on its track record and performance so far I have yet to see very much indication that the commission is seriously interested in pursuing this particular matter.

In conclusion, I strongly support the motion of the hon. member for Halifax. Without repeating them, I would like to identify myself with the arguments which have been made. I suggest to you, sir, coming back to the proposition that this is the highest court in the land, that surely there is a place for the benefit of the doubt, surely there is an argument to be made for the Standing Committee on Privileges and Elections to develop jurisprudence in sensitive matters, particularly now when we have the added dimension of television in the House, particularly when this committee is made up of members of parliament who have a particular and unique appreciation of what it means to be candidates and to be members of parlia-

ment because, again coming back, with all respect, to something that the parliamentary secretary said, no member ever came to this place who did not at one time offer himself as a candidate. It is pretty artificial to try to make a valid distinction, particularly at election time, between members of parliament and candidates. We all come in the same way, some of us leave by different routes, but at the same time I think this is not a valid distinction.

● (1602)

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, as this debate is going on, it is easy to understand the significance of the statement published in the Toronto *Globe and Mail* a few days ago and the question of privilege and the motion raised in this House by the hon. member for Halifax (Mr. Stanfield). We realize this is a very important issue which I think concerns not only hon. members but also all those who seek or will soon be seeking office.

I disagree completely with the statement made by the Parliamentary Secretary to President of Privy Council (Mr. Pinard) to the effect that no member is or has been under surveillance since his or her election, but he made a difference between elected members and candidates. Mr. Speaker, I believe that all official political parties must select their candidates according to their own criteria. It has been said, rightly so I believe, that we should do our utmost to attract good candidates who could use their qualifications to improve the administration of public affairs in the Parliament of Canada. Mr. Speaker, if those candidates who are not or have never been elected feel they might be under surveillance by the Royal Canadian Mounted Police for any reason, those people will avoid running for a political party knowing that they would be exposed to that kind of trouble.

The hon. member for Greenwood (Mr. Brewin) said on April 28, and I agree with him, that it was very difficult to give an accurate interpretation of the word "subversive", but who among the Royal Canadian Mounted Police and those responsible for that police force is going to define "subversion"? Who is going to define the word "subversive"? They say in certain circles that someone subversive might attempt to destroy the basis of the society and the economy of a country. If this is the definition of the word "subversive", the Prime Minister, his cabinet colleagues and all Liberal members could be accused of being subversive if we consider the situation presently facing Canada. Canada being on the verge of bankruptcy, they could be accused of being subversive because they attempted to undermine the economic basis of Canada and destroy the Canadian economy.

So who is going to establish the definition of the word "subversion"; it is a serious risk. Some policemen can believe that the actions of certain persons might represent a danger for the government. For others, it might not be the case, but we have been told that there has been a manual since 1970. We have been told also that this surveillance system has existed since the mid forties. I suppose it was established following the events that occurred in 1946.

Mr. Speaker, we should be very careful with that decision and I do not think it is wise to use the McDonald Inquiry Commission as an excuse and say that it will study all that situation, and I think that the Standing Committee on Privileges and Elections or another committee of the House should be in charge of reviewing the matter and throw light on that subject and inform the House of Commons and all members and all political parties of the situation. So I agree completely with the motion moved by the hon. member for Halifax (Mr. Stanfield) and I think it should be adopted.

Mr. René Matte (Champlain): Mr. Speaker, in my opinion this motion derives its importance from the fact that it relates to the basic freedoms we must protect as representatives of the public here in the House. Mr. Speaker, when we stand up for ourselves as members of parliament and of course as candidates initially, we are standing up for public rights as such. Of course we recognize that order and social peace are necessary and therefore there must be laws and police corps to maintain them.

Mr. Speaker, we know particularly from the experience in some countries that we must be wary of any regime which would let its police establish an embryo of dictature, and without wanting to make things look worse than they already are, we must nevertheless admit that we have here in Canada an embryo of police state and, in this respect, I would have the same reservations as the right hon. Prime Minister had himself when he stated—I will if I may quote from an article published in the magazine *Cité Libre* of March 1961. That article is several years old, but I do not think the Prime Minister changes his opinions as he changes shirts. The Prime Minister then expressed his abhorrence for any type of police state. Referring to that article I wish to quote Pierre Elliott Trudeau, back in 1961:

> We do not have to ask ourselves what kind of fruit Jean Drapeau's party would give us: the strong supporter of today's nationalism has just made it known to the private bills committee that he prefers a police state to a state dominated by the criminal element. Not me, for against the criminal element I have the law on my side to put an end to its domination; but against the police and the kind of dictatorship it would support I could only rely on my freedom which would soon be lost.

Mr. Speaker, I will not go as far as the Prime Minister back then in saying that I prefer the criminal element to the police, I would simply say, Mr. Speaker, that I prefer the rule of justice, the rule of true freedom, that which gives the individual the possibility of evolving the way he wants towards the common good. There is presently no justification for interfering into the private life of an individual for whatever reason. This is what leads me to strongly support this motion.

Mr. Speaker, it is not because the Prime Minister denies it or because the Solicitor General said there has not been any surveillance or that other ministers say likewise that we must conclude that it never happened. This is not the first time this government has denied certain facts, Mr. Speaker. One must recall how lightheartedly, as recently as earlier this year, the former solicitor general, the member for Argenteuil-Deux-Montagnes (Mr. Fox) was saying certain things — and how he was eventually forced to say just the opposite. One must recall how strongly the then solicitor general denied the involvement of the RCMP in L'Agence de Presse Libre break-in in Montreal and that later it was proved it had actually happened. One must recall how strongly the ex-solicitor general denied that for several years the police had been carrying out infiltration activities till the time when he was compelled to confess it because the facts and circumstances had been ascertained.

So now when the Solicitor General or the Prime Minister claim that such things have not taken place, Mr. Speaker, it almost amounts to giving us the assurance that they actually happened. In defence of our constituents' freedoms, we have a duty to do everything in our power to prevent this country from becoming a police state, where our traditional freedoms would be hindered by all sorts of fears of interference from above into the individual's private affairs. This is so serious, Mr. Speaker, that we cannot allow these facts and circumstances to go unchallenged, without a committee of this House inquiring into the matter. We must know the motives, the reasons, the causes behind such a system of surveillance.

As evidenced by the Prime Minister's statement made earlier, and the confirmation from hon. members opposite, clearly the attempt is to sidestep the basic question with the suggestion there has been no electronic surveillance.

Mr. Speaker, the type of surveillance does not matter. We must know the real motives, the real reasons, the real causes for initiating as I said the makings of a police state, in this land we are so proud to call a free country. This government is responsible for that. We also have to know how to explain to the people the actions of this government. The suggestion that this has been done for 30 years is no answer. Those who have been in power for ten years, those who are perceived as the people in authority have no right to wash their hands of things so unacceptable. It is either one or the other, Mr. Speaker: either the Prime Minister and the government are responsible, and consequently they know what goes on in this country and are aware of what the police do, or they are not responsible, in which case it is high time we call upon the people to solve the problem democratically.

In closing, Mr. Speaker, we must know what the facts are and see clearly where we stand about this whole thing, so that the people can be guaranteed the most fundamental rights of freedom. Let us note once again, I want to stress the point, that there is a huge difference between the acts that interfere with freedom and the regular activity of a police force that is noble, worthy, that is simply keeping peace and order in a given society. It is all too difficult, as the hon. member for Abitibi (Mr. Laprise) pointed out, to try to determine where there is subversion, to leave it to the discretion of a government that has proved beyond any doubt that is the champion of disunity and discord in this country. The situation has come to that. It is none of our doing, but we know that the government failed in its responsibility and that at some point it felt it had to make up for its lack of real moral authority over the country, and so let the police perform acts that are clearly "antifreedom". There is nothing surprising about that, but it must disappear. It is becoming a sickness we must get rid of immediately to restore a wholesome and free climate in this country.

● (1612)

[*English*]

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I did not intend to participate in this most fundamental question of privilege until the Prime Minister (Mr. Trudeau) intervened this afternoon. I should like to make only a few comments because those who participated today—and I was not present in the House on Friday—certainly covered many of the points which give me concern.

In part answer to the Prime Minister, the hon. member for Prince George-Peace River (Mr. Oberle) indicated that, regardless of what the practice has been for the last 30 years, the creation of a security and analysis branch within the Department of the Solicitor General assumes a different character. That branch is to analyse and/or give direction from time to time respecting what was considered to be normal police practices up until the creation of the branch.

I have followed the debate, as well as reading *Hansard* dated April 28, 1978. Today the Prime Minister mentioned a practice which has been in existence for 30 years. As other hon. members have indicated this afternoon, that begs the question as to when these instructions were codified, and/or defined, and when they came into practice.

As we are all aware, there is no great fundamental final code which makes parliament tick. There is the British North America Act, as well as customs, traditions, and practices. Obviously there are practices respecting police work. I do not know what the situation was for the last 30 years. I was not a member of parliament 30 years ago. In those days there were prime ministers who paid their price by taking chances on many issues at the polls from time to time. Perhaps this was not an issue because it did not come to the public fore.

I was not bemused, in fact I was disappointed by the Prime Minister's intervention today into something so fundamental as the question of privilege advanced by the hon. member for Halifax (Mr. Stanfield). He attempted to use very specious arguments in something which is fundamental. I am present in the chamber today as a member of the thirtieth parliament. There has been the long parliament, the short parliament, and

some time in the 1300's there was what was known as the mad parliament. Once this has come to the attention of parliamentarians, and if this institution does not analyse the import and/or the implications of how these instructions were implemented, through the Standing Committee on Privileges and Elections, then perhaps this parliament will be known as the mock parliament, in terms of history, as sociologists and political scientists look at what we have done here.

Your Honour has been required to make difficult rulings over the past few months. Whether this is a mock parliament or not, certainly it has been preoccupied during the last six to eight months with security matters of all sorts, shapes, and sizes, with all the convolutions, contradictions, confessions of mistakes, and confessions of ignorance which have come up as different chapters unfold. Certainly I will not go through all of that today.

If it were not so serious, I would be almost bemused by what the Deputy Prime Minister (Mr. MacEachen) indicated on Friday, which in effect was implied also by the Prime Minister today. Normally the hon. member for New Westminster (Mr. Leggatt) makes constructive and cogent arguments, but I cannot agree with what he said. The Prime Minister indicated that there is no electronic surveillance of present members of parliament. What happened to the candidates who ran for the thirtieth parliament? What will happen to the candidates who run for the thirty-first parliament? As members, we represent the people and their rights. That has been indicated by other hon. members. I ran as a candidate and was elected to the thirtieth parliament. I do not know whether I was on a list or not.

● (1622)

There has been nothing said here today which might be amplified and defined in committee that there was the surveillance of X number of Canadians. We have 264 members here, and a possible 1,200 candidates running for these 264 positions at the polls. However, hearing the speech made by the Prime Minister, with respect, I feel compelled to contribute my few cents worth here today. It is in a bemused way that I do so, with the Deputy Prime Minister and the Prime Minister suggesting that this matter be referred to the McDonald commission. Yet, the Prime Minister, quite rightly perhaps, in the time of crisis in 1970, apprehended or otherwise, was most upset at an extra-parliamentary group that was supposed to be concocted and/or suggested to take over certain things.

Today, however, the argument of the government is that this fundamental question of surveillance by the RCMP or the security forces of candidates and members of parliament should be delegated to some other body, a body which is the creature of this institution. Royal commissions are the creatures of parliament, and surely we are the highest court in the land.

The thing that has interested me throughout this whole debate on privilege, and which to me is almost the proof of the pudding, is that usually on points of privilege we can rattle on and wax eloquently, quoting precedent after precedent from the Mother of Parliaments. We go back to Beauchesne, to May, to the Mother of Parliaments; we go to the River Thames and paddle our canoes up and down, and reach into the dusty tomes of parliamentary precedents from the Mother of Parliaments. However, so far in this debate I have not heard one speaker, especially from the government side, even mention any parliamentary precedents.

The question which Your Honour has to face is so extraordinarily unique that it has never come up before. Can any of us visualize the Mother of Parliaments debating whether Scotland Yard or M-15, or whatever they call themselves, has a list of instructions to be followed on surveillance of candidates in a general election? Just propose the question, Mr. Speaker, in a rhetorical way, and think in a most subdued fashion, and it makes it seem so ridiculous. Yet, it having come up and it being there, regardless of what the precedent was, as the hon. member for New Westminster said, you obviously do not condone pernicious practice just because of knowledge. Once it comes out in the open something must be done about it, and it is with that that Your Honour is faced. That is what the members who have participated in this debate have tried to argue.

The point confronting Your Honour is so unique and extraordinary that no one has even touched on it, because the Mother of Parliaments never would have such an invidious situation as debating instructions to the RCMP on surveillance. The Prime Minister says it has been going on for over 30 years. I do not know when that code of instructions was defined, how it was defined, and as the member for Halifax says, "what are the implications of some of the words." Those are questions, Mr. Speaker, that only we can answer in committee. There may have been many names go through this parliament. We just cannot abdicate our responsibility to look into this. I do not know what this parliament is finally going to be called, but I would hate to see it called a mock parliament.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to commend the hon. member for Halifax (Mr. Stanfield) for having raised this point of privilege. We do not know how much longer we are going to be here, but if it should turn out that this is the last intervention by the hon. member, then it is certainly one to his credit.

I do not feel the necessity to repeat the arguments that have been made in support of the point of privilege, that has been raised, because the case has been made very effectively. As someone has said, if there is a benefit of the doubt it ought to be accorded to the rights and privileges of this institution. I would argue that if there is any question of steps being taken by the executive or by the police that have any bearing on the operation of this institution, whether we are thinking of members who are successful in getting here or those candidates who also ran, this ought to be examined by a committee of this House of Commons.

However, sir, I rose to make a particular plea, and it relates to something to which reference has been made a few times already. I should like to make the point very strongly, especially in light of the Prime Minister's urging that this matter not

be dealt with on a partisan basis. That is a plea on his part that can be met.

I well recall the day when Mr. Speaker's rulings were appealable, and we appealed them by the dozen. I recall one year in particular. It did not do very much for the authority of the Chair or the dignity of parliament, and I have to say, as one who asked for many of those appeals, that they were highly partisan and highly political. Things have been greatly improved because Mr. Speaker's rulings can no longer be appealed. The Speakers we have had since the rule was changed have been much more concerned and much more responsible about the rulings they have given.

In this situation we have a hangover fom the former regime. Your Honour must rule whether or not, in your view, there is a point of privilege, and then you must put it to the House of Commons as to whether or not the matter will be referred to a committee. We have had an instance in this very session where Your Honour ruled that there was a prima facie case of privilege. It related to a matter raised by the hon. member for Nickel Belt (Mr. Rodriguez). It became the subject of a partisan vote and, in effect, a ruling made by the Chair after deep consideration and several days of reflection was set aside. We should carry over the practice we have adopted with regard to rulings by the Chair on points of order. We should apply this practice to this situation. We cannot change the rules this afternoon, but at least we can get back to the tradition that has been established that when Mr. Speaker finds there is a prima facie case of privilege the House accepts that decision and allows the matter to go to committee.

I earnestly hope, Mr. Speaker, that you will rule that the member for Halifax has a prima facie case of privilege, and if you do so, I earnestly hope that this House of Commons will have respect for that decision and not put it to a vote.

Mr. Speaker: I hope hon. members will understand that I would like to take some time to consider this matter. Reference has been made in the discussion this afternoon to previous dispositions on similar matters, which perhaps may be important if for no other reason than that they indicate my attitude toward this entire question of surveillance which, as the hon. member for Annapolis Valley (Mr. Nowlan) pointed out, is a new area entirely.

As to the case of the hon. member for Nickel Belt (Mr. Rodriguez), the House knows that I looked upon that as a matter which had never been dealt with under the umbrella of privilege before, because it involved electronic surveillance, which is a new problem to us. Therefore, I was very much inclined to give the benefit of the doubt in those circumstances to the argument put forward that any suggestion of interference by electronic means with members of the House of Commons ought to be examined in such a way as to give the doubt to the favourable interpretation of that and in such a way that the House would be put to the decision of whether or not the particular case ought to be sent to committee.

In the similar situation here, this motion raises a new problem and therefore the initial disposition that I made is, again, an indication of the importance that I attach to any suggestion that any members of this House—and whether that extends to candidates may be something for some considerable thought when I do make the final decision—are the object of surveillance because I could have brushed aside the motion on procedural grounds. However, that would not have done justice to the very important matter that lies at the core of this subject, and hence we have arrived at this point.

● (1632)

I wish I could say that these were all the difficulties I was going to have, but obviously there are some very fundamental questions such as whether, when parliament is dissolved, there are members of parliament to be interfered with, and whether candidates for membership of this House and members of this House stand on the same footing in respect of the classic definition of privilege. To put the argument another way, it would be technical in the extreme to consider that those who are candidates are not logical extensions of the people who succeed as candidates and become members. I do not know how to resolve that argument at the present time.

Whether having some procedure in the office of the RCMP for calling the attention of the security forces to anyone who puts himself forward amounts to surveillance in the terms of the motion, is another question that I must resolve. Then, if I have resolved all those matters, I have not only to find whether there is a fundamental question of privilege in such a way as to determine whether a decision should be made for or against the motion, obviously, but to decide whether the motion ought to be put as a normal motion, with the usual notice, under normal conditions, or whether it ought to enjoy priority and be put by the Chair forthwith over any other business because it has attached to it that essence of privilege which gives it priority. These are the decisions I have to make and I will want some time to sort the very valuable arguments that have been advanced.

I want to reiterate that the arguments have been very helpful. If I had not thought at the start that there was an extremely important and fundamental matter at the core of this motion presented by the hon. member for Halifax, I could have simply dismissed it out of hand, on procedural grounds last Thursday or Friday, but I preferred to see the matter argued today, and I shall try to come to a conclusion as quickly as I can.

MR. HUNTINGTON—LEGAL PROCEEDINGS LAUNCHED BY VANCOUVER BRANCH OF CUPW

Mr. Ron Huntington (Capilano): Mr. Speaker, to explain the background of my question of privilege, I must go back to a meeting of the Standing Committee on Transport and Communications which took place on Thursday, May 5, 1977, at which the Post Office estimates were being considered. For some years I had been deeply concerned, and I still am, about the activities of the Canadian Union of Postal Workers, particularly as they affect the city of Vancouver. I have long been convinced that the leadership of the union in Vancouver is

controlled by revolutionaries and agitators whose principal aim is to create havoc in the postal system and disrupt the economy in general.

At the committee meeting on May 5, 1977, I expressed certain views, and passed on certain information which had come into my possession, to the then postmaster general, currently the Solicitor General (Mr. Blais), who was appearing before the committee. I said, inter alia:

> We in Vancouver know that there are a small number of radicals running the union affairs, to the consternation of many of the people within that union. So I would say we need some democracy in union affairs, and perhaps you might give consideration to initiating something like that.

I had, and still have, a thick file of evidence to support the contentions I expressed at that meeting. Much of the information I have has come to me from postal workers themselves, the honest rank and file who seek only to do a day's work for a day's pay without harassment and intimidation, and who are as troubled as I am by the activities of their own union leadership. I have documented evidence of the theft of registered mail, destruction and opening of mail, deliberate encouragement of on-the-job slacking, distribution of inflammatory pamphlets, and other abuses. One conclusion I arrived at, and which I have expressed publicly several times, is that 45 per cent of the union membership has been denied any voice in union affairs. It goes without saying that nothing would induce me to identify my informants and thus expose them to victimization.

On the day following the committee meeting, Friday, May 6, 1977, and later, on or about May 16, I participated in radio talk shows hosted by Ed Murphy, at which I repeated the substance of my remarks at the committee meeting and answered questions phoned in by callers. At the first of them I said there were about 30 radicals in and around the union leadership of the Vancouver postal workers, and I named some of them. At the second talk show, a press release by Mr. Peter Whitaker, president of the Vancouver local of the union, was read out. He denied my allegations and accused me of conducting "a despicable witch hunt, reminiscent of the McCarthy era." He demanded a retraction from me. Needless to say, I refused to withdraw anything I had said, pointing out that I had collected a mass of material which supported my contentions.

I might add that I raised this matter of national concern some years ago when the Hon. Bryce Mackasey held office as postmaster general. I privately met with and turned over to Mr. Mackasey the information and material I had concerning the behavioural problems that existed within the Vancouver post office. I took a very low key attitude at that time. I was not seeking confrontation but a resolution of the problems besetting the Post Office, and that remains my position.

During the postal strike of 1975—at about the time the government offer was to be voted on—the union leadership in Vancouver denied those members who had crossed the picket line the right to vote on the government offer. As a local member of parliament I was approached by a group of inside postal workers and was asked for advice. The advice given was that they should get an injunction against the union, and I assisted these union members with that procedure. It was at this time that I became concerned with the threat to the democratic process of their union affairs.

At the committee meeting to which I referred, the present Solicitor General said:

> I am very pleased with the way this meeting has gone because you have identified problems that we are very much aware of.

This suggests that, as far as he was concerned at least, nobody at the meeting was attempting to launch a witch hunt.

Following the first of the talk shows, a meeting with the vice-president of the union local, to which I had agreed, failed to materialize because, I was informed, the union had decided to take alternative action. This action was the issuing of Mr. Whitaker's press statement, prepared I believe by the union's lawyer, Mr. Stewart Rush, and the demand for a retraction which I refused to make. The union then proceeded to issue a writ against me which was finally served on July 26, 1977.

The writ was broadly worded and sought damages for slander, defamation and innuendo, and an injunction to restrain me from further speaking, circulating, broadcasting or causing to be broadcast or circulating or publishing the said or any similar slander, defamatory statement or malicious falsehood or innuendo.

What was particularly odd was the length of time it took them to serve the writ. During the intervening weeks I was readily available, either in Vancouver or Ottawa, and I made no attempt to conceal my movements. Nevertheless, various attempts were made to serve the writ at places where I did not happen to be, and it was suggested by the union's lawyer that I was attempting to evade having it served on me. This was patent nonsense, and I gave them the name of my solicitors. As described, it was couched in very broad terms and I instructed my lawyers to prepare a defence and file an appearance.

Nothing further happened until April 4, 1978, when a statement of claim was filed, the plaintiffs being Mr. Peter Whitaker, whom I at no time identified as being a radical, and the Canadian Union of Postal Workers.

My lawyers had advised me as follows:

> Their delay in filing a statement of claim indicated to us that they weren't intending to proceed. However, after a delay of 252 days they have done so and we must face it by filing a defence.

It is interesting that the filing of the statement of claim was made on the eve of an anticipated election call.

The terms of the statement of claim are much narrower than those of the writ in that it is alleged that Peter Whitaker has been greatly injured in his general character, credit and reputation.

Mr. Speaker: Order, please. I do not want to restrict the hon. member unduly, but I do not think the House is as much interested in the merits of his case as in the point at which he feels his privileges or the privileges of other members are being affected. I would ask the hon. member to concentrate upon that.

● (1642)

Mr. Huntington: Mr. Speaker, I am very close to that. However, I would like to point out that this is not a civil law suit—I can deal with those—this has political overtones and that is the reason I have raised the matter today. However, the complaint of the union is much less specific, alleging that:

> The defendant intended to deprecate the operation of the union and to prevent it from carrying out its lawful activities as a bargaining agent on behalf of its members.

So far I have stated the facts of the case. I come now to my complaint of privilege. I believe that I am the victim of harassment and attempted intimidation by the union in that, by their tactics and the inexplicable length of time which it has taken them to pursue their case, they are obstructing me in my parliamentary duties.

I have been forced to spend a great deal of time and to incur considerable expenses in respect of a law suit which, I believe, is being deliberately drawn out as long as possible, and which may never even come to trial. My lawyers agree that this is strange behaviour on their part. I have no apprehensions about defending myself in court, and indeed I should like to resolve the issue once and for all, but I am deeply concerned at the extent to which this matter is consuming valuable time which, as a busy member of parliament, I cannot spare. I believe also that I am being subjected to a form of pressure the purpose of which is to silence me and to prevent me from publicizing the information I have concerning the activities of the Canadian Union of Postal Workers.

The condition of the Post Office is a matter of grave national importance. Some of the things which are happening cry out to be exposed, and members of parliament have both the right and the duty to speak out on any matter affecting national interest. Should trade unionists, corporate officers, or anyone else, ever succeed in muzzling the elected representatives of the people, it would be the end of parliamentary democracy in this country. I can think of no greater threat to the well-being of this nation than to allow this kind of obstruction and intimidation to succeed.

I recognize that it is the right of any citizen to seek redress if he believes he has been slandered or libelled. But he has to have solid grounds to support his case. I believe that in the present situation there are unusual circumstances because, as a member of parliament, I am being harassed in relation to a stand I have taken on a matter of undeniable public concern.

My complaint of privilege calls upon two principles; first of all a member's right to protection from obstruction in the pursuit of his duty and, secondly, the concept of what constitutes a proceeding in parliament.

Freedom from molestation is an ancient parliamentary privilege which, although it has never been defined, has been very widely interpreted. A former Clerk of the British House of Commons, Sir Gilbert Campion, interpreted molestation as:

> . . . including not only assaulting or insulting members, or challenging them to fight on account of their conduct in parliament, but even attempting to influence them in their parliamentary conduct by improper means.

I have taken this quotation from a memorandum by Mr. L. A. Abraham which was submitted to the British Select Committee on Parliamentary Privilege whose report was published on December 1, 1967. The words I have quoted appear on page 93 of that report. The committee devoted four paragraphs of its report to the concept of "freedom from molestation", and described it as "doubtful and unclear". They recommended that the use of the expression be discontinued in order to avoid confusion, pointing out that a member's right to protection against conduct amounting to improper obstruction, which was undeniable, amounted to much the same thing. The relevant paragraphs are numbered 109-112 in the committee's report.

This committee also dealt with the citizen's right to make fair comment on a matter of public interest. It added the following reservation, however:

> But if the rights of a citizen, though enforceable in the courts of law, are so exercised as to be likely improperly to obstruct the member in the performance of his parliamentary duty, it must be within the power of the House to restrain him.

This observation appears in paragraph 46 of the report. I submit that the actions of the Canadian Union of Postal Workers are calculated to obstruct me in the performance of my parliamentary duties.

I would like to turn now to the question of what constitutes a proceeding in parliament. This is a term which has apparently never been defined, although it seems clear that there are circumstances in which a matter arising outside parliament may be treated as a proceeding in parliament. There is one important Canadian precedent involving the present Prime Minister (Mr. Trudeau) and a former minister of energy, mines and resources, the present Senator John Greene.

The case, which occurred in 1970, concerned the sale to the Hudson's Bay Oil and Gas Company Limited of certain shares owned or controlled by Mr. Stephen B. Roman and the Roman Corporation in Denison Mines Limited. The Prime Minister and his colleague advised the House of Commons that legislation might be presented to prevent the sale because it would result in a substantial interest in Denison Mines Limited passing into non-Canadian hands. Subsequent to the declarations made in the House, the minister of energy, mines and resources issued a press release repeating substantially what he had said in the House. The Prime Minister sent a telegram to Mr. Roman referring at length to his colleague's statement in the House.

Mr. Roman and the Roman Corporation sued the Prime Minister and the minister of energy, mines and resources for damages arising out of changes in government policy which resulted in the cancellation of the agreement with the Hudson's Bay Oil and Gas Company. The case was dismissed on the grounds that the press release and the telegram were extensions of statements made in the House of Commons and were therefore equally privileged. The decision was upheld by the Ontario Court of Appeal in 1971, and by the Supreme Court of Canada in 1973. In support of his judgment in the Ontario High Court, Mr. Justice Houlden quoted from a 1963

decision of the Judicial Committee of the Privy Council which reads as follows:

> The most, perhaps, that can be said is that, despite reluctance to treat a member's privilege as going beyond anything that is essential, it is generally recognized that it is impossible to regard his only proper functions as a member as being confined to what he does on the floor of the House itself.

I realize that against this judgment there are others where the decision has been that words spoken in the House when repeated outside the Chamber were not protected by privilege. I submit, nevertheless, that the judgment in the Denison Mines case is an important one and established beyond doubt that in certain situations a matter arising outside parliament can constitute a proceeding in parliament.

In relation to this aspect of the matter, I should also like to cite a British case of 1957 in which a member of the House of Commons wrote a letter to a minister criticizing certain alleged practices of the London Electricity Board. The minister referred the letter to the Board for their comments, whereupon the Board threatened to take libel action against the member if he did not withdraw the allegations made in the letter. The member concerned, Mr. George Strauss, raised a complaint of privilege and the matter was referred to the committee of privileges. The finding of the committee was that Mr. Strauss's letter to the minister constituted a proceeding in parliament and that the Board's threat of libel action against Mr. Strauss constituted a breach of privilege. However, when the House came to debate the report it took the unusual step of rejecting its committee's recommendation by the narrow vote of 219 to 196.

The Select Committee on Parliamentary Privilege of 1967, to which I have already referred, made some highly significant observations with regard to this case. It referred to it as:

> A classic case in which the House acted upon principles contrary to those which, if your committee's recommendations are accepted, will in future be followed.

It continued:

> If the House had acted upon the principles which, in your committee's view, ought in future to be followed, it would have asked itself the question "Is this threat, maintained as it has been, a contempt of parliament, that is, an improper obstruction which is likely substantially to interfere with the parliamentary duty of the member affected?"

In fact, however, the committee of privileges to which the matter was referred did not ask this question at all. Instead it asked itself three questions. The decisive one was:

● (1652)

> Was Mr. Strauss's letter to the minister a "proceeding in parliament" within the meaning of the Bill of Rights? The committee concluded that it was a "proceeding in parliament" and "therefore" recommended to the House that the action of the Board in threatening proceeding for libel constituted a "breach of privilege". . . . The sole basis of controversy before the House was whether or not the letter was a "proceeding in parliament".
>
> Accordingly, as it appears to your committee, the House in that case failed to ask itself a question which was material to its powers and which might possibly have been answered in a manner favourable to the member's complaint. It would have been open to the House to hold that the threat by the Board to institute proceedings for libel against Mr. Strauss if he did not withdraw the allegations contained in his letter to the minister was so improper an attempt to obstruct the member in his parliamentary duty as to amount to a contempt of the House.

[Mr. Huntington.]

The paragraphs of the committee's report relevant to this case are numbered 80 to 83. It is also of interest to note that on February 6, 1978, the British House of Commons resolved to bring into immediate effect all the recommendations of this committee which did not require legislation. This resolution followed upon third report from the Standing Committee of Privileges which reviewed the recommendations of the select Committee on Parliamentary Privilege and was published on June 14, 1977.

The remarks I made at the meeting of the Standing Committee on Transport and Communications on May 5, 1977, were obviously a proceeding in parliament. My remarks in the talk shows which followed arose directly out of what I had said in committee. They were made in good faith, and in the national interest, as I saw it. The subsequent actions against me of the Canadian Union of Postal Workers amount, in my opinion, to harassment. They have certainly obstructed me in the performance of my parliamentary duties by causing me the difficulties I have already described.

People in sensitive areas often seek the aid of their member of parliament. The member must be trusted and must protect the confidence given if effective use is to be made of his position. This is the condition that exists between myself and postal workers who found need to use my office.

What I am seeking is the opportunity to have my peers on the Standing Committee on Privileges and Elections assess the general situation as it may be distinguished from some of the existing precedents. There could well be an opportunity for the Committee on Privileges to go into this matter in more detail and to develop jurisprudence, particularly since TV is now in the House and an instant electronic *Hansard* is now on the airwaves. We have already heard today about new problems.

Such matters of concern, in my opinion, should be referred to the committee almost as a matter of right. If the committee is not to atrophy, it should be given some substantive work, particularly in this era of change in the extension of the proceedings of the House.

I know, Mr. Speaker, that it is no part of your duty to judge whether a breach of privilege has been committed. I realize that your responsibility is limited to deciding whether or not a complaint should be given precedence over other parliamentary business. What I seek is to have my submission considered by the Standing Committee on Privileges and Elections. I am content to let that committee and the House decide whether or not I have a valid case. It is therefore my hope, Mr. Speaker, that you will allow me to move that the matter be referred to the Standing Committee on Privileges and Elections.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I would like this opportunity to speak briefly to this point. I was present at the meeting of the committee where the incident occurred. The events that have been described were exactly as they took place there. That is not the first time the suggestion has been made that there were activists in the postal union who were making it difficult to bring about a reconciliation of viewpoint between post office management and post office

union. The former postmaster general, the Hon. Bryce Mackasey, made this suggestion from time to time.

I think it would be very useful if the hon. member's motion were accepted and this matter could be referred to the Standing Committee on Privileges and Elections. For example, it would be useful in resolving some of the tension that exists in the Post Office Department at the moment. I say this because there is a movement afoot where responsible members of the Canadian Union of Postal Workers are anxious that the confrontation which has persisted far too long should come to an end and that the process of reconciliation should commence. For example, in the Vancouver local, they have elected a new president. The position there is a more moderate one. What took place in Toronto just before Christmas is indicative that the vast majority of postal workers are anxious to get to the root cause of the confrontation that has been expressed so eloquently here by the hon. member who presented this resolution.

I would just bring this matter into focus. I strongly support the recommendation that it be referred to the Standing Committee on Privileges and Elections. I believe a discussion there would have a very beneficial effect.

Mr. Speaker: Order, please. The hon. member has raised a question that is always interesting, that is, the position of a member in speaking for the record of the House for the proceeding in parliament and the definition of a proceeding in parliament as it applies to the immunity from prosecution, particularly in the civil sense, in a lawsuit for libel or slander that may result from any remarks that a member makes in the course of his duties, and whether the precedent as it applies to a proceeding in parliament extends through committees and beyond that, as the hon. member stated today, to matters which flow directly from that particular proceeding in parliament.

There are, however, a number of other difficulties that will require some considerable research, not the least of which is whether this House at this stage should take any steps which would interfere with the prosecution of a lawsuit that is duly constituted in the courts. Whether the lawsuit is with or without merit, as the hon. member has argued, and whether it is proceeded with diligently or intermittently is a matter for the courts once the matter is before the courts.

The hon. member has raised several matters which may be more germane to the defence of the action than they are to an argument on privilege. Again that is a difficulty. I do not make a final decision on that. In the final analysis, I am not sure if any relief could be offered to the member by this House in any case, even if the House were to decide that the matter may have privilege surrounding it in such a way that it should be considered on a priority basis by the House and, if the decision were made to move it to the committee, whether that in any way could interfere with the progress of the lawsuit.

Those are all questions that would have to be answered. They certainly will require some considerable research which I would be glad to undertake on the hon. member's behalf just as soon as I can get out of the chair this afternoon.

ROUTINE PROCEEDINGS

[*English*]

CANADA LABOUR CODE

AMENDMENT GUARANTEEING RIGHT TO WORK

Mr. Frank Maine (Wellington) moved for leave to introduce Bill C-452, to amend the Canada Labour Code (right to work).

Some hon. Members: Explain.

Mr. Maine: Mr. Speaker, the purpose of this bill is to protect an individual's right to work, thereby ensuring an individual's right to join and maintain membership in a union, and also an equal right not to join or maintain membership in a union. This right to work legislation will protect the basic right of individuals to choose either membership or non-membership in a labour organization. It does not, however, interfere in any way with legitimate union activity, nor does it restrict the right of employees to organize and bargain collectively with their employers.

This bill would provide the basic right of citizens to earn their livelihood as voluntary union members or as non-union members, and it would guarantee that no individual could be denied the opportunity to obtain or retain employment because of membership or non-membership in any labour organization.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 940, 1,199, 1,269, 1,380, 1,408 and 1,420.

[*Text*]

MIRABEL AIRPORT—COSTS

Question No. 940—**Mr. Jones:**

1. What was the total cost for the construction of the Mirabel Airport and what is a breakdown of such costs?

2. Since the Airport has been in operation what was the monthly (a) cost (b) revenue (c) profit or loss?

3. Are the costs to amortize the debt for costs of construction taken into consideration in such a figure and, if so, what are the particulars and details of each item?

Order Paper Questions

4. What were the estimated or planned revenues and expenses and net annual and monthly profits or loss when the decision to build the Airport was made?

Hon. Otto E. Lang (Minister of Transport): 1. Total construction and land acquisition expenditures at Mirabel to March 31, 1977 are as follows:

	($000's)
Land	23,177
Terminals and facilities	107,172
Runways and other paved surfaces	110,712
Machinery and Equipment	11,591
Development including capitalized interest	82,236
*Unallocated construction costs	30,748
	365,636

* Cost of construction not allocated to classifications of assets as at March 31, 1977.

2. Formal profit and loss statements are prepared for the periods ending September 30, December 31 and March 31. Revenues, costs and profits (losses) for the aforementioned periods, since the airport has been in operation, are as follows:

($000's)

	1975/76 Fiscal Year		1976/77 Fiscal Year			1977/78 Fiscal Year
	Dec. 1/75 to Dec. 31/75	Dec. 1/75 to Mar. 31/76	Apr. 1/76 to Sept. 30/76	Apr. 1/76 to Dec. 31/76	Apr. 1/76 to Mar. 31/77	Apr. 1/77 to Sept. 30/77
Revenue	1,663	5,581	13,287	19,778	24,972	13,583
Less: Interest expense	2,412	8,084	14,472	21,514	29,066	16,029
Depreciation	1,495	6,044	7,172	13,582	16,125	8,142
Other expenses	1,297	9,835	10,805	17,804	29,602	10,088
Profit (loss)	(3,541)	(18,382)	(19,162)	(33,122)	(49,821)	(20,676)

3. Costs of construction are being amortized through annual depreciation charges to operations, as specified in the above schedule. Costs of financing the debt are shown in the same schedule as interest expense.

4. Revenues, expenses, profits and losses projected for the planning of Mirabel are as follows:

$ Millions

	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
Revenue	20.0	23.3	27.0	31.3	42.3	46.9	52.2
Less: Interest expense	15.3	15.2	15.0	15.4	16.7	18.5	17.2
Depreciation	13.8	14.1	14.3	15.2	16.7	13.5	13.6
Other expenses	11.5	11.7	11.9	12.6	14.0	15.5	16.0
Profit (loss)	(20.6)	(17.7)	(14.2)	(11.9)	(5.1)	(.6)	5.4

Costs are on a 1970 basis with no provision for escalation.

[Mr. Jones.]

COST OF LANGUAGE TRAINING

Question No. 1,199—**Mr. Cossitt:**

Is the government aware of the recent statement by Mr. Keith Spicer, former Commissioner of Official Languages, to the University of Victoria, that the government "blew a billion dollars" in second language training and is the figure accurate and (a) if so, what is its breakdown under such headings as cost of language schools, compensation to departments for replacing employees absent on language training, second language training in the Armed Forces, costs in all departments for bilingual services branches (b) if not, what is the accurate figure and what is the breakdown under the previous mentioned headings?

Hon. Robert K. Andras (President of the Treasury Board): (a) Yes, the government is aware of Mr. Spicer's recent statement but his figure is not accurate. (b) Until 1976-77, some direct and indirect costs of the official languages training program were neither specifically identified in departmental budgets nor independently collected. This includes part-time in-house courses and other administrative costs of the program. Recognizing the unavailability of some of these costs for part of the period covered, the total language training costs from 1970-71 to 1976-77 inclusive are listed below. The period for which these figures apply is given in parentheses.

		($,000)	Period
1.	Costs of Language Schools		
	Public Service Commission Language Bureau courses	145,276	(70-71 to 76-77)
	Courses organized in departments/agencies	6,389	(1976-77)
	Armed Forces	86,670	(72-73 to 76-77)
1.(1)	Capital and Leasing Costs		
	Public Service Commission Schools	20,057	(72-73 to 76-77)
	Departments/Agencies	331	(76-77)
	Armed Forces	14,529	(72-73 to 76-77)
2.	Compensation to departments for replacing employees absent on language training		
	Public service departments/agencies	93,589	(72-73 to 76-77)
	Armed forces	6,419	(72-73 to 76-77)
3.	Costs in all departments for bilingual services branches		
	Departments/Agencies	11,828	(1976-77)
	Armed Forces	3,963	(1976-77)
	Total	389,051	

ASSISTANCE TO FEED MILLS IN PROVENCHER

Question No. 1,269—**Mr. Epp:**

To date, were any grants made to feed mills in the Constituency of Provencher and, if so (a) in what amount (b) who were the owners or sponsors of such mills?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Regional Economic Expansion is concerned: on March 12, 1974, an incentive offer, under the terms of the Regional Development Incentives Act, in the amount of $41,443, was accepted by Mr. J. Koslowsky, president of the Niverville Feed and Farm Supply Ltd., Niverville, Manitoba.

In so far as the Departments of Agriculture and Industry, Trade and Commerce are concerned: nil.

FUNDS FOR WORK ON PIERS IN KAMOURASKA

Question No. 1,380—**Mr. Dionne (Kamouraska):**

Since 1970, did the Department of Public Works allocate funds for the development, repair or for any other work on the piers in the Constituency of Kamouraska and, if so, in what amount?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): As of February 28, 1978 Public Works Canada had the following expenditures on marine projects in the constituency of Kamouraska: 1971/72, $8,893; 1972/73, $5,431; 1975/76, $868.

Information prior to April 1, 1971, is not available as per the Government of Canada's records disposal schedule.

SUPPLEMENTARY RETIREMENT BENEFITS ACCOUNT

Question No. 1,408—**Mr. Knowles (Winnipeg North Centre):**

1. What was the total amount contributed (a) by employees (b) by the government, to the Supplementary Retirement Benefits Account during the year from April 1, 1976 to March 31, 1977?

2. What was the total amount paid of the Supplementary Retirement Benefits Account, during the year from April 1, 1976 to March 31, 1977, in the form of pension supplements, and to how many individuals were such pension supplements paid at any time during that period?

3. What was the balance at credit in the Supplementary Retirement Benefits Account as at March 31 (a) 1976 (b) 1977?

Hon. Robert K. Andras (President of the Treasury Board): 1. (a) $35,595,962; (b) $35,595,962.

2. Pension supplements totalling $131,086,109 were paid to 116,240 individuals during fiscal year 1976-77. Of this amount $5,502,323 was charged to the Supplementary Retirement Benefits Account and $125,583,786 was charged to the Consolidated Revenue Fund.

3. (a) $130,258,518; (b) $205,928,464.

PERSONS HOLDING TWO JOBS

Question No. 1,420—**Mr. Herbert:**

Does the government maintain records or are estimates prepared of the number of persons that are holding two jobs and, if so, are these kept by sex and age groups and has there been any recent change in relation to the size of the work force?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports that: the labour force survey carried out by Statistics Canada provides monthly estimates of the number of persons holding two or more jobs. The estimates, by sex and age group, are published each month in The Labour Force, Statistics Canada, catalogue No. 71-001. Estimates for February for the years 1975-1978 are as follows:

Multiple Jobholders by Age, by Sex, for Canada
February 1975, 76, 77, and 78
(in thousands)

		Feb. 1975	Feb. 1976	Feb. 1977	Feb. 1978
	All ages	142	150	160	163
Men	15-24 years	20	24	28	26
	25 years plus	121	126	132	137
	All ages	46	49	52	61
Women	15-24 years	12	16	14	20
	25 years plus	34	33	38	41
Total multiple jobholders		187	199	212	224
Per cent of total labour force		1.9	2.0	2.1	2.1
Per cent of total employment		2.1	2.2	2.3	2.3

* * *

● (1702)

[*Translation*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if questions Nos. 102 and 1,352 could be made orders for returns, these returns would be tabled immediately.

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

[*English*]

Mr. Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Is it the pleasure of the House that questions Nos. 102 and 1,352 be deemed to have been made orders for return?

Some hon. Members: Agreed.

[*Text*]

CASUAL AND SEASONAL EMPLOYEES

Question No. 102—**Mr. Herbert:**

What was the maximum number of casual or seasonal employees employed by each department during the past twelve months and how many had been employed for a total period exceeding six months?

Return tabled.

AIRCRAFT AT DORVAL AIRPORT

Question No. 1,352—**Mr. Cossitt:**

1. What is the list of all aircraft landing and taking off at Dorval Airport including times on arrival and departure, points of origin and flight plan destinations on January 19, 1978?

2. Were any of the aircraft camouflaged or painted in a brown colour, no numbers, etc. and, if so (a) for what reason and how many (b) how many similar aircraft passed through the same Airport in the two days previous to January 19, 1978 and, in each case, what was the (i) nature of the contents of the aircraft (ii) nationality of the aircraft?

Return tabled.

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Egmont (Mr. MacDonald)—Fisheries—Irish moss fishery in Maritimes; the hon. member for Surrey-White Rock (Mr. Friesen)—Fisheries—British Columbia—Seasonal employment for nationals of other countries; the hon. member for Battle River (Mr. Malone)—Canada Council—Guidelines for allocation of grants.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I think there is unanimous consent to proceed with consideration of Bill C-213 and that the previous bill be allowed to stand.

[*English*]

Mr. Paproski: Agreed.

Mr. Knowles (Winnipeg North Centre): Agreed.

Mr. Speaker: Is it agreed that the House will now proceed to the consideration of Bill C-213 and that other bills will retain their order of priority on the order paper, unprejudiced by our proceeding with this bill at this time?

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

RAILWAY ACT

MEASURE AMENDING DEFINITIONS

Mr. Bob Brisco (Kootenay West) moved that Bill C-213, to amend the Railway Act (definitions), be read the second time and referred to the Standing Committee on Transport and Communications.

He said: Mr. Speaker, in beginning debate on my private member's bill I think a brief history relating to the reason for introducing this bill is essential to the understanding of its purpose and intent.

Before the turn of the century, in the 1880's, a number of small railway companies were formed in Kootenay West to serve mining communities and mines near Kootenay Lake and Slocan Lake. These lines were leased to the CPR over a period of years.

In 1898 the CPR leased, in perpetuity, a line from Proctor to Nelson built by the British Columbia Southern Railway Company. In 1903 the CPR leased, for 999 years, the line built by the Kootenay and Arrowhead Railway Company, and in 1921 the CPR leased the line from Kaslo to Sandon built by the Kaslo and Slocan Railway.

This network of railway lines led to and from Kootenay Lake to connect with the CPR's rail barge link which operated until July 31, 1975, at which time the CPR abandoned the service.

Why a rail barge? Why not a railway? The decision to employ a rail barge made good economic sense. It was a relatively short haul by water of some 20 to 25 miles. The alternative would have been a rail line down the west side of the lake of some 50 miles to Nelson, or up to the head of the lake to the eastern shore and thence to Creston, about 150 miles. In both cases the rail line would have traversed forbidding terrain, with enormous engineering problems.

After the CPR abandonment I appealed to the Rail Transport Committee of the Canadian Transport Commission to hold a hearing regarding the abandonment. The committee denied the hearing on the ground that it did not have jurisdiction. In the fall of 1975 the Rail Transport Committee agreed to accept arguments as to whether or not it had jurisdiction. The CPR submitted its case, I submitted mine based on considerable research and study, and the province of British Columbia submitted its brief in support of my position.

A year later, in October of 1976, the Rail Transport Committee decided that on the basis of arguments presented and the committee's own careful study, it indeed has jurisdiction over rail barges and that they were indeed an integral part of a railway line. The committee then ordered the CP rail barge back into service. The CPR appealed this decision to the Federal Court of Canada in Vancouver in September of 1977, and won its appeal. The Rail Transport Committee presented argument, as did the ministry of the attorney general of British Columbia and the Attorney General of Canada (Mr. Basford). Again, the rail barge service was abandoned. In December of 1977 the Attorney General of Canada asked the Supreme Court of Canada for leave to appeal the case to the highest court of the land—save parliament—the Supreme Court of Canada. The appeal was granted, and the case will be heard this year in the Supreme Court of Canada.

In the particular case of the rail barge service on Kootenay Lake there is no doubt that Canadian Pacific Limited of today succeeded to the right and obligation to operate and maintain such barges from a railway which was given this right and obligation under the umbrella of a federal act.

Confirmation that the barge service on Kootenay Lake is part of a railway is also found in a letter of the general

solicitor of the Canadian Pacific Railway addressed to the Board of Transport Commissioners dated March 19, 1942, promising to continue the barge and boat service "as heretofore". There can be no other reason why the Canadian Pacific Railway should make such a commitment to the Board of Transport Commissioners other than that the Canadian Pacific Railway considered the barge and boat service to be under the authority of the Board of Transport Commissioners. It does not now lie in the mouth of Canadian Pacific Limited to argue that the rail barge service is an entity which is separate and severable from the rail service. The judicial principle of estoppel applies to any such argument. The authority of the Board of Transport Commissioners was passed to the Railway Transport Committee of today when the Board of Railway Commissioners turned into the Railway Transport Committee in 1966-67.

We can list an additional modern case where a rail barge service or a water-going vessel is considered to be a part of a railway. The Terms of Union of Newfoundland with Canada Act, 13 George VI, Chapter 1, to approve the Terms of Union of Newfoundland with Canada, assented to on February 18, 1949, considers, under term 33(a), the barge and boat service between Sydney, Nova Scotia, and Port aux Basques, Newfoundland, to be a part of a railway.

Taking note of section 21 of the National Transportation Act, we find that it is the duty of the Canadian Transport Commission to perform functions vested in that act as well as the Railway Act and Transport Act, with the aim of coordinating and harmonizing the operations of all carriers. Section 23(4) of the same act states, furthermore, that the Canadian Transport Commission can rule on the prejudicial effects of any actions taken by the transport industry.

Finally, it would be a violation of common sense to consider each part of a railway as a work differing radically in kind from each other part, to the point where we introduce the possibility that many different jurisdictions have control over each segment. It seems clear that these features of any given work which form an essential link, without which that given work could not reach its ultimate aims, must be considered to be an integral part of that work. Therefore, it follows that any claim that we can arbitrarily divide that work for the purposes of legal jurisdiction must be rejected.

A railway line has as its ultimate purpose and effect to provide a continuous stream of motion of goods. Because it is the duty of the Railway Transport Committee to work for the regulation and efficiency of such a stream of goods, it is absurd to consider any one given integral part of any given line as not being within its jurisdiction. Certainly, there is no question as to a rail barge differing radically from the rest of the line since it actually has rails affixed to it, uses railway cars on its surface, has rails which connect to corresponding ones on dry land, and has locomotives used on it. A rail barge is essentially a rail bed which floats between two designated points without deviation.

There is one vital issue which lies in the shadow of this bill.

• (1712)

In 1975, I, the MLA for Revelstoke-Slocan, Bill King, and concerned citizens and businessmen appeared before the Rail Transport Committee in Nakusp, B.C., on an application by the CPR to abandon a rail line between Denver Canyon and Nakusp used for hauling freight. We were successful in persuading the RTC to rule in our favour, and accordingly the CPR was ordered to upgrade and maintain the rail line and apply for a subsidy. That rail line lies in the next north-south valley to the west of Kootenay Lake. This line is serviced by a rail barge link between Slocan and Denver Canyon, a distance of approximately 20 miles, on Slocan Lake. Again, as on the Kootenay Lake, it was done for sound reasons of economy. A rail line would have to be constructed along the edge of Slocan Lake which, on much of its east side terrain is virtually perpendicular.

The point is that if the rail barge on Kootenay Lake can be abandoned with impunity, then also the CPR can abandon the rail barge link on Slocan Lake with impunity. Once that has been done, the CPR can, by default, defeat the purpose and intent of the ruling by the Rail Transport Committee that the CPR must maintain the Denver Canyon-Nakusp rail line. The CPR will point to the line and say, "Look, it starts nowhere and it goes nowhere." It follows that the abandonment of the Slocan Lake rail barge service will be followed immediately by an application to abandon the Denver Canyon-Nakusp rail link.

Surely that is not the intent or wish of the Rail Transport Committee, or indeed of parliament. I therefore urge that members on the government side allow this bill to go before the parliamentary Standing Committee on Transport and Communications in order to plug this loophole in the Railway Act.

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, there might be general agreement today that economic issues are the most pressing ones facing the country at this time. Certainly my priority is jobs and I will support any economic program aimed at stimulating the economy. Indeed, I will press for economic initiatives from the government, especially with respect to the automotive industry. Nevertheless, there are other problems confronting the country, one of which is transportation problems of all kinds.

I have presented one of these to the House in Bill C-439, which I trust will come up for debate later in the session, in which I try to ensure that the jurisdiction of the CTC with respect to rehearing of cases is limited in the same way as that of courts.

Bill C-213 has its roots in a specific case involving CP Rail's intent to discontinue a rail car barge operation on Kootenay Lake, British Columbia. CP Rail has operated a steamer service from Lardeau to various points along Kootenay Lake, including Kaslo and Procter, B.C., moving loaded or empty railway cars between points on the lake, thus avoiding the

expense of joining these points by a continuous railway line around the lake.

In 1942 the Board of Transport Commissioners for Canada granted CP Rail permission to abandon parts of its railway line system between Lardeau and Gerrard, B.C., that extended north from Kootenay Lake. Prior to the abandonment approval, the CP general solicitor had advised the Board that CP would continue to operate the boat and barge service to Lardeau as before, and the company did so for 33 years until July 31, 1975, when CP Rail decided to discontinue its barge service between Procter, Kaslo, and Lardeau on Kootenay Lake.

The Canadian Transport Commission was requested to order CP Rail to reinstate the barge service. After a preliminary examiniation, the Railway Transport Committee of the CTC indicated that it did not have jurisdiction over the barge service and that it could not, therefore, require CP Rail not to discontinue the service.

Due to the expressed concern of interested parties, including the hon. member for Kootenay West (Mr. Brisco), the Railway Transport Committee issued a notice on November 18, 1975, stating it would reconsider the matter and inviting all interested parties to make written representation:

on the general subject of the extent of the committee's jurisdiction in so far as it relates to rail barges and . . . whether or not a rail barge is a "branch line or segment thereof" pursuant to section 252 of the Railway Act.

I understand that several submissions, notably those from the hon. member and the government of British Columbia, supported the position of the CTC and jurisdiction.

Mr. Brisco: And the Government of Canada.

Mr. Benjamin: Who wrote that for you?

Mr. MacGuigan: On the other hand, CP Rail, CN, and the Minister of Transport for the province of Quebec argued the contrary, that the Commission did not have jurisdiction.

On October 18, 1976, the Railway Transport Committee issued its decision stating reasons why it had full jurisdiction to deal with the discontinuance of the CP Rail barge service on Kootenay Lake and, as a result, ordered CP Rail to resume the operation.

CP Rail appealed this decision of the Railway Transport Committee to the Federal Court of Appeal. The court heard arguments in Vancouver and, on September 30, 1977, held that the Railway Transport Committee of the CTC was without jurisdiction to order CP Rail to reinstate and resume rail barge service on Kootenay Lake.

The Attorney General of Canada (Mr. Basford) then sought leave of the Supreme Court of Canada to appeal the judgment of the Federal Court of Appeal, and leave to appeal was granted last December 14 by the Supreme Court of Canada.

The jurisdictional question is a difficult one, and I certainly share the concern of the hon. member for Kootenay West about the problem which this jurisdictional question has created on Kootenay Lake. The bill as written, however, creates certain difficulties in a number of areas which make it inadvisable to proceed with it, especially in light of the fact that we are now awaiting a decision from the Supreme Court of Canada in the matter.

The principle underlying the purpose of Bill C-213 has merit in attempting to clarify a Railway Transport Committee jurisdictional question. The specific case of the CP Rail barge service on Kootenay Lake would be a desirable area for the jurisdiction of the Railway Transport Committee of the CTC.

There is a need for this jurisdiction, despite the fact that CP Rail operated a barge service connecting its railway lines in the Kootenay area for about 40 years, and, after abandoning some of its railway lines in 1942, continued to provide the barge service for another 35 years.

In the absence of regulatory provisions, it is conceivable that CP Rail could have decided, for valid reasons of its own, to discontinue the service many years before it actually chose to do so in July, 1975.

In offering the barge service to connect its railway lines, CP Rail likely created an expectation of transportation service on the part of shippers and receivers in the area and elsewhere. This in turn may have directly stimulated investments in local industrial opportunities. Without appropriate regulatory mechanisms in place to guard against a unilateral decision to discontinue a service without adequate substitute services in place, the local and other interested party investments could have been seriously jeopardized.

Without adequate regulation, only a moral obligation would rest on CP Rail, and therefore it is indeed important to ascertain whether obligation is imposed on CP Rail under the jurisdiction of the Board of Commissioners.

At first glance, the wording of Bill C-213 appears to satisfy the intention to provide the CTC with appropriate jurisdiction over ferries and barges used to transport railway cars. The bill, however, intends to amend a definition of "railway", a term used extensively throughout the Railway Act in which major sections deal with the provisions for construction and commencement of operations.

The wording of any amendment does not clearly ensure that only certain specific rail car ferry services come under the abandonment jurisdiction of the CTC, so as to avoid any implication that the CTC will regulate the abandonment of automobile ferry services or intraprovincial barge and ferry services which are not related to federally regulated railways.

There is good reason to believe that the present definition of "railway" may already be broad enough to include the rail barge, but we have to await the decision of the Supreme Court of Canada on this point.

● (1722)

One other possible problem with the proposed amendment is how it would apply to certain east coast ferry services. We particularly wish to consider carefully what regulatory authority the Canadian Transport Commission should be given in this area in view of the constitutional obligations of the federal

government to provide ferry services to Prince Edward Island and Newfoundland. These services effectively link those provinces to the mainland railway system. These obligations are now being fulfilled by Canadian National on behalf of the government, using ferry vessels owned by the federal government. Consideration is being given to the creation of a separate Crown corporation to operate and fulfil the federal government's east coast transportation service obligations and objectives.

In addition, unlike the Kootenay Lake barge operation for railway cars only, the Gulf Ferry Services carry automobiles, trucks, buses, and individual passengers. In other words, there may be some cases where a general CTC jurisdiction over the operation and abandonment of rail car ferry or barge operations, as part of a railway operation, may create problems in policy, jurisdiction and regulatory areas.

However, it is fair to say the government agrees with the general principle that the railway transport committee should have jurisdiction over the abandonment of rail car ferry and barge operations, when these services are directly related to federally regulated railway operations.

Because the Attorney General of Canada has obtained leave of the Supreme Court of Canada to appeal the judgment of the Federal Court of Appeal, which indicated the Railway Transport Committee of the CTC did not have jurisdiction in the Kootenay Lake case, I believe further deliberations on this bill may not be productive until after the Kootenay Lake test case is finally resolved by the Supreme Court. Only then would a clear statement of the adequacies of the present Railway Act provisions be available to form the basis for the drafting of any appropriate amendments to the act.

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I was interested in some of the remarks made by the hon. member for Windsor-Walkerville (Mr. MacGuigan). He is a very knowledgeable member, and has a great background in transport and legal matters. Particularly I was interested in hearing him raise the considerations implicit in ferry services in the eastern part of this country which link the provinces of Prince Edward Island and Newfoundland to the mainland. In the past it has been a matter of great concern, particularly to people of the island provinces, that every time there is a national rail disruption the existing situation governing rail and ferry services automatically exacerbates the situation in those provinces.

In the context of some future debate on a bill like this, I hope the House considers ways and means to make certain, every time there is a national rail tie-up, it does not necessarily tie up rail freight services to Newfoundland or prince Edward Island. I am sure that is beyond the scope of this bill, but I wanted to use this opportunity to put those thoughts forward.

It is a pleasure to speak on this particular piece of legislation because it has a very constructive purpose. Actually it purports to prevent indirectly the abandonment of transport services by CP, in a manner which could not be done directly by virtue of section 253 of the Railway Act. As the hon. member for Windsor-Walkerville pointed out, one of the catalysts was the action of CPR when it abandoned its railway line and barge service on Kootenay Lake. That service transported railway cars. The abandonment of it caused such a furor that our national television network did a feature film on it. Obviously the transportation disruption occasioned by the action of CP is a matter of great concern to that area. It is in the process of being appealed to the Supreme Court of Canada. Last fall the Attorney General of Canada intervened to assist in this regard.

The judgment of Mr. Justice Le Dain was a very interesting one. As has already been stated, the case was heard in Vancouver. A judgment was given from the bench, and the decision was that the Railway Transport Committee of the CTC was without jurisdiction to order Canadian Pacific to reinstate its rail barge service on Kootenay Lake, thus reversing a previous ruling made by the committee.

Ever since its creation, historically there has been buckpassing between the Department of Transport and the Canadian Transport Commission over matters of jurisdiction and definition involving the Railway Act, as well as other federal statutes. In this case, ferry or rail barge services is a key area which needs to be clarified. This very timely bill provides the House of Commons with an opportunity to do just that.

The purpose of this bill is to remove any anomalies which presently exist in the Railway Act. I think that deserves serious consideration by the House. As the learned justices of the Federal Court of Appeal pointed out, certainly these are matters of grave concern in studying the contradictions which are implicit in some of the legislation involving marine and rail transport. To require the railways to justify the abandonment of an obviously outmoded and non-productive branch line, pursuant to section 253 of the Railway Act, and yet to allow them to discontinue service as vital as the one at Kootenay Lake, which is part and parcel of a railway service, is not practical or realistic. We in the House have an opportunity to correct some of those anomalies by virtue of this bill.

In his very comprehensive decision Mr. Justice Le Dain recognized that there was a fundamental difference of legislative policy in respect of the abandonment of rail and water transport services. Therefore it is up to the House of Commons to assist in clarifying this legislative policy. This bill can be of assistance in this regard. The question of jurisdiction on the appeal resolved itself, as was noted by Mr. Justice Le Dain in the question of whether the rail barge service is the operation of a minor railway. He quoted from the findings of fact by the Railway Transport Committee of the CTC, which read as follows:

> The barges were first operated to connect various towns situated on Kootenay Lake and the line of railway which ran out of these towns. These barges were an integral part of CPR's undertaking in this area, and as such formed an integral part of CPR's railway system. The barges were built uniquely to accommodate rail traffic. There are rails on each barge which link up with rails on the wharves of each point of origin and of destination, thereby enabling railway cars to be transported from one point on Kootenay Lake to another without themselves being loaded and unloaded.
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> The barges were never a separate operation from the operation of the railway lines which serve the Kootenay Lake area. They were built with actual rails on them so as to be able to connect directly with the lines of railway at Procter,

Kaslo and Lardeau. Without the barges, there would have been no connected and continuous railway system to serve these areas. They were operated, as mentioned above, in place of a railway line along the shore because it was considered to be a more efficient method of transporting rail traffic from one town on the lake to another town on the lake.

Mr. Justice Le Dain made reference to CP's emphasis on the distinction between rail and water transport, as reflected in certain provisions of the Railway Act and the Transport Act. However, the issue which still remains is the operation of the rail barge service and, although it involves a form of water transport, the operation of a line of railway. Mr. Justice Le Dain came down with a decision which indicated that the Railway Transport Committee was without jurisdiction to take the action it did. Therefore it is quite proper for the House of Commons to clarify the legislative anomaly which caused the court to come to this conclusion, and prevent an obvious contradiction if an integrated transportation system were allowed to find a loophole to discontinue a link in the transportation service to a region, thus preventing the railway from doing what it could not do under the clear intent of the Railway Act.

● (1732)

I commend the Attorney General of Canada for this action. Since the government has seen fit, on November 18 of last year, to intervene and to seek leave to appeal the Federal Court decision to the Supreme Court—which leave was granted—I fail to see why, even though the Supreme Court is going to rule on this matter, the House of Commons would not be within its right to move forward and assist the court in changing the definition of "railroad". After all, we are the highest court in the land.

I commend the definition contained in this bill to the House of Commons because it seems to be most straightforward with no semantics and thus an acceptable definition as opposed to the one that exists now. It would not be construed by the Supreme Court of Canada, or anyone else I am sure, as interference or, indeed, as counter productive to what the court is about to do. It would give the court in some respects some assistance. More important than that, it would allow the House of Commons to improve a definition which, by its nature, is one of the most important and critical definitions in any statute, that being just what does constitute the proper definition of a railway.

I would like to congratulate the hon. member for presenting this bill and I commend it to the favourable attention of this House.

Mr. Les Benjamin (Regina-Lake Centre): On behalf of my party, Mr. Speaker, I would like to indicate that we support the bill proposed by the hon. member for Kootenay West (Mr. Brisco). In a few moments I would like to attempt to persuade our colleagues on the government side to allow this bill to pass second reading and at least go to committee. I may not get further than that, but if it got through committee and came back here for third reading, then if the government or government members feel that they do not want it to pass, they can always put up three speakers at 20 minutes per speaker once every four years and the bill will never pass.

The issue of these rail and passenger ferries as between the continental mainland and appendages to Canada which happen to be islands is not new. Since the 1880's Canadian Pacific, the Grand Trunk in the early 1900's, and the Grand Trunk Pacific have made great arguments on how these were essential links in their rail systems. The CPR said decades ago that connecting the mainland to Vancouver Island was an essential part of their rail transportation system. In fact, it was part of their terms of reference, and the reason for their existence was to hook up Canada from coast to coast.

Suddenly, a rail ferry system that connects two parts of their rail lines on the ground across a piece of water is no longer relevant. I am no lawyer, Mr. Speaker, and I get a little tired of all the legal nitpicking that goes on, but if it was an essential part of a rail transportation system in the 1880's, 1910's or 1920's, I do not know how it is less essential now. The rail ferries across the Kootenay Lakes is a small part of the whole problem.

I hope my colleague from Kootenay West and his friends can persuade the Conservative government of British Columbia and the Liberal government of Canada that the British Columbia coastal ferries are an essential part of the trans-Canada highway. There should be no argument about that, but the B.C. government and the Minister of Transport (Mr. Lang) have opted for a user-pay principle on an essential part of the trans-Canada highway system. How they reconcile that I will never know. I hope the hon. member for Kootenay West can persuade people in Victoria and Ottawa on that matter.

Those passenger and rail ferries are an essential part of our road or rail system, since there are, in fact, large bodies of water inland and islands off our coasts on three sides that require water connections to whatever ground connections there are close by. We are attempting here to make some new law, or at least clarify old law or entrench in old law what has been an obvious fact and practice since the 1880's.

On top of that, the Canadian Transport Commission, which I would hardly call a great friend of the Canadian transport user—it has always been a great friend of the transport companies—ruled in favour of the transportation users. The communities and citizens around the Kootenay Lakes, the present member of parliament for Kootenay West, his predecessor, a provincial member of the legislature and the Railway Transport Committee of the Canadian Transport Commission all agree that the demand and need has been very well expressed.

A lower court, after some legal nitpicking on behalf of some CPR counsel, overruled the Canadian Transport Commission, and now the matter is before the Supreme Court because the Department of Justice is appealing it. The Government of Canada is adding its weight to the representations made by the hon. member for Kootenay West, by other people and communities regarding a decision made by the Railway Transport Committee of the Canadian Transport Commission.

If in appealing it is not obvious that this particular amendment to the Railway Act should go through, I do not know what else can be done. Perhaps we should hit the Parliamentary Secretary to the Minister of Transport (Mr. Lapointe) over the head with a cedar post to get his attention. I hope that is not necessary. I see no reason why this bill cannot go through right now on second reading to the standing committee. Whatever treatment it will receive there, it will still have to come back here for the report stage and third reading. If in the wisdom of the government or the parliamentary secretary it should not proceed any further, then the bill can still be stopped in private members' hour because this bill, along with 200 others, will be selected out of a hat in each session of parliament, and if the hon. member is lucky, and if he is still here, and if his bill comes out in the top 30 or 40, it will get called for debate for one hour once every four years.

Let us move on it at least to this extent. If the parliamentary secretary and his minister are worried about usurping or prejudging any decision of the Supreme Court of Canada, I do not think it is a valid concern. The Supreme Court, if and when it hears this case, will make its decision based on the old law, the old practice and the old decisions of the lower courts. However, if this parliament were to pass this amendment to the Railway Act, which is retroactive I believe to 1975—an excellent move on the part of the hon. member for Kootenay West—the Supreme Court will be relieved of a duty which it probably feels it should not have had in the first place. The CPR, CN or any other organization, who for decades have justified these essential water connections, should not be allowed now to turn around 180 degrees and tell us that it is not an essential part of the transportation system. That will not hold water, Mr. Speaker. I urge the parliamentary secretary and his colleagues to let this bill go to the committee. I am particularly anxious to hear the arguments of the CPR, so for that reason if for no other I hope the bill will go through second reading. It has our full support, Mr. Speaker.

● (1742)

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, I have listened to the speeches with a great deal of interest and I must say, as one who has a great amount of transportation going through his constituency, I always find transportation debates to be of great interest. I can readily understand the view of the hon. member for Kootenay West (Mr. Brisco) and the difficulties his communities have been faced with as a result of service which they have had available to them for a long period of time being withdrawn by the Canadian Pacific Railway. Unfortunately, it seems to me that those of us who live in the rural areas are constantly facing this problem of services which we have enjoyed and which have formed the centres around which our communities have grown being suddenly and almost unilaterally withdrawn by the transportation industry.

I submit there are probably good and significant reasons for those decisions to be taken, however hurtful they may be to the local communities. For example, one of the most important withdrawals of transportation services affecting the constituency of Kenora-Rainy River was passenger service on the northern part of the CNR line. That was a decision taken by the Canadian Transport Commission through its railway committee and it is in the process of implementation.

I find that particularly difficult to accept, as do most members who come from northern Ontario, because what has been agreed to under this plan is to put two passenger trains on the CPR line and none on the CNR line. While I am the first to admit that the reasons for using the CPR line are compelling at first glance—that is where the bulk of the population in north western and north eastern Ontario is located—at the same time it leads to a substantial denial of service to a large number of people and communities who have become dependent upon it. The replacement which has been suggested—that is, a three-days-a-week service between Capreol and Winnipeg—is inadequate.

It is this kind of attitude which leads me to support the position of the hon. member for Kootenay West. I can readily understand the frustration which his communities must face and the difficulties which they are confronted with through having an appropriate form of transportation removed. But while I agree with the hon. member in principle, I do not necessarily agree with the way in which he has chosen to proceed. I disagree because I think he ought to have held his bill until the Supreme Court has made its decision.

It seems to me that the Supreme Court—and I speak as a layman, not a lawyer—will make a decision in one of two ways. It will agree with the hon. member for Kootenay West in that it will say that, indeed, the particular instance of which he complains is within the jurisdiction of the Railway Transport Committee. In this event his bill will be superfluous. He will have won his case without it.

If, on the other hand, the Supreme Court agrees with the Federal Court, then it strikes me there will be a legislative remedy since the Attorney General of Canada is leading the charge in the Supreme Court against the CPR in support of the Railway Transport Committee. So the hon. member is in the beautiful position, it seems to me, of having won his case no matter what happens to this bill, and perhaps no matter what happens in the case before the Supreme Court.

There are some considerations which I think it would be useful to have on the record, however, in terms of what would happen if we did proceed with this bill and even, perhaps, were to pass it, assuming we would not have to pay any attention to the due processes of law. Speaking of that factor, Mr. Speaker, it does seem to me that when we have created a system to adjudicate these disputes the least we can do before seeking a legislative remedy, or any other remedy, is to allow that due process to take place.

It appears to me there are a number of advantages which accrue to everybody concerned. First of all, of course, and most important, is the clarification of issues in such a way as to make them more readily understandable in terms of law. For as much as the hon. gentleman will protest, to some extent the case about which he is concerned is a local case. But any judgment involved—and, indeed, any judgment by this

House—goes far beyond simply the local case; it goes right into the general application of the law across Canada and it may have consequences which are unforeseen. Therefore I would not like to see the House act precipitously or until we have moved through the system.

There are, however, implications which I would like to deal with briefly, Mr. Speaker, so that hon. members may realize what is at stake here. The first point is that if this bill were approved, the proposed act would imply that all automobile, rail and ferry services would come under the jurisdiction of the CTC. To put it mildly, Mr. Speaker, that would be a very substantial increase in the jurisdiction of the Canadian Transport Commission and particularly that of the Railway Transport Committee. That jurisdiction does not presently lie there and to some extent would amount to a transfer by the courts and by this proposed legislation of jurisdiction from one agency to another agency. I really think that would require far more determination than we could give it in private members' hour.

Second, if ferry services were deemed to be an extension of railway branch lines, when put up for abandonment they would become eligible for subsidies if their continuance were considered to be in the public interest. That also is a question of public policy and public tax moneys.

One of the things which strikes me as being at the heart of many of these rail line abandonments and the abandoning of services on which communities have become reliant is the fact that the people who have been paying for these services in the past have become reluctant to do so in the present and in the future. Indeed, this can be an important factor, because if the business is not there to justify the internal subsidies which are generated to keep these services going, then it seems to me that another form of subsidy has to be discovered. Usually that subsidy takes the form of taxpayers' money which is collected by the federal government and distributed to the agency involved.

A perfect example of this principle, Mr. Speaker, is the situation with respect to railway passenger service which has traditionally been paid for by the freight shippers in this country. At one time, perhaps, when railways were the main means of transportation for people as well as goods between communities, that was no problem. Passenger service may even have provided a substantial income and profit for the carriers. But it is interesting to note that back in the mid-sixties the legislation was changed so that 80 per cent of the losses incurred by the railways in providing passenger service would be paid by the general taxpayer to the federal government. It is interesting, again, to note that the concept of VIA Rail, which is now in the process of being implemented, provides for 100 per cent of the losses to be paid for by the general taxpayers.

It seems to me that the great difficulty we have when we experience local disruption of service by the cancellation of a particular type of service can only be solved by finding someone who can pay the bill. The costs of providing these services do not go away, and whether those who pay that bill, or the greater part of it, should be the general taxpayers or the persons requesting the service is a matter which this House has often debated and on which we have reached no real conclusion.

The more equitable way, it seems to me, would be to have a sharing of the costs between the general taxpayers and the users of the service. Whether the users of the service should pay a premium which is greater than that which somebody else acquiring the service in another geographical location requires is an open question. It appears to me that it would be very useful to have at least a substantial amount of the costs of providing any kind of service paid for by the users as well as a share being borne by the taxpayers.

The question in Canada, I suspect, as to what is the appropriate level of subsidization to be applied to various levels of transportation services is one which is going to bedevil us as long as this House exists. There will never be agreement. As long as people have to use these services there will always be argument raised, as a general principle and point of honour, that they are paying too much for transportation services, just as those taxpayers who do not necessarily use those services will complain that they, too, are paying too much through the general tax levy.

It is a known fact, for example, that the automobile accounts for the bulk of the intercity passenger miles, to the tune of about 85 per cent. Yet when we examine the amount of money which the federal government puts out in terms of railway passenger service, even before the new formula comes into effect, we can see that a person who uses his automobile is paying a substantial premium in order that people can use trains. I have no objection to this principle but we should acknowledge it and try to devise the proper relationship between the user who must pay for part of the service and the taxpayer who must pay for the rest of the service.

● (1752)

Another implication of this bill concerns interprovincial barge and ferry services which come under provincial jurisdiction at the present time. Consequently, there is potential for jurisdictional disputes between the federal and provincial governments. If this bill were to pass it is not clear just exactly where the jurisdictional argument would lead. We know that provinces have steadily acquired authority and power during the last ten to fifteen years at the expense of the federal government as well as opening up new areas for themselves. We also know how sensitive these interprovincial and intragovernmental disputes can be.

I want to suggest, Mr. Speaker, that if we are to extend the powers of the CTC with respect to this particular point of including waterborne railway traffic in the jurisdiction of the federal government, such legislation be drawn carefully so as to permit the provinces to carry on in those areas where they have traditionally carried on. I am not so certain that the federal taxpayer would want to pick up the subsidies which are now being carried by some provincial governments to provide services which they regard as essential, but which may not be

essential from the point of view of maintaining a federal national transportation system.

The new proposal made by the hon. member for Kootenay West would be in conflict with the Canada Shipping Act respecting regulation of vessels in Canadian waters and Canadian registered vessels—

Mr. Benjamin: No. How did they operate previously?

Mr. Reid: While that is a matter which the hon. member for Regina-Lake Centre (Mr. Benjamin) may dismiss lightly, it does mean that if that is done the implications of amending the act are far greater than he chooses to admit. It is not only a question of changing the Transportation Act, it is also a question of changing the Canada Shipping Act and probably a few other acts as well. I do not hold that out as an impossible problem to overcome, but I point this out as an indication of what must be done in order to make the ideas of the hon. member more explicit.

Mr. Benjamin: Mr. Speaker, I wonder if the hon. member will accept a short question.

The Acting Speaker (Mr. Ethier): Is it agreed?

Some hon. Members: Agreed.

Mr. Benjamin: Mr. Speaker, the hon. member mentions some ramifications respecting navigation on water. Would he be good enough to explain to the House how the CPR and other organizations operated water craft for the past 90 years? There were requirements regarding navigation in the course of those water operations connecting their rail-lines. How was this accomplished over the past 80 or 90 years, if the hon. member is suggesting now that this is in conflict with maritime legislation?

Mr. Reid: Mr. Speaker, I do not believe I suggested there was a navigational problem. I did suggest that it could bring it into conflict with the Canada Shipping Act and there would be two jurisdictional authorities under the federal government intertwined which are now separate.

When one examines the situation on the inland waterways there is probably no difficulty at all about jurisdiction. However, what we are talking about is the application of this amendment. As I pointed out earlier, it may have ramifications regarding larger areas of jurisdiction than are contemplated by the hon. member. I did suggest that it could cause the jurisdictional authority of the Railway Transport Committee to extend into other areas which are now regulated by other acts. I used the Canada Shipping Act as an example of this kind of extension. It means that it totally confuses the regulatory authority.

It seems to me that if the hon. member for Kootenay West is correct in his assumption and also in his remedy, the amending bill will have to be a far more complex one than the one he has provided here. I do not criticize him for that because I think he has done his constituents and the House a service by bringing forward this knotty question in the way he has. The purpose of debate is to examine the ramifications and to see what the implications are of moving in this way. I am trying to indicate to him that the problem he has unearthed and for which he seeks remedy is a legitimate one. However, the solution he has developed may not be the only one. It may not be the most appropriate one and it may indeed cause more difficulties in other areas.

Mr. Brisco: Mr. Speaker, I would like to ask the hon. member for Kenora-Rainy River (Mr. Reid) a question.

The Acting Speaker (Mr. Ethier): Is it agreed?

Some hon. Members: Agreed.

Mr. Brisco: Mr. Speaker, members of the Railway Transport Committee and learned judges of the Federal Court of Appeal in Vancouver did not address themselves to the concerns expressed by the hon. member. They did not even visualize or conceive that this would be a problem in the arguments which were presented. How does the hon. member square his perception with reference to his arguments now in light of the fact that Mr. Justice Le Dain as well as other learned judges, including the members of the Rail Transport Committee, did not consider that type of argument to be germane to the case?

Mr. Reid: Mr. Speaker, I would be surprised to know that in the judgments of the Federal Court and in the decisions of the Railway Transport Committee those arguments would have been considered at all.

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business has expired. I do now leave the chair until 8 o'clock p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

FUGITIVE OFFENDERS ACT

MEASURE RESPECTING SURRENDER OF PERSONS APPREHENDED IN CANADA

The House resumed, from Monday, May 1, consideration of the motion of Mr. Basford that Bill S-8, respecting fugitive offenders in Canada, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Fugitive Offenders

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I do not intend to take very long in the debate this evening. I think we might move through at least this stage expeditiously.

This bill contains amendments to the Fugitive Offenders Act and the Extradition Act. It is a further aspect of this government's effort to deal effectively with the world-wide scope of law-breaking, especially organized crime. We must recognize that modern day criminals are very mobile and sophisticated.

The purpose of this bill is to permit us under certain conditions to return foreign offenders to the countries where they committed their crimes, both inside the Commonwealth under the Fugitive Offenders Act, and in other countries by way of the Extradition Act. At the same time, the proposed legislation would enable us more effectively to seek the return for trial of Canadian offenders who have fled our borders.

• (2012)

Of equal importance, the bill contains provisions which would allow Canada to protect the civil liberties of refugees from political, racial or religious oppression. The bill is designed to allow Canada to play its proper role in suppressing true crime while protecting those who are victims of prejudice or oppression.

I think there are several parts of this bill which merit special attention. One is the new schedule of returnable offences which will be provided under the Fugitive Offenders Act. The present act provides that an offence is deemed returnable when it is punishable under the laws of the offender's country by at least 12 months' imprisonment combined with hard labour.

The new bill contains a schedule of returnable offences which has been modernized and updated and includes such serious modern day criminal phenomena as air piracy, income tax evasion, stock frauds, counterfeiting and bankruptcy offences.

One aspect of the new bill which merits attention is the provision which would allow the Minister of Justice a discretion to withhold permission to return an offender to his country if he is likely to be subjected to capital punishment. The prisoner can be surrendered if an assurance is given that the death penalty will not be imposed or, if imposed, that it will not be carried out. This means that there is no absolute prohibition of surrender to states which retain capital punishment.

This is not a provision unique to Canada. Such provisions are found in all modern extradition treaties to which Canada is a party. Indeed, Great Britain has included it in every extradition treaty it has negotiated since the second world war. I might go further to point out that the scheme relating to the rendition of fugitive offenders contains a supplementary article to this effect in Annex 2, Article 1. It should be noted that only eight associated states of the total 69 independent countries and dependencies in the Commonwealth have not yet abolished the death penalty for murder. These include Bermuda, Belize, the British Virgin Islands and the Cayman Islands.

[The Acting Speaker (Mr. Ethier).]

Thus, the question of activating this ministerial discretion with respect to murder will rarely occur. If it should, however, the legislation does not suggest that Canada will not return accused murderers to these countries, but rather that the Minister of Justice has the discretion to request assurance that a penalty other than death, such as life imprisonment, will be imposed. That is to say that Canada does not necessarily have to return fugitive offenders, perhaps some of whom might be our own nationals, to a punishment greater or more extreme than that to which we ourselves would subject people in this country.

I should like now to discuss the provisions which would allow Canada to refuse to surrender a fugitive who is the subject of political persecution or prejudice based on religion, sex or nationality. As surprising as it may seem, under the present Fugitive Offenders Act a fugitive may not resist surrender to a commonwealth country for offences of a political character. Thus, if a revolution were to take place in some commonwealth country and the new government were of a vindictive disposition, it might conceivably lay serious charges against an individual for legitimate actions carried out while he was in the employ of the deposed government. Under the present act Canada would be obliged to return such an accused person. We have no authority at present, for example, to refuse to surrender a fugitive who is charged with an offence in Uganda. Hon. members will appreciate, therefore, the significance I attach to clause 4 of this bill.

This new act would give the Minister of Justice discretion to refuse to surrender an offender under such circumstances. Discretion may also be used where we believe the person charged with a returnable offence might be discriminated against on his return for reasons having nothing to do with his guilt or innocence but because of his race, religion, sex or nationality.

I must emphasize, however, that persons wanted for offences such as murder of or assault upon a head of state—something which the offender might consider an expression of political opinion—would not be subject to this ministerial discretion. They must be surrendered, subject to the death penalty clause I spoke of earlier.

In closing, I would like to point out that Bill S-8 provides important changes to legislation which is close to 100 years old and would allow Canada to play a much more effective role in modern international crime-fighting.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I want first to thank the hon. parliamentary secretary for his explanantion of the bill and for his brevity. I will also try to be brief. This bill is entitled "An act respecting fugitive offenders in Canada". It is really what in law we commonly call a bill dealing with extradition. Extradition—and I think I can put this succinctly—means surrender of a fugitive, alleged criminal, by one state or government to another within whose territories the criminal is accused of having committed crime,

in order that he may undergo trial and, if convicted, punishment.

As I understand the bill, it applies only to certain crimes which are spelled out. The parliamentary secretary may want to correct me on this, but I believe that the bill applies only to commonwealth countries and not to others. We have been dragging our feet in getting a bill before the House because many of the countries, as the parliamentary secretary has said, have already endorsed and enacted their legislation.

The most questionable feature of this bill is the exclusion of persons who have committed offences of a political character. With the greatest of respect to the parliamentary secretary, I noticed that he quickly slid over that particular phrase regarding offences of a political character. Rather than being positive in the definition of offences of a political character, the bill does not say what that means. It says what it does not mean. It says that an offence of a political character does not include and I quote:

> . . . the murder, kidnapping or other assault on or restriction of the liberty of any person who is an "internationally protected person" as defined in section 2 of the Criminal Code or who would be such a person if
>
> (i) in the case of a person referred to in paragraph (a) of that definition, he were in a state other than the state in which he holds an office or position referred to in that paragraph, and
>
> (ii) in the case of a member of a family referred to in paragraph (b) of that definition, he accompanied a person referred to in paragraph (a) of that definition to a state other than the state in which the person referred to in that paragraph (a) holds an office or position referred to in that paragraph (a) . . .

That sounds like a jungle of words, but this offence applies not only to a political prisoner but also to his family or to those connected with him. The definition continues:

> (b) an attack on the official premises, private accommodation or means of transportation of any person referred to in paragraph (a),
>
> (c) any crime set out in item 22 or 23 of Schedule I . . .

One of the faults I find with this bill, which may lead to some problems in the future, is the lack of definition of a political prisoner. I can give an example. The fugitives to whom I refer are not in a commonwealth country, as far as I can ascertain. However, Your Honour will recall that some years ago Pierre Laporte, labour minister in the Quebec provincial government, was murdered, and Mr. Cross, a British diplomat, was kidnapped and held for many days contrary to his wishes. A deal was made with this government at that time. I am not here tonight to criticize that deal because we were dealing with a very sensitive diplomatic question. If the people involved in the kidnapping were permitted to go to a foreign state—I believe at that time it was Algeria—Mr. Cross would be released. Cross was released, and his kidnappers left the country.

● (2022)

Assuming Canada wanted to extradite them from a commonwealth country because of new evidence, the question would arise as to whether they are political prisoners. As I understand it, they were members of the FLQ or of some agency associated with the FLQ. Where are political prisoners defined? What does the term mean? I have great sympathy for the parliamentary secretary who referred to a revolution taking place in a certain country, and that was a good example. Another good example is the United Kingdom where many revolutions have taken place in the history of that country, where fugitives have left the country to escape with their lives to other countries where they could live in safety.

These were political prisoners in all likelihood and I do not believe that in such circumstances they should be handed over to the country from which they escaped. On the other hand, political prisoners might mean people such as those who murdered Laporte and kidnapped Cross. If, under this bill, they are not extradited because they are political prisoners, then I would like to see a definition of that term in this bill rather than an explanation of what that term does not mean, which is a negative approach. It is like taking four away from ten and ending up with six. You say the four points are what the term does not mean and the six points are unknown.

There is a great deal of ambiguity when you are dealing with extradition, and I have had some experience with that. Generally, a trial is held, as set out in this bill. The intent does not have to be proven at the trial, only that the crime was committed by that person. If that is proven, then generally there is an order of the court for the extradition of that person to the country or state which requests the return of the fugitive, and that is where the word "fugitive" comes from.

In addition to that remedy, the Minister of Justice (Mr. Basford) always has discretion under the bill. I am not too sure—perhaps this will be clarified at the committee stage—at what point the court makes the decision and whether the minister exercises his discretion over and above the court decision or whether he exercises it in certain circumstances independently of the court. Those are some of the points that were left unanswered in the short speech made by the parliamentary secretary this evening.

Another provision in the bill which I believe should be considered very carefully is clause 18 on page 11 of the bill, which reads:

> 18(1) The minister may refuse to order the surrender of a fugitive offender where it appears to him that the fugitive offender would be likely to suffer the death penalty for the returnable offence in respect of which his return is requested if
>
> (a) that offence is not punishable by death in Canada;

Let us make that very clear. The last time the abolition bill came before the House, the death penalty for all offences in Canada, such as treason and murder, was abolished. In the case of the United States, individual states have reinstated the death penalty for murder in certain circumstances. Of course, that is not a commonwealth country. If that were to occur in a commonwealth country, there would be what I would call a vacuum problem.

I do not wish to reargue the question of the death penalty, the abolition of capital punishment. That is not my job tonight when considering a bill on extradition. What I want to say is that although Canada is one of the great nations of the Commonwealth, has followed the traditions of the Commonwealth and has taken part in the horrible holocaust of the

second world war—that holocaust which was described to us on television—during which our armed forces have gained the respect of other nations, not only in the Battle of Britain but in the battle for survival in Europe, the battle to regain the freedom and liberty of those people, some of whom are fighting today the democratic institutions we enjoy, I do not think we should be dictating the law of the land to other nations.

Let me give an example. Suppose a fugitive escapes from another nation where capital punishment is the law and comes to Canada, and that nation asks for his extradition. I am not talking now about political prisoners. If we refuse to return him, we will become a haven for similar fugitives.

Let me refer to a study on that subject which has been done by a professor. Unfortunately I left the paper on my desk in my home in Calgary. It deals with Canadian laws relating to this subject. Since the abolition of capital punishment in Canada 87 people have been found guilty of first degree murder and some 100 found guilty of second degree murder. If that situation continues for three or four years, we will have in our prisons 900 people serving 25 years for first degree murder or 21 years for second degree murder. I do not know whether the institutions we have today are sufficiently well equipped to deal with such a large group of people. We have now in British Columbia a man who has committed his third offence but who cannot be sentenced to more than 25 years. I do not know what kind of law enforcement we would need if there were to be as many as 900 of those people confined in our prisons at one time.

What I am saying is that probably we can handle our own problems—or I trust we can, sir—but can we take care of fugitives from other lands who come here because there is no capital punishment here, and thus we become a haven for people found guilty of first degree murder and similar crimes which call for the death penalty? Under this bill, once they come to Canada they will not be extradited. I have not checked that out but I have the word of the parliamentary secretary that this is also the law in Great Britain. Of course, that does not make it right. I say that if the law of another land calls for either life imprisonment or the death penalty, it is the democratic process of that other country which should prevail for its citizens and it is not our function to dictate our law to other commonwealth nations.

Some hon. Members: Hear, hear!

Mr. Woolliams: Having said that, I wish to make the point that we should look at this provision very carefully in committee. I would like to see a witness called who is knowledgeable about the laws regarding this question in Australia, New Zealand, the United Kingdom and other commonwealth nations. I would like to know where they stand on this problem at present. This bill covers all homicide, wounding, maiming and bodily harm, illegal abortion, kidnapping, abduction, false imprisonment, rape, indecent assault, incest and bigamy, procuring, wilful non-support or abandonment of a child or dependent person, robbery, theft, housebreaking, burglary, embezzlement, extortion, fraud, forgery and uttering, perjury, arson, assisting to escape custody, bribery, offences relating to civil disorders and riots, usury, and here is the one which was added, namely, endangering the safety of an aircraft.

Today, most hijacking is carried out internationally, according to the media, generally by political prisoners or in the name of political prisoners escaping. They have attempted to upset things in their own countries, and they want to get out. It is similar to the situation which is ongoing in Italy. They want to trade off the unfortunate former prime minister of Italy, Mr. Moro, for the escape of those people who caused terrorism in that country. So far the Italian government has said no. I do not want to comment on that because it is an international situation. If one was to use the example of a commonwealth country, these fugitives may escape and get on a plane. They could hijack the plane, as well as commit some crimes such as wounding, killing and other things. Are these people to be considered political prisoners? It is for reasons such as this that I would like the term "political prisoners" defined in the act. I am not objecting to what this bill contains. I am indicating that the bill is wrong in what it does not contain. We do not want Canada to become a haven for political prisoners.

● (2032)

I should like to refer to clauses 12(a) and 15(b) of Bill S-8. Clause 15 reads as follows:

> A fugitive offender committed to prison under section 11 shall not be surrendered under this act
>
> (a) in any case, until the expiration of the fifteen days . . .
>
> (b) if the fugitive offender makes an application for leave to appeal or for a writ of *habeas corpus*, until all proceedings on the application and on any appeal arising out of the application have been finally disposed of.

I do not see anything too wrong with that. Habeas corpus is a remedy of special prerogative writs. Actually it came from the United Kingdom. If a person is wrongfully incarcerated in prison because of some basic principle of law, an application is made to a judge to have him released. Habeas corpus application can be made in conjunction with certiorari, where the certiorari is quashing the charge. Then habeas corpus is an order to release the prisoner.

People have the right of appeal, which appeal falls under the jurisdiction of the county courts and the superior courts. If a person loses an application in respect of extradition and is faced with being sent back to a commonwealth country, for example, under the spirit of the act he will have the right of appeal. After 15 days, in the due process of law, he has the right to apply for a writ of habeas corpus. I think that is good protection.

Bill S-8 exempts ambassadors and heads of state to certain degrees. For example, if an English ambassador to Canada went to Australia for a visit and was kidnapped by a Canadian in that country, that Canadian could be extradited because he kidnapped an ambassador. Of course, I will deal with that question more fully at committee level.

I have made my case in reference to the question of capital punishment. We are trying to lay down the law by referring to

the situations in other countries. I thank the parliamentary secretary for his brevity. I have attempted to be as brief in my remarks. Basically extradition is necessary in our relationships with other states within the Commonwealth. When this bill becomes law, I hope some of the matters I have referred to will be explained by the committee. I hope amendments will occur to bring it into line. In closing, we endorse this bill in principle.

Some hon. Members: Hear, hear!

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

Some hon. Members: Question.

Motion agreed to, bill read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Mr. Young: Mr. Speaker, I rise on a point of order. I take it the hon. member for Calgary North (Mr. Woolliams) would like to see this bill go to committee. I was going to ask for the unanimous consent of the House to revert to committee of the whole at this point. My understanding is that this proposal was discussed at one time.

Mr. Hnatyshyn: Mr. Speaker, under the circumstances, the more propitious route would be to refer the matter to committee for it to be dealt with in the usual manner, rather than taking the time of the House by reverting to committee of the whole. We are interested in dealing with whatever legislative program the government has in mind.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we think it would be better to let this bill go to the Standing Committee on Justice and Legal Affairs.

The Acting Speaker (Mr. Turner): Accordingly, the bill has been referred to the Standing Committee on Justice and Legal Affairs.

* * *

CRIMINAL CODE

MEASURE RESPECTING LANGUAGE USED IN COURT TRIALS

Hon. Ron Basford (Minister of Justice) moved that Bill C-42, to amend the Criminal Code, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, Bill C-42 represents a very important legislative step in our criminal justice system, and is an amendment to the Criminal Code. It constitutes fulfilment of a commitment made in the last Speech from the Throne to guarantee language rights of accused persons before our criminal courts. All members will appreciate the significance which such a step bears upon the issue of national unity. It is significant at this particular time, because it is being introduced and moved by a British Columbian.

This bill is directed to official language minorities, be it the French minority outside Quebec in the settlements and communities across Canada, or the English-speaking minority in the province of Quebec. I will go into the details of this bill a litle later, but I should like to take an opportunity at the outset to emphasize that this bill is not forcing French or English down anyone's throat, nor is it forcing French or English down the throats of the nation's court houses. The intent of this bill is to allow people, whose language is either French or English, to testify or tell their own stories in their own language to people who speak the same language.

This means that the most important part of the case for the accused—his side of the story—is told without the encumbrances and difficulties of translation, because the trier of the fact, be it judge or jury, will understand the language of the accused. It does not mean that any French-speaking or English-speaking person can demand a completely French or English trial in any part of Canada. But it does mean we intend by the provisions of this bill, which have been worked out, I think, very sensitively on this issue, to be careful and deliberate in implementing this measure to provide the protection which I think at the present time in our country's development it is essential to provide.

● (2042)

It seems to me that all persons living in a country which recognizes two official languages must have the right to use and be understood in either of those languages when on trial before courts of criminal jurisdiction. I repeat that a trial before a judge or jury who understand the accused's language should be a fundamental right and not a privilege. The right to be heard in a criminal proceeding by a judge or a judge and jury who speak the accused's own official language, even if it is the minority official language in a given province, surely is a right that is a bare minimum in terms of serving the interests of both justice and Canadian unity. It is essentially a question of fairness that is involved.

I should point out at the outset that Ontario has recently taken some administrative measures within its court system and has introduced legislation to provide greater language rights to accused persons in that province. The House will recall that the province of New Brunswick has in fact implemented through its own judicature act, and through the application of the Official Languages Act, a similar system in the province. Apart from special provisions in the Criminal Code relative to Quebec and Manitoba, the practice in the province of Quebec is to conduct trials in either official language.

Bill C-42 would extend what this government considers to be a basic minimum of equal language rights before the criminal courts to all persons in every province and territory. It does not mean, however, that in every part of each province will such a right apply. Clearly some parts of each province will be better able to provide the required resources more quickly than others.

The bill also provides that persons whose language is neither of the two official languages may be tried in the official language in which they are most proficient, whether that language is English or French in the province where the trial is to be held. Naturally, and I want to underline this, Mr. Speaker, this does not, obviously, abrogate the rights that people now have under the Bill of Rights by which an interpreter is guaranteed for persons on trial who speak neither of Canada's official languages.

We have been discussing the provisions contained in this bill with the provinces since last fall, both at the political and at the official levels, and the legislation was reviewed again very recently at a federal-provincial meeting of deputy attorneys general held in Ottawa earlier this month. Not a single province was opposed to the concept embodied in this bill, and each of them, I think, recognized the need at this particular time for us in Canada and in this parliament to legislate in this area.

Indeed, the very positive and encouraging reaction from many of the provinces bodes very well for the future of this country. The attorney general of Nova Scotia has termed the purpose of this bill a laudable objective. The attorney general of Ontario has written to me to state the following:

I welcome the initiatives set out in your letter, which I understand have now been placed before Parliament with the introduction of Bill C-42 on April 4, 1978.

As you will have noted, Mr. Speaker, last week the attorney general of Ontario introduced complementary provincial legislation to bring into effect within Ontario the provisions of this bill when it is passed. Their chief concern, as is to be understood, is that proclamation of the bill not be carried out until they have been closely consulted on the date of implementation. I have given that undertaking in writing to provincial attorneys general, and I repeat that undertaking here this evening.

Proclamation, as is provided for under the bill, will be on a province by province basis. This means that the law will not come into force throughout the country at the same time. I indicated when I introduced the bill that I hoped it could be proclaimed and implemented very quickly in the province of Quebec. I have today received a letter from the minister of justice for Quebec expressing his appreciation for consultation on the measure, expressing his willingness to go forward and expressing, obviously, his desire to be consulted in working out the mechanics of proclamation and implementation.

As I indicated, the province of Ontario has requested this legislation and has introduced complementary provincial legislation. The provisions apply in New Brunswick where there is a system now under the Official Languages Act that embodies much the same thrust and principle of this bill, and I would hope it could also be implemented as quickly as in the province of Manitoba, thereby covering in those four provinces the largest communities of both French and English-speaking minorities.

I recognize that not all provinces can accommodate these changes at the same moment, and some, understandably, for

[Mr. Basford.]

demographic reasons, have greater resources in personnel and other resources for these measures. This bill and its proposal for implementation are as flexible and as sensitive as possible to assist the provinces in putting the legislation into effect.

We have reassured the provinces that the bill does not require entire court proceedings to be held in the official language of the accused since this would obviously cause serious difficulties in some provinces in respect of the need to hire and train prosecutors and other court officials perfectly fluent in the minority official language.

The scheme of the legislation is that the accused person very quickly at his first appearance in court will be advised by the judge that he has the right to be tried in French or English, at his choice, by a judge or judge and jury who speak that language. The judge may, after receiving that election from the accused, in appropriate cases order that the trial be presided over by a judge and jury who speak both official languages, who are bilingual. Where such orders are made it would be possible, if appropriate, to have trials held in a bilingual fashion, subject to the rights of the accused to be assisted by an an interpreter for those parts of the trial conducted in a language other than his own. Prosecutors and court officers would also be assisted by interpreters, if necessary.

The bill provides that courts may order a change of venue within the same province when the trial cannot be conveniently held within a given territorial division. Some provinces have suggested that we allow change of venue between provinces, but I do not feel this would best serve the interests of justice as far as the accused is concerned. It also raises certain jurisdictional problems, by reason of change of venue of an accused's trial from one province to another, that are very difficult to resolve. Thus we have chosen instead, and in keeping with suggestions made by certain other provinces, to provide for regulations to be made by lieutenant governors in council in each province so that if the province so wishes it may allow for these measures to be in force only in some territorial divisions of a particular province.

This recognizes that there are within many provinces settlements or pockets of population using English or French as a minority language. In such areas these measures can be easily introduced. There are, however, many communities or districts in English-speaking parts of Canada where little French is spoken and where the population is very small and, similarly, communities and districts in provinces in French-speaking parts of Canada where little English is spoken. Thus, courts of other territorial divisions not able to proceed in the official language of the accused because of the lack of adequate language capacity may order the trial transferred to one of these designated territorial divisions.

● (2052)

The provinces and the federal government will have to give greater attention in the future, when making appointments to the bench, to the language capabilities of the candidates. The same should apply when hiring some Crown prosecutors and

other court officials. In addition, certain federal-provincial programs for the language training of provincial and municipal officials already exists. I have given provincial attorneys general the assurance that, if need be, consideration will be given to extending these programs in order to better meet the needs of the provinces. As I say, I have undertaken to explore this matter with the provinces.

The question of finding sufficient jurors who speak the minority official language in some provinces has been raised as a potential problem. It is interesting to note that even Newfoundland, which has the smallest Francophone population in Canada, still has some 3,500 Francophones among its half million population. In a usual case it requires at the maximum 100 people to impanel a jury for a trial and therefore even in the smallest province it seems to me possible for the sheriff, bailiff or the appropriate officer to impanel a jury. Prince Edward Island has over 7,000 Francophones and Saskatchewan has over 31,000. We believe that the necessary population exists in each province and territory, keeping in mind the ability to move trials to designated districts, to permit impanelling of the jury speaking the official minority language of that province or territory. Since there is no reason to believe that official minority groups have a higher crime rate than the majority, it is not likely that there will be an inordinately heavy demand for minority language criminal trials which would place unusual strains on the minority population in terms of jury duty.

It is also worth noting that a significant percentage of all criminal trials in Canada are held in the three major centres of Montreal, Toronto and Vancouver, all of which have a substantial Francophone population and an availability of bilingual judges. Therefore, in expressing and outlining the scheme of this legislation in which the accused person may elect to be tried by a judge or judge and jury in the official language of his choice, and by which the judge thereafter may order that the trial be held bilingually, and by which, if appropriate, the venue of the trial can be changed from one judicial district to another, it seems to me, and I seriously submit, that this piece of legislation can be proclaimed and implemented in all of the provinces of Canada in an orderly way so as not to affect the administration of justice. At the same time it provides this essential right that it is important to preserve and protect at this particular time.

There is in each of the provinces, taking into account the option to have a bilingual trial, taking into account the option of moving the trials from one judicial district to another, in my view the ability to establish at least in one judicial district in fairly short order a system of judges and jury selection to allow this bill to be implemented. The population statistics for each province indicate that that is the case. This bill is one of the most important pieces of legislation to come before this House in that it proposes to guarantee to all persons in Canada a minimum of equal linguistic rights before courts of criminal jurisdiction.

There is nothing in this bill to prevent the provinces from going further and providing, for example, for full court proceedings in either official language or for extending language of trial rights to civil proceedings, which are clearly within their jurisdiction. Indeed, some provinces, notably Quebec and New Brunswick, will offer accused persons in their jurisdiction more than is strictly required by this bill once it becomes law. Ontario has also set machinery in motion, as I indicated, to enhance these language provisions. Obviously, not all provinces have the resources to go much beyond what this bill requires of them, but all have expressed the view that this minimum guarantee is one that is essential if Canada is to survive as a country with two official languages.

I have been heartened since this subject was first raised by my informal discussions with judges across the country, all of whom have indicated to me their capacity to establish in each province a bilingual facility for the hearing of such cases. More importantly, each has indicated to me an understanding that this is something that we as a parliament and as a country should do at this particular time.

It has been said that national unity and the preservation of national unity is not the preserve of any particular political party in this House. I would hope that each of us in this House, regardless of which side we sit on, will examine this bill, and the principle and right that it is designed to protect, preserve and enhance. By supporting this bill members are recognizing that this is a measure that we at this particular time should be passing, should be supporting. All members, regardless of where they sit, would be making their particular contribution to national unity by supporting this bill.

Some hon. Members: Hear, hear!

Mr. Woolliams: Mr. Speaker, before the hon. minister leaves I wonder if he would permit a question?

The Acting Speaker (Mr. Turner): Would the hon. minister permit a question of the hon. member for Calgary North?

Mr. Basford: Yes.

Mr. Woolliams: I listened very carefully to the Minister of Justice (Mr. Basford), and I would like to get his position very clear in my mind before I make my opening remarks. My question is: Can he assure the House that the attorneys general of all ten provinces agreed to the bill in question as it is worded at the present time? Is that his position, and does he say they all agreed without any changes to the bill?

Mr. Basford: As I indicated in my speech, Mr. Speaker, there have been consultations going back to last fall, mainly between officials of my department and those of the provincial attorneys general. There was one round of consultations which took place regarding the concept of the idea. At that consultation various aspects, problems and suggestions were raised. There was a further consultation when our proposal had been further developed.

Prior to introduction of the bill and in the course of those consultations, the representatives of each province indicated that they supported this concept and these proposals. Just

before introduction of the bill I wrote to each provincial attorney general and in a long letter—without sending them the precise copy of the bill in order not to breach the parliamentary tradition—outlined to them in quite complete form the proposed measure I was intending to introduce, asking them for their comments and suggestions. I received no suggestions for change. Obviously, if one were to indicate the need for change, I would consider that very carefully.

As I indicated in my speech, I have had communication with a number of attorneys general—the minister of justice of Quebec, the attorney general of Ontario, the attorney general of Nova Scotia—and they have all indicated their support and willingness to work with us in implementing this bill. I am sorry to take so long in answering the question.

● (2102)

Mr. Woolliams: I thought you could have said yes or no.

Mr. Basford: Having read the comments of the attorney general of Manitoba as reported in the press when the bill was introduced, I can only conclude that he misunderstood its purport and thought it had the requirement that there be trials in both languages in every judicial district of Manitoba. That is not the effect of the bill.

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Winnipeg South Centre is rising on a point of order.

Mr. McKenzie: Mr. Speaker, I should also like to ask the minister a number of questions before he leaves, but if the hon. member for Calgary North (Mr. Woolliams) has additional questions I shall wait until he is finished and then put my questions.

Mr. Woolliams: Mr. Speaker, my question was not quite answered by the minister. I have a preamble to this question because we are going to ask for a substantial change to one part of the bill. Have the attorneys general of British Columbia, Alberta, Saskatchewan and the other provinces that he missed said yes or no to the principle of this bill?

Mr. Basford: Mr. Speaker, through official discussions each province has indicated that they support the provisions of this bill.

The Acting Speaker (Mr. Turner): The hon. member for Winnipeg South Centre.

Mr. McKenzie: Mr. Speaker, I should like to ask the minister if he provided additional information on this bill to members of the government. I did not catch all of his remarks tonight and I should like to know if he provided additional information to them. If so, did he discuss the question whether or not the government would consider extending the program as it relates to municipal and provincial public servants?

Mr. Basford: I am not sure I understand the question, Mr. Speaker. As is usual, when I introduced the bill I gave members of my caucus my written description of the bill and its effect. Regarding the latter part of the question, as I said in my speech and indicated in the press release that was attached to the bill when it was introduced, there is a program for the support of language training for provincial and municipal officials. I indicated that I would be ready to discuss an extension or enlargement of that program with the provinces in order to include court officers in language training.

The question was whether the bill would be extended to include provincial and municipal officers. That is not true as it relates to the amendment to the Criminal Code, but I indicated that we were ready to discuss extending the program to include court officers.

Mr. McKenzie: Mr. Speaker, the minister has not answered my question. I should like a direct answer. Did he provide additional information on this bill to government members in a two-page document entitled "Background Information"? I ask him directly if he provided additional information to members of the government that was not provided to members of the opposition.

Mr. Basford: Mr. Speaker, I just answered yes to that. I have not checked the difference between the press release and whatever information I sent to members of my caucus, but if there is a difference the answer is yes, and if there is not a difference the answer is no.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, in certain parts of the country such as in the Atlantic provinces, Quebec and even some parts of Ontario, both official languages are used. Although we support the bill in principle we will ask for substantial amendment to it. The bill basically covers all the crimes set out in the Criminal Code.

The minister has said that the program will be phased in by the federal government. Clause 6(1) of the bill reads, in part, as follows:

> ... shall come into force in any province only on a day fixed in a proclamation ...

That means a proclamation of the federal government alone. When the bill reaches the Standing Committee on Justice and Legal Affairs, I shall ask that this law not be phased in in any province unless it is done by joint proclamation of the federal and provincial governments or with the consent of the province in question. In other words, before this could become law in the province of Quebec, for example, the Quebec government would have to give its consent to a federal proclamation. Before this could become the law of the land it would require enabling legislation or a proclamation of the federal government as called for in clause 6 with the consent—not in consultation with but with the consent—of the provinces.

I contend on behalf of my party and on behalf of my national leader that provincial rights in this matter must be respected.

Some hon. Members: Hear, hear!

Mr. Woolliams: According to section 92(14) of the constitution, the administration of justice falls within the sole jurisdiction of the provinces.

I want to emphasize again that we agree with the bill in principle. There are many areas of Canada in which the two linguistic groups co-exist in great numbers. The provinces will also be concerned about the cost of implementing this program and therefore must have some say in it.

The federal government opposed the province of Quebec on certain aspects of an inquiry into organized crime in that province where various criminals and syndicates were being investigated. This government and this Minister of Justice (Mr. Basford) actually told the government of Quebec that it could not appoint a commission to investigate crime within its own borders!

As a result of that challenge the Supreme Court of Canada heard the appeal of Nicola Di Iorio and Gérard Fontaine and The Warden of the Common Jail of the City of Montreal and Rhéal Brunet, the Attorney General for Canada, the Attorney General for Quebec, the Attorney General for Ontario, the Attorney General for Alberta, the Attorney General for British Columbia and the Attorney General for New Brunswick. It is interesting to read the remarks of Mr. Justice Martland in the Canada Supreme Court Reports, Part 1, 1978 Vol. 1 at page 154 where, referring to the legislation to set up the commission in the province of Quebec, he said:

> The legislation under attack is based solely on the province's jurisdiction in the "Administration of Justice". This is an independent source of provincial power which does not need to rely on some other head of power.

By "head of power" he means the federal government. In light of that judgment we will be asking for an amendment to clause 6 of this bill to ensure that, if it is to become the law of any province, such province has the right to proclaim it jointly with the federal government so that it can be declared the law of the land. That is what the decision says and that is the law. That is what every province has asked for in order to keep a united Canada and to save confederation from being endangered by the federal government running slipshod over provincial rights.

● (2112)

Let me quote from the Canada Supreme Court Reports at page 155 of the same case:

> BEETZ J: . . . But subject to this provision and to the paramountcy of federal law enacted under primary or ancillary federal jurisdiction, the provinces were to remain responsible in principle for the enforcement of criminal law and to retain such power as they had before with respect to the administration of criminal justice.
>
> Section 92(14) of the B.N.A. Act does not distinguish between civil and criminal justice the natural meaning of the expression the administration of justice is broad enough to encompass both.

It is broad enough to mean that this falls under the jurisdiction of the provinces.

Having said that—and I want to repeat it to make sure it is clear that our party agrees in principle with this bill. We say we will buy this legislation if this law comes into force only by joint proclamation of both levels of government or by a proclamation of the federal government, as a matter of procedure, with the consent of the provinces, not some wishy-washy consultation we do not know anything about. That is our position.

Now I come to the rights of the judiciary. This is something which is precious to all of us here in parliament, the highest court of the land. I want to set out something I think we should always keep in mind when we are dealing with the judiciary. What is the function of the judiciary? Everybody must have a fair trial. I might say in passing that in this great land of ours are people from all over the world. I can name many countries which are represented, not only in Toronto but in many parts of western Canada. These are people who speak many languages. Our courts have always been understanding of this. Whether a person speaks Ukrainian, Italian or whatever language, when he appears before the bench for trial, or even in a civil matter, if he does not understand English or French there is always an interpreter supplied to ensure that person gets a fair and equitable trial. That is a procedure I have seen. It certainly takes a long time but justice is never great if it is rushed. There is no justice when it is rushed justice.

What is the function of the judiciary? It enables the guarantee of security to the weak against the strong and to the individual against the community. It presents a shield against the tyranny of power and arrogance and against the irresponsibility and irrationality of popular action, whether of opinion or violence. It enables the voice of sanity to rise above the turbulence of passion; and it is to be preserved inviolate.

But what does the independence of judges imply? That can be nothing short of this: That the minister to whom such an authority is committed shall himself be the first to respect what has been entrusted to him, the administration of the rule of justice under law, including loyalty to its institutions. That sets out what our courts are really all about.

We have separation of powers. We have legislative powers, on the one hand, and we have the judiciary, on the other. Then there is the Crown. There is our separation of power. When the minister speaks of Quebec and Manitoba I would bring to the House's attention something in the Criminal Code which every member should appreciate tonight. This adds weight to the argument which I have presented. Section 555 of the Criminal Code deals with mixed juries in Quebec. For the record, because it is so important, I will read part of that section:

> (1) In those districts in the Province of Quebec in which the sheriff is required by law to return a panel of Petit jurors composed one-half of persons who speak the English language and one-half of persons who speak the French language, he shall in his return specify in separate lists those jurors whom he returns as speaking the French language, and the names of the jurors summoned shall be called alternately from those lists.

What does that mean? For example, say a person is charged with murder. A jury panel is assembled composed of half French and half English jurors. If the accused happens to be French and wishes to be tried in the province of Quebec in French, then a French jury is picked, so there is nothing new. We have that now in the province of Quebec.

The other sections give the right as:

(2) The judge may order the sheriff to summon a sufficient panel of jurors who speak the language of the accused unless, in his discretion, it appears that the ends of justice are better served by empanelling a mixed jury.

In some cases they have that. And that is not only in Quebec; this law of the land is in the Code. If one looks at this bill these sections are repealed and they are rewritten pretty well in the same language. I do not want to leave any misunderstanding tonight that the Minister of Justice is doing something new for the province of Quebec.

Now I will deal with the province of Manitoba. Section 556 says:

(1) Where an accused is arraigned before the Court of Queen's Bench for Manitoba demands a jury composed at least half of persons who speak the language of the accused, if that language is either English or French, he shall be tried by a jury composed at least of one-half of the persons whose names stand first in succession upon the general panel and who, not being lawfully challenged, are found, in the judgment of the court, to speak the language of the accused.

In other words, in the province of Quebec and in the province of Manitoba this law has been in effect and has worked well. I have never received or heard any complaints from anyone in those provinces as far as the judiciary is concerned—

Mr. Basford: Mr. Speaker, I wonder if the hon. member would accept a question?

Mr. Woolliams: Would the hon. minister mind asking me the question at the end of my speech because I want to keep my thoughts together.

What offences does this bill include? We now turn to Section 462.1, which is the introduction section. It says:

On application by an accused whose language is one of the official languages of Canada, made not later than (*a*) the time of the appearance of the accused at which his trial date is set, if he is accused of an offence . . .

What offences does this cover? It deals with treason, breaching the peace, intimidating parliament, mutiny, sedition, murder and bribery. In addition to that it deals with all offences under which a provincial judge has absolute jurisdiction, like summary convictions and some indictable offences. It deals with all offences where the accused may be tried by a provincial judge with the accused's consent. It deals with all offences in which the high court has absolute jurisdiction with or without a jury. That is under the Code.

We agree, providing the provinces consent or have a joint proclamation, that a person should be tried in one or the other official language, similar to the provision in sections 555 and 556 of the Criminal Code. We agree providing the provinces consent or have a joint proclamation. A person should be tried in one or the other official language similar to section 5(55) or 5(56) of the Criminal Code. I have asked the question, what does the Code say today? I have recited what it states in Quebec and Manitoba. We have mixed juries in both Quebec and Manitoba. These are some of the things we must think about when the bill gets to the committee level.

[Mr. Woolliams.]

● (2122)

Let us not create an expectancy for Canadians that we cannot fulfil. I know something about the make-up of this country. I know what goes on in Vancouver, Victoria, Edmonton, Calgary, Winnipeg, Toronto and other major cities in Ontario, Quebec and the Atlantic provinces. Let us not create an expectancy for Canadians we cannot fulfil. The minister was fair in that regard in his speech. I will deal with Calgary. I know more about it because I live there. If you want to have a trial in the French language, unless you can find a venue like St. Paul, you will not get a fair trial. There are not enough people who speak the language fluently.

The practice of law and the judiciary is very sophisticated. In order for a person to make a proper defence, there must be proper communication. The judge can in his discretion change the venue. The big thing in the bill is that there is nothing about the cost. Will the federal government underwrite these costs, particularly in such places as the Atlantic provinces and the western provinces of Saskatchewan, Alberta and British Columbia?

I can understand the situation in Ontario because it is part of central Canada. The two provinces of upper and lower Canada are side by side. There is greater communication and immigration from one to the other, if you can call provincial exchange of citizens that. Therefore, you have a greater population of both races and the problem is different. In some areas, it may be very difficult.

What about the practical approach? If you are to have a fair trial, the clerk, registrar, court reporters, judge and jury must speak that official language. If you are to phase this in by federal proclamation without the provinces having a say in it, you are thrusting the problem on the provinces, creating some aggravation and some irritation by these added costs. That is why provincial rights must not be run slipshod over.

Our constitution, the law of this land sets out that the administration of justice falls under the jurisdiction of the provinces. Criminal law falls under the jurisdiction of the federal government. Section 92(14) reads:

The administration of justice in the province, including the constitution, maintenance, and organization of provincial courts, both of civil and criminal jurisdiction, and including procedure in civil matters in those courts.

One then asks, is this bill constitutional? The Supreme Court of Canada has said that the administration of justice falls under provincial jurisdiction. The administration of justice is one of those provincial rights that a province has and each should have the right to proclaim this legislation. If they so wish, before the law is enacted it may be done jointly with the federal government and the provincial governments. Is that too much to ask when it is within the provinces' jurisdiction? I do not think so.

That is why we say we agree with the spirit of the bill, but that we will ask, urge, seek and press for that amendment at the committee level. We shall insist on an amendment to this bill after the words:

—shall come into force in any Province only on a day fixed in a Proclamation declaring that the—

It then deals with various sections of the Code, different laws under different parts of the Code. That should be amended to "fixing a proclamation by the federal government and by the provincial government" or "a proclamation by the federal government with the consent of the provinces". In that way, you would keep a happy family together. You would get full co-operation in legislation rather than thrusting it on people as policy, as was done with some other matters that came before this House for expensive programs. The provinces could ill afford them and the federal government did nothing with regard to their financing.

In other words, this amendment would mean that this act creating language rights in the courts and which falls under administration of justice, a provincial right, shall not be thrust on the provinces without their enabling legislation declaring the same, or without obtaining each province's consent before this language bill becomes the law in any province. Surely that is fair. In other words, before any province adopts this law, they must agree and consent to the same.

The minister said he had the consent of the provinces through consultations. However, they may want some time to arrange their affairs. Ontario became a province long before confederation in the west in 1905. Therefore, it has had more time. They have more French Canadians, more people speaking both official languages. It is therefore possible to change the venue from Toronto to northern Ontario with bilingual judges or bilingual or French-speaking staff. It will work. In fact, it must work if we are going to have confederation. However, to thrust it on a province without preparation or consulting them is very dangerous and unconstitutional.

I hope that when I resume my seat I will have made a case. I have said we agree in principle. I hope I have made a case for confederation and a case for provincial rights. I hope the Minister of Justice will not say no just because the bill happens to have been drafted in that way. With regard to the pornography bill, he said he would not change the definition. However, when I read the new bill, I saw it was the one we recommended. That is commendable. I commend the Minister of Justice for his flexibility in that regard.

Some hon. Members: Hear, hear!

Mr. Woolliams: Some provinces may agree, some provinces may not, but each province should have the right to make its choice. It is their jurisdiction.

We shall insist on this amendment. We will press hard for it. This bill is really an invasion of provincial rights because the administration of justice falls under the jurisdiction of the provinces. There must be legal consultation between the federal government and all the provincial governments which have to plan what will take place when this amendment is accepted.

Extra costs of the administration of justice must be borne by the federal government. Surely that is fair because it is common to all Canadians. Our constitution divides those things common to all Canadians as being under federal jurisdiction and those that are local as being under provincial jurisdiction.

We will approve this legislation very quickly if the amendment is accepted. It can only be made at the committee stage, unless it is at report stage. However, once it gets to that stage it is buried—voted on and forgotten. We would move the amendment now if the rules of parliament would permit that. The rules do not permit an amendment at second reading but only at the committee and report stages. I want to repeat that our amendment will say that the bill shall come into force in any province only on a day fixed in a federal and provincial proclamation declaring the sub-paragraph to be in force in that province, and for greater certainty it will go on to describe what particular sections of the code we are talking about. If it would make for more comfortable language and drafting, it could be done in consultation.

• (2132)

When we are dealing with matters affecting confederation it is a good time to say that the Prime Minister (Mr. Trudeau) has too long played ducks and drakes with the constitution, and above all, provincial rights. He confronts and thrusts laws illegally on provinces and then wonders why there is trouble in the land. He likes that. He is a man who sets himself up as king to solve all the problems he creates. He is like the fellow who threw a pail of dust, cleaned it up with a vacuum cleaner and said "Look at what a good job I have done".

Mrs. Campagnolo: You support it all in principle.

Mr. Nystrom: What is that?

Mrs. Campagnolo: I said he supports it all in principle.

Mr. Woolliams: Mr. Speaker, I am glad I was interrupted. What about the sales tax? The Prime Minister said, when questioned by our leaders and others, that there had been consultation. He tried to leave the impression that there was consent. Then we found out that three provinces had not consented at all. Finally, agreements had to be made with two, and there is still no agreement with Quebec. That is not consultation. The Prime Minister said there was negotiation. This is his negotiation: "This is my position, I won't move an inch, and if you don't come to the trough to drink, you don't get any water".

My party is the party of confederation. We want it to work, and it will work. The provision of trial services in both French and English throughout Canada will not be made without problems. Some will see this as essentially a duplication, and a needless one, of services. In parts of this country where little French is spoken these amendments are likely to result, as the Minister of Justice said, in some criticism. It is therefore important that a federal administration intending to implement trial services in French and English be aware of local, regional and provincial concerns. That is why we must have a joint proclamation of this legislation.

No one can pretend that trial services in French and English throughout the country will come cheaply. This is not a matter

to be dealt with lightly either, in view of the government's penchant for making greater demands on the private sector to provide resources for more and improved public services and goods. Spokesmen in this party have stated on many occasions the necessity of slowing the growth of government expenditures. We are on record as favouring a permanent tax cut. We have talked about that. The government talks about restraint, but if it is going to thrust legislation on the provinces by its own unilateral proclamation, it should be ready to pay the shot.

It is within this framework that these amendments, which will be approved by this House, must go forward and be implemented in the most efficient and reasonable manner possible. This will require a great deal of consultation with all provincial governments.

I come back to the first point I made. In New Brunswick the right of litigants to elect trials in French or English dates back ten years. It is nothing new. Approximately 37 per cent of the population of that province speaks French as a first language.

Mr. Gauthier (Ottawa-Vanier): It dates back six years.

Mr. Woolliams: If the hon. member is from New Brunswick, I accept his correction and thank him very much. I said ten years. That figure was given to me by my researchers, and I accepted it. I thank the hon. member very much for that interruption. New Brunswick is now completely bilingual in providing services, including services in the court system.

The official languages act of New Brunswick provides the right to witnesses to testify in the official language—French or English—of their choice. And, subject to the discretion of the trial judge, who must satisfy himself as to the interests of justice, litigants have the right to elect the language of their trial. Because this act is provincial legislation, it applies only to prosecutions under provincial and municipal legislation and in civil matters. Of course, the administration of justice regarding court procedures under the Code comes under the provinces, and that is why we need a joint proclamation.

Trial services in French and English cannot be implemented overnight. In New Brunswick approximately 40 per cent of that province's courtroom staff, including judges, are bilingual. Implementation of recent measures in New Brunswick has been greatly aided by the fact that trials at the magistrate or provincial court level have taken place in French for at least one hundred years in some parts of the province where French is the predominant language. In recent years some expense has been involved in having available courtroom staff which is French-speaking to deal with cases in English-speaking areas of the province. So it works two ways.

In cases where preliminary hearings or jury trials are necessary a change of venue adds to the expense of holding trials. New Brunswick and Ontario have committed funds for trial services in French and English. However, other provinces are of the opinion that federal financial assistance is needed to help in training courtroom staff, in providing the necessary facilities and in defraying the actual expense of holding a trial in the "other" official language.

[Mr. Woolliams.]

Here is one example of how onerous a burden this could become: In Newfoundland, the predominant French-speaking area is in Labrador. These amendments allow for a change of venue, so presumably somebody charged with an offence in St. John's who wished to have his trial conducted in French would have to have his trial shifted to Labrador. That would certainly cost money.

Leadership in bringing a bilingual capacity to Canadian courts has been taken by two provinces, New Brunswick and Ontario, which provide trials in both official languages. It is reasonable and to be expected that these two provinces should be leaders in the provision of trials in both official languages. New Brunswick and Ontario are the two provinces with the largest French-speaking populations outside the province of Quebec.

Ontario's efforts at providing trials in both official languages dates back to 1975. The present attorney general of Ontario, Mr. Roy McMurtry, committed his government to the development of French language services in the courts that year. In 1976 the province began a pilot project in Sudbury in the provincial court, the court which deals with 99 per cent of criminal and quasi-criminal cases. Last year the province extended French language services to the judicial district of Ottawa-Carleton, to the united counties of Prescott and Russell and to five communities in northern Ontario: Cochrane, Kapuskasing, Hearst, Hornepayne and Smooth Rock Falls.

With the expansion last year, French language services are now available in 66 per cent of Ontario. What Ontario has done can be done in the remainder of the provinces if the proper procedure is followed.

Ontario's commitment to French language services in the courts has not stopped at this point. Last fall this service was expanded to include the family division of the provincial court in Sudbury. I am told that Mr. McMurtry hopes to be in a position in the next few weeks to announce further expansions of this service to family division courts in other parts of the province.

On April 28 Mr. McMurtry introduced into the Ontario legislature amendments to the province's judicature act and to the juries act in accordance with the constitution. To quote the Ontario attorney general, the amendments "will lay the foundation for the further development and expansion of French language services in Ontario courts". These latest amendments will provide for the official designation of courts and of counties and districts in which French-speaking litigants may elect to testify in their own language. They provide that evidence in these cases will be received and understood by the court without the intervention of an interpreter. These amendments authorize the sheriff in any district with French language service to prepare two jury roles. This party approves and supports the objective of this legislation.

These amendments to the Criminal Code would give accused persons in Canada the right to have testimony at their trials heard in their own official language, either French or English. For persons who speak other languages it would be necessary to have interpreters. This party is committed to

guaranteeing language rights of accused before courts where it is practical and where the provinces want it.

● (2142)

I have spoken at some length, Mr. Speaker, so let me say in conclusion that I sincerely hope the Minister of Justice will accept our amendment. As I have said, under the constitution the administration of justice falls under provincial jurisdiction so that both levels of government should proclaim that act with each other's consent.

I appreciate the attention which members of the House have given me tonight on this very difficult legal and sensitive matter. I trust that in my work as a member of the Standing Committee on Justice and Legal Affairs I will continue to receive the co-operation of hon. members opposite, as I have in the past, and that they will be as fair as they have been when we on this side have proposed amendments.

Mr. Basford: Mr. Speaker, before the hon. member resumes his seat—he asked me to put my question at the end of his remarks—I wonder if he would entertain a question.

Mr. Woolliams: Certainly, go ahead.

Mr. Basford: Without commenting on the substance of the policy of the hon. member's amendment, he dwelt at some length on the question of the constitution and the administration of justice and I wonder whether therein he had taken into account the case of Jones and the Attorney General of New Brunswick, in which the Supreme Court held that the power to legislate language in criminal cases was necessarily incidental to the federal power under section 91.27 of the criminal law, including procedures in criminal matters.

The second part of my question regards the fact that the hon. member dealt at some length with the provisions in the Criminal Code relating to Quebec and Manitoba which provide for mixed juries. So far as I can discover—and perhaps the hon. member can add to my information—the last mixed jury in Quebec was in the Coffin murder trial of some years ago, and as far as my counsel from Manitoba can determine, they have never been used in Manitoba, certainly not in recent times.

Mr. Woolliams: Mr. Speaker, I will answer the last question first. Sections of the law are there to be used. That was part of the meat of my speech tonight. The law must be practical. It does not mean that a mixture is used. There is a difference between a jury roll and an impanelled jury. If there is a roll of 50 per cent English-speaking and 50 per cent French-speaking members of the jury, it is left to the discretion of the court. So that if the accused says that his language is English, he can have an English jury; but if his language is French, he gets a French jury. It is not good having a mixture of 50-50 because then 50 per cent of the jury would not understand what is going on, and that would be grounds for a new trial.

With reference to the matter relating to the Supreme Court of Canada, I have stated where the last statement was made. I have not read it so I cannot answer the particular case quoted by the Minister of Justice. I can only refer to Abraham Lincoln. One morning he pleaded a case on one side and in the afternoon he pleaded another case on the opposite side. The judge said to him: "This afternoon you say one thing, but this morning you said the opposite." "Well", said Lincoln, "this morning I only thought I was right; this afternoon I know I am right"!

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I want to just say a few words in the second reading debate of the bill that is before us to indicate that we support the bill and the principle of the bill. I think it is the type of bill we need in this country; it is going in the right direction. Perhaps there will be need for some minor housekeeping amendments which I will support at the committee or at the report stage.

I took the minister at his word when he said that he had consulted the provinces and the provinces had indicated their initial support for the principle of the bill. I also took him at his word when he said that in the implementation of the bill the provinces will have a great deal of flexibility, in terms of their own timetables, in such provinces as Quebec, Ontario and New Brunswick where the bill will be of much greater use than it would be in British Columbia, Saskatchewan or Newfoundland. For these reasons I would like to indicate that we agree with the bill and we are glad to see the provinces agreeing to it in principle.

Another point which I think is very important—and the minister mentioned it in his communiqué—is that under the Bill of Rights of our country people of other language groups in Canada will have the right to an interpreter before the courts. I know that this type of provision is very important in a riding such as mine where there is a large number of Ukrainian, German and Polish-speaking people, even the odd Scandinavian such as myself, or our Indian people. That right is guaranteed under our Bill of Rights and was reiterated by the Minister of Justice (Mr. Basford) as an important right.

May I remind hon. members that in ridings like mine people of other origins make very little use of the courts because they are most law abiding citizens, as we all know, but that right is there for them if they cannot speak the English language, and they can always have an interpreter available to them in court. That is a basic right which we must defend in this country, whether it applies to Italians in Toronto or Ukrainians in Saskatchewan. It must be there for those people so they can testify in their own language before the courts.

Under the bill before us people will be allowed to testify in their own language and to be judged in one of the official languages as well as have a jury which understands either English or French. It is one of the basic rights which must be provided in the country from coast to coast if we want Canada to stay together. There must be an understanding of both language groups, an understanding by Quebec of its English minority and an understanding by English Canada of the French minority. As the hon. member for Saint-Denis (Mr. Prud'homme) says, this exists already, and since that good will does exist, it should be put into the law of the land. We should

provide bilingual services in the courts, just as we do nationally for the public service.

As I said earlier, some of the provinces will be implementing the legislation sooner than others, and those will be the provinces that have a much larger minority language group than others.

[*Translation*]

I have here, Mr. Speaker, a news release put out by the Minister of Justice (Mr. Basford) and the statistics for 1977 on the number of Canadians who speak the language of the minority in each Canadian province. In the province of Newfoundland, for instance, only 0.7 per cent of the people speak French. In Prince Edward Island, 6.6 per cent or 7,365 persons speak French. In the province of New Brunswick, almost 40,000 persons speak French, or 5 per cent of the total population. On the other hand, in that province and especially in the riding of Yarmouth, many people speak French. New Brunswick is a truly bilingual province where the two languages "work" harmoniously together. There are more than 200,000 French-speaking people there, that is 34 per cent of the population.

In the province of Quebec, 13 per cent of the population or 800,000 people speak the minority language, which is English.

In Ontario, 6.3 per cent of the population or 500,000 people speak the minority language, which is French.

In Manitoba, the neighbouring province of Saskatchewan, 10 per cent of the population or 60,500 people speak French.

In my province, Saskatchewan, 3.4 per cent of the population or 31,000 people speak French as their mother tongue. They live in southern Saskatchewan, in the town of Gravelbourg, and in the other nearby villages.

In Alberta, 3 per cent of the population or 46,000 people speak French.

In British Columbia, 1.7 per cent or 38,000 people speak French. But in that province, most French-speaking people live in Vancouver. In that city alone there are nearly 30,000 people who are French-speaking. It would therefore be easy in the area around the city to find a French speaking jury.

• (2152)

[*English*]

As I said earlier, when one looks at the statistics one will find provinces where bilingual courts are being implemented very quickly. The need is obviously present in the provinces of Ontario, Quebec and New Brunswick. A large number of people in those provinces speak the minority language, be it English in Quebec or French in the other two provinces. It is not quite as important to have bilingual courts in the remaining provinces, but those provinces have given approval in principle. They are interested in implementing bilingual courts, particularly for some of the regions where there are large Francophone populations. I am thinking of, for example, parts of Manitoba, Nova Scotia and Saskatchewan.

It is important to proceed with this bill. It is one gesture toward keeping this country together. Not just bills similar to this one will keep Canada together. When we talk about national unity and having an understanding between all peoples of our country, we should realize we must resolve the economic problems of Canada. As long as there are more than one million people unemployed, there will not be a positive feeling about unity and staying together. If some of those basic economic problems cannot be resolved, it does not matter how many bills are passed by the House.

There are too many inequities in this country. Too many things in the prairies are unequal and should be resolved, such as freight rates, and there should be an increase in the manufacturing of basic goods and materials. There is too much unemployment in the province of Quebec. There are not enough opportunities for development in the Atlantic provinces. Too many things are discriminated against in the north. Hand in hand with language reform, which is ongoing in the right direction, we must have economic reform so that all Canadians will truly feel they are a part of this great country, which is to their benefit as well as to the benefit of their children and grandchildren in the future.

[*Translation*]

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, I want to say a few words about this bill before it is referred to committee for consideration and probably amendment, as I heard it tonight. The purpose of this bill is to allow an accused to defend himself before the court in his mother tongue, to have a judge who understands him, to have a jury in his mother tongue. We in Quebec have been doing this for a long time. For 110 years we have been setting the example for all other provinces, and for that reason we are happy tonight to be discussing Bill C-42 which, according to what the minister said, seems to be accepted in principle by all provincial governments. And the minister did say "in principle". For 110 years in principle the other provinces should have protected French minorities and in principle they still hope to have French-speaking courts in their provinces. From what I heard tonight I think that practice will still be long in coming.

When you cannot be accepted as a Canadian in certain provinces because you do not speak English, I tell you it hurts, Mr. Speaker, it really hurts. It makes one wonder what Anglophones have in their minds or in their hearts not to understand that Canada is made up as two peoples. When you go to British Columbia, Saskatchewan, Alberta, you are likely to be called names every day because you speak French.

The members in this House, and I know they are serious and aware of this, should be taking a stand in their provinces with their fellow citizens, as is being done in the province of Quebec. I am proud of the province of Quebec when my fellow citizens respect Anglophones as we like to be respected when we go in English-speaking provinces, Mr. Speaker. I do not

know if we are going to speak clearly enough to be understood by Anglophones—even in this House there are English-speaking bigots, and there are bigots in the province of Quebec, and there are even some in this House.

Some hon. Members: Ah, ah!

Mr. Gauthier (Roberval): There are English-speaking bigots even in this House. I heard them. They will have to change. They will have to think that the issue of the Plains of Abraham is a thing of the past. We are living in today's generation. We want to live together, Mr. Speaker, and you need to have respect to live in perfect harmony. I do not believe in a planned Canadian unity, Mr. Speaker, but I do believe in Canadian harmony through understanding between intelligent people, and I hope that this bill will not remain a principle but will be implemented as was done for 110 years in Quebec to teach Anglophones a lesson, a lesson that they still do not seem to have understood.

Mr. Speaker, I am proud to support the bill and I do hope to have a few minutes more, I do hope the bill will be passed and will have its anticipated effects not only in Quebec, but also in Ontario and New Brunswick. We are already making selections among the provinces. We should stop selecting and begin speaking of Canada.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

FISHERIES—IRISH MOSS FISHERY IN MARITIMES

Mr. David MacDonald (Egmont): Mr. Speaker, last Wednesday in the House I raised a question of importance to the fishermen of the maritime provinces, particularly those engaged in the Irish moss industry. For many hon. members the Irish moss industry is relatively unheard of. The Minister of Fisheries and the Environment (Mr. LeBlanc) can well identify with this important fishery because it occupies an important part of the activities of fishermen in his area, in the western part of Prince Edward Island and parts of Nova Scotia.

Last Wednesday I raised the special plight of these fishermen. In the last two or three years they have suffered a serious setback in the pricing and marketing of their product, as well as in the amount of Irish moss actually available for harvest. I mentioned to the minister a communication I received and know was sent to him, as well as to the provincial minister of fisheries, on March 16, 1978. It was addressed to him on

behalf of the Prince County Fishermen's Association and it reads as follows:

● (2202)

Dear Mr. LeBlanc:

Last year the P.E.I. Irish moss harvesters requested aid of your department in the form of deficiency payments and market research. The aid was requested due to a decline in landings from 1975 and similar prices; these payments were made and we thank you and your department.

1977 has been not a good year either as far as landings are concerned, they were close to the 1976 figures.

They were below the 1976 figures, if I understand it correctly. The letter continues:

The price paid to the harvesters increased only slightly and the complete picture did not appear any healthier.

Due to the above factors the Prince County Fishermen's Association requests an extension of these deficiency payments for the 1977 years landings. We however, request that payments be given only to licenced harvesters.

Since then I have met with the president, Tilmon Arsenault, to clarify their specific request because he is well aware that it has only been in the last year we have had a definite body of regulations, which were announced by the minister in fact on January 17 last, that would allow us to identify specifically those who were licensed fishermen for the purpose of the Irish moss fisheries.

At the time the minister made his announcement of last January, in addition to the $375,000 covering Irish moss fishermen in all three maritime provinces he also mentioned the fact that he was instituting and I quote from his press release—an "active market exploration and development program to help stabilize the demand for Irish moss products".

In addition to the specific request received about a month and a half ago from the Prince County Fishermen's Association, there was an inquiry as to what actual steps had been taken to develop more firm, stable and attractive markets for Irish moss fishermen. It would seem to me that to date we have had no answer. The minister did assure me in his reply that he would check immediately with the officials of the fisheries price support board. Just this afternoon I received an acknowledgement from the minister's executive assistant that some inquiry was proceeding but, as members of this House are well aware, these fishermen have suffered this serious hardship over a series of some months and urgently require an answer in order to alleviate at least some of their obvious hardship.

In addition, I also asked the Minister of Consumer and Corporate Affairs (Mr. Allmand) to see if there was any firm basis in fact to the accusations that have been levied in a recent report published by the social action commission of the diocese of Charlottetown in a report entitled "Global Village? Global Pillage Irish Moss from P.E.I. in the World Market". In that report there is the suggestion that there has been some form of collusion on the part of the three multinational companies which basically dominate the Irish moss purchases in Prince Edward Island and, indeed, throughout the Atlantic provinces.

I also asked the minister to determine whether there has been any fixing of buying practices in a way that would drive the newly formed Irish moss harvesters co-operative and the Prince Edward Island marine plants co-operative out of business. These were serious charges, as I mentioned to the minister. After that question asked in the House I gave the Minister a copy of the report directly by hand in order that he or his officials could determine whether there was any substance to these charges. So far I have not had any answer back from the minister in respect of that suggestion.

In addition, there is growing concern, which is again mentioned in this particular report, that much of the federal money being spent through the Department of Industry, Trade and Commerce and the National Research Council is going into research and development funding of commercial seaweed extraction, and that is to the benefit of these foreign companies, with little or no guarantee that the benefits will also accrue to Canadians, either in terms of the fishermen who are directly involved with the harvesting of this product, or those who might be involved in a secondary way.

This recent report produced for the social action commission of Prince Edward Island is a significant document. One does not have to agree with all the recommendations or information in it, but this is the first attempt I know of to go beyond merely a technological examination of one aspect of the industry to recognize that there is a serious problem in respect of effective Canadian control on the part of the producers, in order to achieve maximum benefit for those who are directly involved in the industry.

● (2207)

I would recommend that the minister look at the six recommendations and, in particular, the final conclusion, which states:

> There is evidence that the multinationals involved in the Irish moss industry have tried to control the resource through (a) buying practices, (b) control of information, (c) aquacultural research.

These are important comments, if not charges, and ones that I think need to be dealt with by the responsible departments involved. That is why I have circulated three copies of this report and will provide others to relevant ministers if there is a need to do so. I look forward to a response from the parliamentary secretary in order to provide some assurance and information to the fishermen directly concerned.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, the hon. member dealt with two areas, one under consumer affairs and one under fisheries. I do not know if in the three minutes I will be able to deal with both; however I will reply in writing to the one on consumer affairs.

Last winter the Gulf of St. Lawrence marine plant advisory committee was established, made up of Irish moss harvesters, processors and representatives of provincial and federal departments of fisheries. The main terms of reference of the committee are to advise the government on policies and programs to optimize the marine plant resource; to promote better management of the marine plant industry; to improve communications between harvesters, buyers and government agencies; and to encourage input into management policies from harvesters, buyers and interested citizens.

An investigation of the market situation was begun immediately following the announcement in January 1977 of the federal government's program to assist the Irish moss industry. It is clearly apparent that the marketing problems encountered by the primary producers of Irish moss stem from the market structure of the industry, including the international availability of seaweeds which compete with Irish moss.

In the maritimes, as in other countries, there are a large number of producer/sellers of Irish moss. On the other hand, there are very few buyers. This situation in itself ensures that Canadian producers of Irish moss are price takers, with no control over the market price for their product.

The hydro-colloids industry, which is the primary user of Irish moss, purchases its raw material on a global scale. While other competing seaweeds are only partial substitutes for Irish moss in certain uses, this factor is very largely offset by their ready availability and much cheaper price structure.

The existence of a very competitive market for the end products of seaweeds ensures that buyers of Irish moss give as much weight as possible to price when deciding to purchase one type or source of seaweed rather than another. In the absence of technical barriers to the substitution of competing seaweeds for Irish moss, the size of the market over the long term will continue to be directly related to the relative price level of Irish moss. Over the past year, potential markets have been investigated by both the federal and provincial governments. No new long term markets have been located.

In view of the international market for Irish moss, the scope for government intervention in the market development and stabilization is necessarily extremely limited. Currently under consideration is the possibility of providing Canadian producers with statistical and market information, including the prices of competing products. Such information would enable producers to make more informed decisions concerning the marketing of their products. The availability of accurate and timely market information will enable producers to take action to mitigate the volatile nature of the market for Irish moss.

In 1976, the average price paid to Irish moss harvesters in the maritimes was 3.5 cents per pound, compared to 4.1 cents per pound in 1977. In Prince county, Prince Edward Island, the price for Irish moss in 1977 went from 4.5 cents to 4.9 cents per pound. I am told, Mr. Speaker, that harvesters are currently negotiating prices for the 1978 harvest.

With respect to the request for assistance on the 1977 harvest—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the parliamentary secretary that his allotted time has expired.

● (2212)

FISHERIES—BRITISH COLUMBIA—SEASONAL EMPLOYMENT FOR NATIONALS OF OTHER COUNTRIES

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, on April 10 I put the following question to the Minister of Fisheries and the Environment:

Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment or his parliamentary secretary. Is he aware of the fact that the bonanza in the herring roe fishing industry in British Columbia is attracting some seasonal employment, and that Japanese nationals have been hired as technicians for that industry who are really not technicians but are out in the fishing grounds working along with the other fishermen and are taking jobs away from Canadians?

The minister was not in the House so his parliamentary secretary, the hon. member for Comox-Alberni (Mr. Anderson), made the following reply:

I am not aware of any Japanese nationals who are fishing with the herring boats off British Columbia.

On April 28 in *The Columbian*, a British Columbia newspaper, an article appeared under the heading "Jobs taken by Japanese: Union." It reads in part:

Jack McKinstrey, Pacific region immigration director, said Thursday that most of the investigation is complete and no evidence has been found of serious infractions of work permits issued to the Japanese.

I do not know if there was any connection between the question I asked and the fact that an investigation was going on. Perhaps the investigation was already in progress but it strikes me that any Japanese nationals working in the fishing grounds would soon become aware of immigration investigators in the area. An interesting thing about that investigation is that the union did not know it was going on until it was almost complete.

It seems to me that the people most likely to be aware of infractions committed by foreign nationals would be those people who work alongside them. Surely the fishermen would be in the best position to know whether infractions are committed by nationals from Japan.

The policy of bringing nationals from Japan to work as technicians in the roe industry began in 1971 when the department of immigration granted working visas. That was understandable at the time because this was a new industry and Canadians were not yet qualified to perform the inspections and grading which are so sensitive. Today, however, over 400 working permits have been issued to Japanese nationals to work in the roe industry. Of these, 240 are in the hands of people known to be working in the British Columbia fishing industry, 100 working in Prince Rupert alone.

The understanding in 1971 was that if permits were granted to Japanese nationals they would train Canadians to do this work. To date, however, not one Canadian has been trained. Certainly the Japanese nationals have the expertise but I should like to know what the department has been doing about the commitment to train Canadians for this work.

I have learned that some Japanese nationals have been in Canada for as long as 11½ months. As people in British Columbia know, the herring roe industry only lasts about five weeks so why are the Japanese allowed to stay for periods up to 11 months? I hear that they are building fish boxes and salting roe, jobs that could be done by Canadians. The government gives the excuse that as long as they are here they may as well be working and also that they can find no evidence of this. These Japanese nationals are being paid in funds from Japan, not in Canadian funds.

The newspaper report I referred to earlier, as well as reports from the union, indicate that photographs exist showing Canadian technicians working on the production line. Tonight I spoke to someone in the union who told me that they had irrefutable evidence that Japanese nationals are doing jobs in the industry which was not intended when the work permits were granted.

The organizer in the union at Prince Rupert is asking for a full investigation of this matter. When this is complete the union will then produce its evidence. They can hardly do that at the present time in light of the kind of prejudiced investigation which is proceeding but they have evidence to prove that the practice is going on.

It is interesting to note that Mr. McKinstrey admitted that the union spokesmen were correct in saying that there was a commitment on the part of immigration authorities to do that job. Yet that commitment has not been fulfilled. The fact is that we export products in lumber and other kinds of primary products, and we do the inspection and the grading in Canada. Why is it that we cannot train Canadians to do the inspection and the grading in the herring roe industry?

● (2217)

I have one final comment and I know that the parliamentary secretary is not prepared to comment on this because it is an addendum to my question. There is also a report that one of the Canadian-Japanese companies in Richmond has been what we might call strong-armed by a Japanese national company moving in and muscling its way into the Canadian-Japanese company and taking it over through a large Japanese conglomerate called Sumitomo. It has now made the Canadian national—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, the original question put forth by the hon. member for Surrey-White Rock (Mr. Friesen) indicated that Japanese technicians were working along with Canadian fishermen in the fishing grounds. The Japanese nationals to which the hon. member refers are not on fishing boats or packers but are engaged in the processing plants as advisers on roe grading and quality standards.

Since Japan is the sole buyer of B.C. herring roe, and since there is keen competition among the Japanese companies that are purchasing the roe, the individual buyers have requested permission, which had been granted, to place observers in the various processing plants from which they are buying roe. It is

conceivable if one processor is supplying five different Japanese customers that there could be observers from five different customers present in one plant. With 34 buyers competing for herring roe in B.C. in 1978, this can create a situation where many such advisers and observers would be required to look after the interests of the various Japanese purchasers. In fact, in 1978, 486 special visas have been issued for such observers for the herring roe and salmon roe processing operations. However, we conducted a survey of the number of Japanese nationals in each of the processing plants in B.C. We found that there are less than half that number actually present, so it is obvious that not all of the visas issued have been used.

The Department of Employment and Immigration, under the terms of the Immigration Act, has authority to issue special visas to permit entry for these people and has done so for the past six years. In the early 1970's when we first entered this market, Japanese technicians did accompany the herring seiners to advise the captains when the roe had reached the stage of maturity suitable for the Japanese market so the fishing operation could proceed. However, this function has now been taken over by the Canadian fishermen and the fisheries and marine service in the field which determines fishing times in discrete areas by maturity of the roe and abundance of herring present. This change for a time caused a decline in the number of Japanese technicians entering Canada, but this number is now escalating again due to the increased number of buyers after roe herring.

By the terms of the temporary visas issued to these people, they are to take no active part in any of the actual work conducted in the processing operation. However, to look after the interests of their employers they may be required to handle and assist in the grading of the roe, so there is a grey area involved where the plant workers' duties terminate and those of the technician commence.

The fisheries and marine service in conjunction with the Department of Employment and Immigration is conducting an investigation into the role and need for these technicians in so far as the herring roe and salmon roe processing operations are concerned. This investigation will touch on such specific points as the number of technicians that may be required in each processing plant, or by each Japanese buyer—

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

• (2222)

CANADA COUNCIL—GUIDELINES FOR ALLOCATIONS OF GRANTS

Mr. Arnold Malone (Battle River): Mr. Speaker, on March 15 of this year I rose in the House to ask a question of the Secretary of State (Mr. Roberts) relating to Canada Council grants, the regulations by which they are guided and how many people had written in protest of the lack of regulations. I noted later in response to a question I placed on the order paper that the minister indicated that some 1,000 letters had been received in protest of the regulations for Canada Council grants.

The simple thing I want to make reference to at this time is the fact that we have before us a situation in which there is much to be produced by the Canada Council. While the majority of its work is excellent and it is a very serviceable kind of organization, the laxity of regulation creates a situation wherein we find what many people classify as the printing of pornographic literature, the awarding of grants for projects that many people presume to be useless. One example is the $174,000 grant to study air breathing fish on the Amazon River. That is only one example.

What most people are concerned about with the Canada Council is not the fact that it is an agency of government which gives grants, but that there appears to be no checks or balances on how the money is spent. I want to make it clear my quarrel is not with the agency but with the guidelines and regulations. What I find insulting when I look at some of the poetry supported by Canada Council grants is that when I go to the men's room in the local tavern and read what is written there, the only difference is that in large measure the stuff in the tavern washroom is of higher quality. As a taxpayer, I find it insulting that tax money goes to support things that many people find insulting. That is not what taxpayers want their money spent on.

Before the parliamentary secretary begins to feel that I am chastising only this government, I want to say that it is a problem far more afield. All governments have that problem. However, we cannot hide it under a bushel, simply saying that the matter of political interference means we have a lack of political responsibility.

In today's Ottawa *Citizen* there is a complaint about a grant of $97,000 to study ethnic and class relationships in the Peruvian Andes. It goes on to state:

> Part of the ethnic and class relationships study, it turns out, involved one of the two professors making about "20" visits to a bordello at a place called San Tuti—
>
> . . . In a flash, the thing was done, with 364 voting for, 37 against. And only one congressman had the bad grace to point out that it was this appropriation that, in 1977, contained $62,300 for a study of homosexual tendencies among California seagulls.

Although such things as the CBC, CNR and Canada Council should be removed from politics, they should not be removed from responsibility. The question I put forward and am now asking the parliamentary secretary is: Surely there must be some way, when these regulations come to the surface and are brought before the public, that the minister can ask that the guidelines be reviewed? It appears to a mass of people across this country now that there is some abuse. Therefore, the regulations should come before a parliamentary committee.

• (2227)

Before sitting down I would like to ask the parliamentary secretary whether there is not some way by which he can indicate tonight what action is being taken. Many people have been protesting the lack of regulatory guidelines. Is any action

being taken? Is any action contemplated? Could the parliamentary secretary clear up this whole question? Many people have said that they are not against the Canada Council and that it is an excellent organization, but that there are obviously abuses. Those abuses have been detailed. Can the parliamentary secretary tell us what the ministry is doing to live up to its responsibility?

The ministry is the steward of taxpayers' funds, and it simply cannot continue to say that there are abuses but that we have to live with them and that the department cannot get involved in the politics of this question. Surely there is another side to the question. The government is responsible for taxpayers' money. The parliamentary secretary recognizes that all governments from time to time allow certain things to get out of hand, but somehow we must regulate the Canada Council, and whatever regulatory agency is involved should come under the review of a parliamentary committee.

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired.

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, the hon. member has raised a question which has obviously caused substantial concern on both sides of this House. This has been evidenced by the discussions which have taken place in the Standing Committee on Broadcasting, Films and Assistance to the Arts.

As indicated by the hon. member, there have been a number of letters to the minister. At the time of the writing of the document I have before me at least 670 members of the public had written to the minister. As the hon. member pointed out, there may indeed be more. There is no question that there is public perception of some difficulty. There is no question that in fact a number of people have written and indicated that there appears to be something which needs review and revision.

I need not go into great detail on this because there appears to be substantial agreement on the part of the hon. member and myself that the majority of the Canada Council budget goes to worthwhile endeavours. One need only suggest the Canadian Opera Company, the Shaw Festival and the Stratford Festival, all of which are recipients of Canada Council moneys and grants. I think all parties would agree that these are worthy recipients of the money which goes to them.

What we sometimes forget, however, is that the portion of the Canada Council grants at which we look with chagrin refers to a gross of only 16 per cent of the Canada Council budget which is devoted to grants to individual artists. Of that, only a small percentage is currently the subject of criticism and review as suggested by the public at large. It is not the full 16 per cent of those individual artistic grants which are subject to criticism. Indeed, the majority of that 16 per cent would be viewed by most persons as being properly given.

On the other hand, the representations received reflect the very real difficulties involved in choosing which artists are worthy of support. Art is essentially a matter of personal taste, and is, therefore, hard to adjudicate. The council tries to apply the highest contemporary standards, rather than the taste and judgment of any one individual, in its review process. That is why grant applications are reviewed by panels of independent jurors, all of whom are private citizens and experts in their own artistic fields. Public comment such as has been made, on the other hand, provides a valuable indication of contemporary taste and cannot be ignored.

The government believes that a judicious melding of the two elements, expert judgment and public opinion, in an independent review process is the best means of assuring balance and equitable support for all types of artistic expression.

I would not want to agree with the hon. member that there is a lack of control or a lack of accountability. The council is still the subject of control by this parliament and members of the committee. Through votes which come before the committee, members decide what money will be given to the Canada Council, and that committee directs the council in terms of what it should or should not be doing.

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. parliamentary secretary that his allotted time has expired.

The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

At 10.31 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, May 3, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

COMPENSATION TO QUEBEC FOR REDUCED SALES TAX—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with an urgent matter of national interest.

Considering that yesterday in the House the Prime Minister (Mr. Trudeau) officially undertook to give Quebec all the money to which it would be entitled under the original proposal made by the federal Minister of Finance (Mr. Chrétien); considering that Quebec has already made its position clearly known on the matter, both in its counter-proposal to the federal proposal and in its negative reply to the subsequent arrangement suggested by the central government, and that it is now up to Ottawa to move one way or another; considering finally that this question is vital for Quebec and that its citizens can no longer remain indifferent to the settlement of this deadlock, I move, seconded by the hon. member for Brome-Missisquoi (Mr. Grafftey):

That the House unanimously urge the Minister of Finance to announce as soon as possible how he intends to render justice to Quebec and to accede to the unanimous wish of the provincial legislature.

Mr. Speaker: Order. Presentation of such a motion for debate under the provisions of Standing Order 43 requires the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ANNOUNCEMENT OF INTENTIONS RESPECTING COMPENSATION TO QUEBEC FOR REDUCED SALES TAX—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

Considering that the Prime Minister (Mr. Trudeau) has finally recognized the error made by his government concerning the refusal to compensate the government of Quebec for its selective sales tax cuts, and considering that the opposition and all parties in Quebec have urged the Prime Minister of Canada to put an end to his strategy of confrontation with Quebec, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the House request the Prime Minister to announce by next Friday his decision to refund the government of Quebec for its selective sales tax cuts because they are constitutionally and economically fair.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

ENERGY

ACKNOWLEDGEMENT OF TODAY AS "SUN" DAY—MOTION UNDER S.O. 43

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas the realization and promise of solar energy is being observed and celebrated today in Canada and in over 40 countries around the world—

[*Translation*]

whereas setting aside one day to highlight all the solar energy utilization techniques would contribute to informing the general public, the industry and the labour force and to illustrating the possibilities of using the sun to satisfy the energy needs of our country—

[*English*]

—I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That this House agree, without debate, to acknowledge this day, May 3, 1978, as "Sun" day and thereby encourage the utilization of solar energy technologies so as to provide humanity with an abundant, economical, safe and environmentally compatible energy supply.

Mr. Speaker: Presentation of such a motion for discussion can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

● (1412)

Mr. Speaker: Order, please. There is a phrase in the motion which troubles me in terms of order. I will not delay the proceedings too long, but I suggest the words "without debate" must be deleted from the motion, for obviously any motion is debatable and simply because the language is there in the motion cannot render it otherwise. Therefore, the motion by the hon. member for Davenport (Mr. Caccia), seconded by the hon. member for Grenville-Carleton (Mr. Baker), would be:

That this House acknowledges May 3, 1978, as "Sun" day, thereby encouraging the utilization of solar energy technologies so as to provide humanity with an abundant, economical, safe and environmentally compatible energy supply.

Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

HOUSING

CONSULTATION WITH PROVINCIAL MINISTERS—MOTION UNDER S.O. 43

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the announcement regarding a new direction in housing by the Minister of State for Urban Affairs, and in light of the fact that the federal minister proceeded without consultation with the provinces, without which the program cannot work, I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That the Minister of State for Urban Affairs convene a meeting immediately with all provincial ministers responsible for housing in order to reach agreement on the federal minister's new programs.

Mr. Speaker: Order, please. According to Standing Order 43, the presentation of such a motion for discussion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

MEDICAL RESEARCH COUNCIL

REQUEST FOR INCREASED GRANTS—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Mr. Speaker, under the provisions of Standing Order 43, I wish to move the following motion, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House calls on the government to increase the grants to the Medical Research Council so that medical schools will not find it necessary to eliminate ongoing research projects and to dismiss medical research and support staffs because the grants for the fiscal year 1978-79 will not permit either the continuation of presently ongoing projects or provide for the beginning of necessary new research projects.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

WORK HOURS FOR GRAIN ELEVATOR EMPLOYEES—MOTION UNDER S.O. 43

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and national importance. As negotiations between the grain handlers' union and the Manitoba and Saskatchewan wheat pools have gone nine months with a Department of Labour conciliator, without being any nearer solution, and as wages are not at issue, I move, seconded by the hon. member for Mackenzie (Mr. Korchinski):

That the Minister of Labour exempt permanently from hours of work regulations country elevator managers so that the issue may be settled without destruction of the competitive position of the Manitoba and Saskatchewan wheat pools or disruption of the country elevator grain handling system.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

DISPARITY BETWEEN INCOME TAX PAID BY U.S. AND CANADIAN WORKERS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in view of the fact that many international chartered accountant firms are drawing attention to the fact that substantial tax equalization is required when United States employees are transferred by their employers to Canada—in some cases resulting in a person requiring $28,996 in Canada to give him the same after-tax, take-home pay he would have in the United States with an income of $19,700—will the Minister of Finance indicate if he is aware of this imbalance between Canadian and United States taxes; and, if so, does he intend to suggest

changes in our income tax level to ensure that this imbalance does not continue?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, this type of allegation has been made for a long time. There has always been a differentiation between Canadian and U.S. tax levels because the United States does not give its citizens the same quality of service as the Canadian government.

Some hon. Members: Oh, oh!

Mr. Stevens: Mr. Speaker, as the minister well knows, the Carter royal commission on taxation pointed out that such an imbalance would result in a brain-drain—as they termed it—to the United States, and that it should not be allowed to continue.

An hon. Member: You don't have to worry.

Some hon. Members: Oh, oh!

• (1417)

Mr. Stevens: I will wait, Mr. Speaker.

Mr. Speaker: Order, please. The hon. member for York-Simcoe.

Mr. Stevens: Thank you, Mr. Speaker. Would the Minister of Finance indicate if he is aware that the imbalance has reached such proportions that Ernst and Ernst, chartered accountants well known throughout the world, have put out a 146-page booklet describing how you can equalize your position between Canada and the United States in the event that you are an employee in Canada, and that there is a new booklet coming out which will describe why it is much more beneficial to be an employee in the United States than in Canada because of our added tax load?

Mr. Chrétien: Mr. Speaker, the United States does not have as many services; for example, they do not have medicare or hospitalization as we have here. I know of a Canadian citizen who was in Florida and had a heart attack: when he received his bill from the hospital there, he had another heart attack.

Mr. Stevens: Mr. Speaker, my supplementary to the Minister of Finance must begin with the preamble that the minister obviously has not read the material that I am putting forward, because all medical care plans have been exempted from the calculations.

My final question to the Minister of Finance is this: As a result of the higher tax load in Canada, would he indicate if this in part contributes to the higher wage structure which in turn has made us relatively non-competitive with other employees, especially those in the United States?

Mr. Chrétien: Mr. Speaker, I find it very unusual for the hon. member to rise today and speak about the non-competitive position of Canadian products, when in March it was indicated we achieved a record trade surplus of $10 billion, annualized—and that means that we are very competitive.

OUTFLOW OF CAPITAL TO U.S.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I am glad that the hon. minister mentioned medicare, because many Canadians are sick of his government's policies.

Supplementary to my colleague's question, is the minister aware that for the first time in 33 years the U.S. department of commerce figures show there is a net outflow of money from Canada to the U.S. of $440 million? This is the first year in 33 years since statistics were kept that this has happened: there is this net outflow of capital from Canada to the U.S., and not the other way. The biggest year that we had a capital inflow from the U.S. was 1966—$985 million.

Would the minister explain to the House why he feels the Americans have got cold feet with respect to Canada? What steps is he taking to reverse the outflow of investment moneys to the U.S.? Is the minister, in other words, concerned about this problem? What is he doing?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I know some people in Canada are investing money in the United States. We have always had a large surplus in that area. For the last few months there has been some nervousness in the Canadian economy because of the decline of the Canadian dollar, and some people have tried to hedge their bets.

I would like to inform the hon. member for St. John's West that I was speaking to some people from Newfoundland the other day and they told me that the weaker Canadian dollar has been very good for the fisheries business in that province.

Mr. Crosbie: Mr. Speaker, with our nation in the economic situation it is, I wish the minister would be serious. In 1977, in terms of our economy with the U.S., $440 million net left Canada. In 1976 it was $102 million net that came to Canada from the U.S. The bureau of commerce for the U.S., their economic statistician down there, has given certain reasons for that and I want to know if the minister agrees. He said first that FIRA has dampened the enthusiasm of Americans for investing money in Canada.

Mr. Speaker: Order, please.

Mr. Crosbie: Does the minister—

Mr Speaker: Order, please. The hon. member will realize he is seeking the minister's opinion as opposed to information. Perhaps he could put an informational question.

Mr. Crosbie: Mr. Speaker, in connection with this imbalance of investments between Canada and the U.S., does the minister agree that the reason this is happening is that our economy is growing so slowly that there is no point in their keeping money here? What steps is he taking to reverse this situation so that we will again encourage American investment here and Canadians will keep their money invested in Canada? What is he doing about this?

• (1422)

Mr. Chrétien: Mr. Speaker, I think if the hon. member looks at the record he will realize that the economy of Canada has grown much faster in the last seven years than has the economy of the United States. In fact, for 27 months during 1974, 1975 and 1976 the United States was in a recession. In Canada we have managed to maintain a certain growth. The forecasts made by the IMF over the weekend indicated that Canada will have the best growth performance in 1978 of any country except Japan and will beat all other IMF members.

Mr. Crosbie: A final supplementary question, Mr. Speaker. For the first time in 33 years we have a net outflow of funds to the U.S. from Canada. Does the minister consider this to be a problem, is he concerned about it and, if so, what is he going to do about it? The brain-drain is from the government. Is the minister unconcerned that it is a brain-drain from the government? What is he going to do about this, and does he consider it a problem?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I believe there is a problem in this regard but the hon. member is not aware, for example, that some transactions are considered as being capital outflow from Canada while in fact they are not. For instance, when Petro-Canada bought Atlantic Richfield, we were indeed reimporting into Canada operations that were run by the United States. Of course we had to pay back the Americans, so this was considered as money flowing out of Canada when in fact Canadians were buying American interests in Canada. Obviously the hon. member does take these facts into account when he quotes the statistics he has before him.

[*English*]

SUGGESTION CONDITIONS BE ATTACHED TO CANADIAN INVESTMENT ABROAD

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I should like to indicate to the Conservative spokesman that a brain-drain from this government is a contradiction in terms.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Broadbent: With reference to the export of capital, the minister has just indicated that there is one example of some possible benefit to Canada. Mr. Speaker, Canadian Pacific Investments Ltd. have announced that they are investing abroad and that their total investment in the U.S. will reach $185 million. This follows decisions by Northern Telecom, Molson and even the Canadian Development Corporation to do likewise.

I take issue with what the minister just said. If he feels there is possibly some benefit that can occur as a result of some investment abroad, why does the Government of Canada not do what every country in Europe and what Japan has done for years, that is, make it conditional for the export of capital that large companies show there is a benefit at home?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the hon. member is very good at giving a lesson in humility. On this question, of course, if we want to be competitive in the world we must be people who are able to compete. It is not necessarily bad that Canadian industries seek greater performance not only in Canada but elsewhere. This very often opens doors for Canadian technology and Canadian experience to gain new ground in export business. We are following these developments closely. If the hon. member has a specific complaint, we can look into it. Canada often imports capital, and it is quite normal that Canadians export to other markets so that they will increase their base of operations.

Mr. Broadbent: Mr. Speaker, this minister is always late to recognize a crisis. At the current rate of export of capital, in 1978 we will export some $1 billion. That means thousands of jobs lost to Canadians. I should like the minister to answer and not evade the question I just put to him. If, as he said in his reply to an earlier question, benefit can accrue to Canada at times from the export of capital, why does the government not make it a stipulated policy, such as exists in all western European countries and Japan, that in order to export capital large companies must show a domestic benefit?

Mr. Chrétien: Mr. Speaker, I do not think the government is about to control the flow of capital between Canada and other nations. One of our successes in the past is that we have operated an open economy and have welcomed capital to this country. If we want capital to come into Canada, we must be a society that permits the free movement of capital. I do not think the hon. member would improve the lot of Canada very much if at this moment we were to restrict the flow of capital.

• (1427)

Mr. Broadbent: Mr. Speaker, considering that in recent months the net flow of capital has been out of Canada going abroad, and we have 1½ million people unemployed, I plead with the minister to recognize this reality and do, in this industrial country, what all other industrial countries did a long time ago, with the exception of the United States, and that is to put export controls on the export of large amounts of capital.

* * *

[*Translation*]

PENITENTIARIES

CONSTRUCTION OF PENITENTIARY IN QUEBEC

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Solicitor General.

Last year his department officials were asked to look into the possibility of building a penitentiary in the Quebec City area. Would the minister tell the House if this study is

finished, if he has requested a report from his officials and if a decision has been made following that report?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the hon. member for Bellechasse should know that my predecessor made a statement concerning the construction of a penitentiary in the Donnacona area. This decision has been made and work has already begun.

Mr. Lambert (Bellechasse): Mr. Speaker, I would like to ask a supplementary question.

I remember quite well the statement made by the predecessor of the present Solicitor General but since it was suggested that such a penitentiary might be built close to Montmagny, the mayor of the city of Montmagny asked me to put this question so that the municipal council would know where the matter stands.

Mr. Blais: Mr. Speaker, I take note of these further details provided by the hon. member and I will give him a complete report on that matter.

* * *

[*English*]

NATIONAL SECURITY

RCMP BREAK-INS

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is to the Solicitor General. It relates to a Canadian Press story printed today in which the Solicitor General is alleged to have said:

I'm not advancing that my thought processes are absolutely devoid of obscurity—

Some hon. Members: Oh, oh!

Mr. Jarvis: I think he would get unanimous consent for that representation. That item relates to a story which, if accurate, means this House was clearly, not deliberately but clearly misled a week ago yesterday, April 25, when in reply to a question from the hon. member for Nickel Belt relating to the 400 surreptitious entries, the minister said, as reported in *Hansard* of that date:

A legal opinion has been forthcoming from the Department of Justice to the effect that these procedures are legal. There is a decided opinion with reference to their legality.

It indicates in this story today that such is not the case and no such legal opinion was obtained in relation to these activities. Would the Solicitor General take this opportunity to correct any misinformation he may have given the House a week ago yesterday?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, with reference to the hon. gentleman from Nickel Belt, it was a question that referred generally to surreptitious entry. The question was a general one, and I replied in general terms indicating that there was a legal opinion. I indicated, as well, that in view of the differing opinions relating to the legality of surreptitious entries generally, I wished the matter to be dealt with by the McDonald inquiry so it would address itself to the evidence in total put before the inquiry and make a report. Mr. Speaker, that is the position I have taken in the past and it is the position I will continue to take.

Mr. Jarvis: Would the Solicitor General take the opportunity to indicate to the House the legal opinion he has from the Department of Justice? Does it relate solely to entries for the purpose of installing electronic surveillance devices? Is there any legal opinion with respect to surreptitious entry? If so, would the Solicitor General do the House the courtesy of tabling those legal opinions?

Mr. Blais: Mr. Speaker, I made it clear outside the House, after that reply was made, that the legal opinion to which I referred had been tabled before the McDonald inquiry. That opinion is available to the hon. gentleman if he wishes to obtain it. It deals with surreptitious entry to install electronic devices.

Mr. Jarvis: Mr. Speaker, would the Solicitor General answer the first part of my last question? Does he have a legal opinion from the Department of Justice, or has one been asked for, with regard to surreptitious entry which does not relate to the installation of electronic surveillance devices?

● (1432)

[*Translation*]

Mr. Blais: Mr. Speaker, I do not hold the opinion described by the hon. member and I have never indicated that I had such an opinion.

[*English*]

ROLE OF RCMP IN PROVINCIAL JURISDICTIONS

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Solicitor General about a study of his department's law enforcement task force, entitled "The Role of the Federal Government in Law Enforcement", which states it has two main goals, one of which is to examine the role of the federal government in law enforcement with particular reference to the RCMP.

One of the general points considered in this study is the taking over of the OPP and the QPF by the RCMP. I ask the minister, what ongoing consultations have been developed between the federal government and the affected provinces regarding questions of jurisdiction in this very important matter and the role of provincial police forces vis-à-vis the RCMP which are of particular relevance under the present circumstances?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, it becomes evident that if there is a study relating to the role of federal enforcement, or the RCMP in the role of enforcement of federal laws, the question of federal-provincial relations will be dealt with. I would ask the hon. member to review the

document to which he has referred, in order to make sure he is not advancing something that is not contained within that document.

Mr. MacKay: I would like to make the same request of the Solicitor General and ask him what ongoing discussions are taking place with the attorneys general or solicitors general of the various provinces. I am seeking information as to whether, on this very interesting study, the provinces have been fully briefed and kept fully informed. I know there were brief discussions in Charlottetown. Is there more than one of these studies? Is there now one that supersedes or changes the first one?

Mr. Blais: Mr. Speaker, the hon. member can rest assured that there is no intention of taking over the QPP or the OPP at any time. Nor is there any indication that such is the intention of my ministry.

Mr. MacKay: Mr. Speaker, I want to ask a question on another point related to the same study. Can the minister indicate what the situation is with regard to the possible taking over of harbour policing functions by the RCMP, and the RCMP withdrawing from drug enforcement? Were those points also discussed with the provinces?

Mr. Blais: With regard to the taking over of port policing, I believe a bill has been introduced in this House relating to such a process. I see the Minister of Justice has some hesitation about that. I would have to look at the legislation that has been introduced. With reference to drug enforcement, that is a federal responsibility. It is an ongoing responsibility that we are not ready to give up.

* * *

[*Translation*]

FINANCE

INQUIRY AS TO METHOD OF COMPENSATING QUEBEC FOR LOSS IN SALES TAX REVENUE

Mr. Roch La Salle (Joliette): Mr. Speaker, I would like to direct a question to the Minister of Finance.

In view of the sales tax issue opposing Ottawa to Quebec, the minister will agree with me that the time to juggle with words is long since past. Yesterday the right hon. Prime Minister committed himself formally to giving Quebec the money it would have received under the minister's proposal. To give credibility to the Prime Minister's statement, would the Minister of Finance now be prepared to explain to the House how Quebeckers could receive this money, without going against the unanimous wish of the National Assembly?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the Prime Minister reiterated yesterday what I had myself stated last Friday, namely that we do not intend to penalize Quebeckers just because the Quebec government absolutely refuses to come to an agreement with the federal government, even though I have made concessions on two occasions since my budget in order to find a common ground of understanding. It seems the Quebec government wants confrontation, and the Prime Minister has stated that we will take the necessary action to ensure that Quebeckers are not victimized by the Quebec government's stubbornness. Eventually, if the provincial government does not change its mind and does not decide to cut the sales tax on all other goods by 2 per cent, as I suggested, we will advise.

Mr. La Salle: Mr. Speaker, on a supplementary.

I think it is clear that what the Prime Minister said yesterday is absolute nonsense. Can the Minister of Finance tell the House today how Quebeckers will get that money? Under the circumstances, I ask the Minister of Finance, if he has some small measure of honour, to tell us how Quebeckers can receive that money, so that they are not penalized, without violating provincial jurisdiction and the unanimous will of the National Assembly, and the minister knows what I mean.

Mr. Chrétien: I am glad, Mr. Speaker, to see that the hon. member agrees with the attitude we are adopting in saying that we will not penalize Quebeckers. Our financial year started exactly one month and two days ago, which means that we have ten months and 28 days left in which to solve the problem before the end of the fiscal year.

* * *

LABOUR RELATIONS

COLLECTIVE BARGAINING TO SETTLE RADIO-MUTUEL STRIKE

Mr. Irénée Pelletier (Sherbrooke): Mr. Speaker, my question is directed to the Minister of Labour and in view of his absence to his parliamentary secretary.

Mr. Speaker, since Bill C-8, an Act to amend the Canada Labour Code, has already been passed by the House and the Senate, can the parliamentary secretary tell the House whether the Minister of Labour intends to implement as soon as possible that part of the act which allows the minister to impose a first collective agreement, and specifically in the case of the conflict at Radio-Mutuel, which has already dragged on for 16 months?

Mr. Jacques Olivier (Parliamentary Secretary to Minister of Labour): Mr. Speaker, we have received representations from the two large Quebec unions asking us to intervene. We have also received the recommendations of our officials. The bill has been passed and the royal sanction given. All that remains to be done is to proclaim it law; when it has been so proclaimed, Mr. Speaker, we will see, but I do think we will solve the problem within the next few weeks.

[*English*]

HOUSING

AGREEMENT OF PROVINCES ON NEW POLICY

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is to the Minister of State for Urban Affairs. We have been treated to another example of the new techniques of federal-provincial relations in the area of housing. With regard to the new, fundamentally changed housing package that the minister will introduce in the House tomorrow, has he secured the agreement of the provinces regarding the new approach presented to us yesterday without consultation with the House of Commons or the committee.

Does the minister have the agreement of the provinces for this new approach, or is it his intention to immediately call together the housing ministers of the provinces to discuss their role in this new federal scheme?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, the hon. member has a very short memory. Not very long ago I explained in detail the various aspects of this policy when appearing before a standing committee of this House. Second, the hon. member should know there was a federal-provincial conference of ministers of housing where all these proposals were extensively discussed. The provincial officials participated in those discussions and made some very valuable suggestions. Third, this subject was also raised at the time of the first ministers' conference. I do not know on what basis the hon. member draws the conclusion that there has been no consultation. Indeed, there have been extensive consultations. What we want to do is clearly in line with the priorities established by the provinces.

Mr. Oberle: Mr. Speaker, my memory serves me quite well. It tells me that the president of Central Mortgage and Housing Corporation was not allowed to answer questions in the committee. I did not ask the minister whether there was consultation; rather, I asked whether there was agreement with the provinces, because my information is that there was not. Is this the new way the government arranges its priorities in the field of economic strategy, taking away $500 million from the one sector that has the potential of creating new jobs and alleviating poverty and abolishing any form of subsidy that formerly existed under that program?

[*Translation*]

Mr. Ouellet: Mr. Speaker, I am under the impression that the hon. member is disappointed because this is an excellent policy which was discussed at length with provincial authorities. The proposals put forward are designed essentially to increase the participation of both levels of government, federal and provincial, in the construction of more homes for low income Canadians. The Conservative member may not agree with our objective to provide decent housing to low income families and senior citizens, but it certainly meets the needs and aspirations of most Canadians.

● (1442)

[*English*]

COMMUNICATIONS

TELEVISION PROGRAMS FOR THE DEAF

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, my question is addressed to the Minister of Communications. I should like to ask the hon. lady, bearing in mind her concern, what is being done to evaluate a system which would make television more accessible to the two million or so people in Canada who suffer from various degrees of deafness and for whom little has been done, politically or otherwise, because they are not a particularly visible group. What is being done to develop a system which would be acceptable and Canada-wide, instead of the mess of pottage the deaf are now getting?

Hon. Jeanne Sauvé (Minister of Communications): I think the hon. member is quite unfair when he says this is a mess. On the contrary, research has been going on to help the deaf follow television programs. I told the hon. member last week, or ten days ago, that we are studying a system incorporating a hidden caption on the television screen coupled to a decoder which would allow the deaf to follow the dialogue.

A prototype of such a decoder exists at the present time. It is, of course, an expensive gadget—it costs about $2,000—but everyone knows there is a great difference between the cost of a prototype and the cost of a product when sold to the public. Nevertheless, price, I would think, would be one of the obstacles. The first thing, though, is to develop the technology which would enable the deaf to have fuller access to national television, and that is what we are doing.

Mr. Rynard: Ten o'clock, Mr. Speaker.

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NATIONAL SECURITY

RCMP BREAK-INS

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Solicitor General. It is now confirmed that there is no legal opinion which justified the surreptitious entries which do not relate to the placing of electronic devices: that is my understanding of the answer given by the Solicitor General. This being the case, will the hon. gentleman take the House into his confidence and tell us how many such surreptitious entries did not relate to the setting of wiretaps, particularly in view of the fact that 402 of the 419 surreptitious entries took place in British Columbia? Would he advise the House how many were legal; how many were not covered by a legal opinion backing them up?

Hon. J.-J. Blais (Solicitor General): As the hon. gentleman knows, the evidence to which he refers has been adduced before the McDonald commission. The whole subject matter of surreptitious entry, including surreptitious entries effected in order to place electronic surveillance equipment and those

which were described as intelligence probes, has been identified before the inquiry. The evidence related to those surreptitious entries and to the nature of such entries is not complete.

I hope the hon. gentlemen will now recognize that the commission was acting with all due haste in ascertaining the whole of the evidence material to the discharge of its mandate, and I trust the hon. member will exhibit some forebearance as we await reports from the commission.

Mr. Leggatt: I wish the police would exercise the same amount of haste with regard to the persons against whom they lay charges. My question is this: 402 of those surreptitious entries occurred in British Columbia. Responsibility for laying charges in these cases lies with the attorney general of the province. Can the Solicitor General advise us specifically whether he has made recommendations to the attorney general of British Columbia with regard to this matter? Has he communicated with the attorney general of British Columbia? After all, they have been charging cabinet ministers out there, and they should think about charging some of the RCMP officers who have clearly violated the law.

Mr. Blais: The position of the government has been made very clear. Any procedures of the RCMP which may be questionable will be referred to the McDonald inquiry and the inquiry will carry on its investigation. That is exactly what has happened. I am satisfied that the inquiry is proceeding apace.

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IMMIGRATION

STATUS OF GENERAL QUANG—POLICY RESPECTING CERTAIN JAMAICAN IMMIGRANTS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. We note the minister was able to give General Quang a work permit, and as far as I have read—or have been advised—he has not done much for Canada. On the other hand, several Jamaican women who have made a significant contribution and who have been here for between five and ten years are living under a deportation order. I sent the minister a brief on this matter and I believe he appreciates the facts contained therein. I want to know what is happening. Has the minister considered this matter, and is he able to tell the House whether he has any sympathy for this legitimate cause?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I guess he is making contribution in that he is not drawing on the welfare system of the province of Quebec: the General is at least working a 90-hour week to support himself and his family. So to that extent he is not drawing welfare from Quebec and federal taxpayers.

As far as the Jamaican women are concerned, I will concede that the hon. member wrote what is probably one of the best letters in support of his representations that I have received on this subject. He borrowed generously from the opinion and advice of the lawyer who was assisting him. I was prepared to make a decision based upon the recommendations made by the lawyer and by the hon. member. However, they have seen fit to retain counsel and to file appeals with the Federal Court. They have sought the assistance of the human rights commissioner, the Federal Court has decided that it has no jurisdiction, and an appeal has been taken from that ruling. Rather than usurp the role of the assistance which is in place for these ladies, I think this process should first be exhausted. I will make my decision at the end of it.

Mr. Alexander: Mr. Speaker, I have never heard so much nonsense. The minister has indicated—and I thank him for this; I do not ordinarily thank ministers—that the brief I submitted made a lot of sense. All I want to know is whether the minister has any sympathy in this regard. Let us be honest about this matter. If he can look after General Quang, who has done nothing for this country, I want him to stand up and tell me now that he is interested in this matter and that he has some sympathy for these representations. Have the deportation orders been stayed? Further, has the hon. gentleman issued work permits so that these women can continue to make a contribution to this country?

Mr. Cullen: Mr. Speaker, now we know that the hon. member makes an excellent oral as well as a written presentation. The deportation orders have been stayed: there is nothing to prevent these ladies working. But I think they are entitled to all the rights and benefits of the courts that the law provides. I do not think it is for me to usurp that role. If they choose—as they have chosen—to go that route, I should not say either that they are to be deported or that they will be allowed to stay. Surely these people should be able to use the procedures which are open to them. It is their own counsel who has decided to adopt the appeal procedure, and I think I should respect that decision.

* * *

EXTERNAL AFFAIRS

ACCEPTANCE INTO CANADA OF POLISH NATIONAL

Mr. Bob Kaplan (York Centre): Mr. Speaker, my question is for the Secretary of State for External Affairs. Will the minister take action to assist Renata Jacobs, a disabled Polish olympics athlete married to a Canadian citizen, to come to Canada to join her husband in view of the refusal of the Polish government to allow her to leave her country?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): I thank my hon. friend for having given me notice of this question. I made some preliminary inquiries and am advised that the marriage to which the hon. member refers took place in March. To this date we have not received a formal application from the husband who will, presumably, be sponsoring the entry of his new wife to Canada. When we get that letter we will be glad to proceed. As to whether the Polish government has refused an exit permit, we have not yet had an opportunity to check into that part of the question.

● (1452)

FINANCE

REPORT OF ROYAL COMMISSION ON CORPORATE CONCENTRATION

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is for the Minister of Finance. Can he tell us what has happened to the report of the Royal Commission on Corporate Concentration? Nothing has been said in the House about it in a definitive way for months. Will he bring out this old chestnut that it is subject to translation at this time?

Hon. Jean Chrétien (Minister of Finance): Responsibility for that commission does not come under me. I will inquire and report to the hon. member.

* * *

NATIONAL SECURITY

STATUS OF FORMER RCMP OFFICER

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my question is for the Solicitor General. The Solicitor General is aware that a former RCMP staff sergeant, Ed. Hameluk, has left the co-ordinating law enforcement unit in Vancouver to join John Meirs, a former associate of the late Howard Hughes. Since Mr. Hameluk was in a sensitive security position analysing intelligence and information sources and is now working for Mr. Meirs, who also had contact with CLEU, I ask the Solicitor General whether this matter is being looked into. Also, is he aware of the concern of other police forces in Canada about this matter, and what steps are being taken by him and, to his knowledge, by the attorney general of British Columbia to evaluate the situation?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I thank the hon. gentleman for bringing all those facts to my attention. I will look at the information he has provided, and if his evidence is accurate I will express the concern that he has expressed.

* * *

ENERGY

USE OF RENEWABLE ENERGY RESOURCES

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, my question is for the Minister of Finance. Because of the significance of international "Sun" day and the motion which received unanimous approval today, as well as the need for using renewable energy in homes and businesses, would the minister amend his budget to incorporate incentives to help people in Canada use renewable energy resources in their homes?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I will take note of the representation of the hon. member.

NATIONAL REVENUE

REGULATIONS RESPECTING CHARITABLE ORGANIZATIONS

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is addressed to the minister who speaks on behalf of Revenue Canada. Is the minister able to reveal to the House the status of document 78-3, of February 27, entitled "Registered Charities, Political Objectives and Activities"?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I would appreciate it very much if the hon. member would be kind enough to repeat his question. I shall gladly answer him.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, it seems to me that the minister represents Revenue Canada in this House, and I should like to know the present status of document No. 78-3 dated February 27, 1978, and entitled "Registered Charities—Political Objects and Activities".

Miss Bégin: Mr. Speaker, as far as I can remember—but I will gladly check with the Minister of National Revenue for further details—the document is entitled "Information Circular". These are documents relating to income tax that are issued regularly and distributed to all accounting firms and tax experts. In this case, it was sent to all charitable organizations, of which there are about 40,000, if I am not mistaken, and which are given tax concessions for charitable donations.

Mr. Munro (Esquimalt-Saanich): I wish to ask a supplementary.

If I remember well, the Prime Minister has suspended the document concerned. I should like to know whether, according to the answer the minister gave us a few moments ago, the document's status is actually the one it has today.

Miss Bégin: I am sorry but I was not in the House for a few days. If the Prime Minister has suspended that document, I cannot see why the hon. member bothers to ask me a silly question.

* * *

[*English*]

IMMIGRATION

FOREIGN ENTERTAINERS APPLYING FOR WORK VISAS

Mr. Jake Epp (Provencher): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. In view of the fact that the regulations in the new Immigration Act have been proclaimed as of April 10, and in those regulations there is a requirement that foreign entertainers are now obliged to apply at a Canadian consulate or embassy for a work permit, I should like to ask the minister whether, in view of the assurances we have received from him time after time during our study of the bill that fingerprinting would only be

used in criminal cases, the requirement still stands that entertainers applying for a work visa to Canada will, in fact, be fingerprinted by the Canadian authorities before getting a visa.

An hon. Member: What about Lassie?

Hon. Bud Cullen (Minister of Employment and Immigration): That is unlikely, Mr. Speaker. However if, in the view of the department an entertainer who applied for a work visa was a member of the "prohibited" class—I cannot think of the right word—that individual would be fingerprinted for the purposes of identification; but only in that particular instance.

Mr. Epp: I find the minister's explanation very ambiguous because, first, he says they will not be fingerprinted, and then he says that perhaps they will. Can he spell it out clearly, because at present even when a name artist who is not Canadian comes to Canada, he will have the back up of Canadian musicians, and that regulation affects Canadian musicians much more adversely than it does foreign musicians.

Would the minister review that regulation, in view of the fact that we have not had a chance even to discuss it in committee and the effect it is having on Canadian commerce, especially in view of the objectives under section 3 of the act?

Mr. Cullen: The hon. member has made a representation, and so have others. Our concern is that we should be treating people who come to this country to entertain in the way we would like Canadian entertainers to be treated abroad. We have been very generous in the approach we have taken. But I do have an obligation: when an individual comes in as an entertainer, under whatever circumstances, if that individual is suspected of being a criminal I must protect the Canadian public from that person.

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MEDICAL RESEARCH COUNCIL

FUNDS FOR RESEARCH

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to put my question to the Minister of National Health and Welfare. Has she received representations from the medical research community to the effect that a crisis now exists in the field of medical research because the funds allocated to the Medical Research Council for the coming year have increased by only 3.8 per cent and as a result of this very small increase—less than the increase in the cost of living—20 per cent of the established medical research projects are being cut off in the coming year and the scientific community cannot live with that kind of budget? If that is so, what does she propose to do about it?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I did receive representations from the medical research community of Canada, which is one of the first groups I met when I became Minister of National Health and Welfare. I am very sympathetic to their representations for more funds. However, the facts given by the hon. member are wrong and I would like to correct them. We increased the budget of NRC by 5.6 per cent and we were able to exempt their budget from the exbudget procedure in order to protect to the maximum the funds we can grant them in this difficult economic situation. Therefore, they have received, proportionately, more than any department of government. This is very important and shows our commitment to medical research and our concern for their particular problem.

I have asked the community to provide me with the facts, and I will do my best to help them. I have not received anything from them as yet. They say that respecting medical research equipment, the cost of which amounts to about 80 per cent of the cost of a given project, comes from the United States and therefore they suffer from devaluation of the dollar in addition to inflation.

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[*Translation*]

FINANCE

INQUIRY WHETHER FRENCH BANKING INSTITUTIONS WILL JOIN CANADIAN PAYMENT ASSOCIATION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is for the Minister of Finance. On April 19, the right hon. Prime Minister stated in the House that the caisses populaires and credit unions would be included in the new Bank Act. Could the Minister of Finance indicate whether, under this government policy, the caisses populaires and credit unions would be required to join the Canadian Payment Association?

Hon. Jean Chrétien (Minister of Finance): The decision whether the caisses populaires and credit unions should join the Canadian Payment Association will be known the moment the legislation to amend the Bank Act has been introduced. At the time the green paper was released, neither the caisses populaires nor the credit unions strongly objected to joining this association.

Mr. Clark: Mr. Speaker, I wish to direct a supplementary question. In view of the fact that both the caisses populaires and credit unions came previously under the jurisdiction of the provincial governments, could the Minister of Finance indicate whether the federal government has held discussions with the provincial governments concerning the possibility of having these organizations come under such a federal agency as the Canadian Payment Association or another federal agency?

Mr. Chrétien: Mr. Speaker, the details of this legislation will be announced in due course. Participation will be on a voluntary basis, and the caisses populaires and credit unions will have to decide one way or another, once the legislation has been duly introduced and studied.

● (1502)

[*English*]

PRIVILEGE

MR. RODRIGUEZ—ALLEGED MISLEADING OF HOUSE BY SOLICITOR GENERAL

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise on a question of privilege. It refers to a question which I directed to the Solicitor General (Mr. Blais) on Wednesday, April 25, 1978, and the response which he gave at that time. As reported at page 4828 of *Hansard* dated April 25, 1978, my question was as follows:

> Mr. Speaker, I wish to address a question to the Solicitor General. It arises from recent testimony before the McDonald commission which has shown that members of the Royal Canadian Mounted Police took part in illegal activities for which they could be prosecuted under the Criminal Code. The Solicitor General is quoted in today's *Globe and Mail* as saying he is not planning to take any action in connection with these breaches of the Criminal Code. Can the minister tell us why he does not intend to take action against those who broke the law of Canada?

The Solicitor General's response was very clear. His reply reads as follows:

> The hon. gentleman has undoubtedly read the terms of reference of the McDonald commission. They include power to inquire into procedures which might not have been authorized by specific legal provisions. The evidence in the past week has shown—if this is what the hon. member is referring to—that there have been what are called surreptitious entries. A legal opinion has been forthcoming from the Department of Justice to the effect that these procedures are legal.

I note the Solicitor General did not say "some" or "a few". He said "these procedures are legal." He continued by saying:

> There is a decided opinion with reference to their legality, and I wish the evidence were completely adduced before the commission so that the inquiry, which is proceeding apace, would be able to make a judgment and bring in its own recommendations.

In today's edition of the *Globe and Mail*, the Solicitor General informed the public of Canada that, in effect, he found his thought processes were indeed obscure. He found there is no such legal opinion forthcoming to indicate that these surreptitious entries were legal.

I submit the Solicitor General misled the House of Commons. He did not know what he was speaking about. He rose and said things which were not correct. I suggest that he has misled the House. He ought to show some courage and commonsense by standing up in the House like a man and by saying to the House and the people of Canada that he was wrong, and that he apologizes for misleading them.

It is fine for him to make the statements he has made as to how he is prepared to lay things before attorneys general, that he is so open, et cetera. But the fact of the matter is that he misled the House last Wednesday. He should rise and apologize for having done so. We would have a lot more respect for him if he would conduct himself in an open and frank fashion.

Mr. Speaker: Order. The hon. member for Nickel Belt (Mr. Rodriguez) raises by way of a question of privilege a matter which was touched on during oral questions today. Of course, it does not fall within the realm of a question of privilege. In any case, if it did, it is not followed by a motion which would call for any action on the part of the Chair. I would have to see such a motion to be able to determine in a final way whether or not the matter is a question of privilege. Even if it does come within the general lettering which might touch upon privilege, without a motion there is nothing for the Chair to act upon.

ROUTINE PROCEEDINGS

[*English*]

HIGHWAYS

TABLING OF AGREEMENT WITH NEW BRUNSWICK

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, under Standing Order 41(2), I should like to table in both official languages copies of a highway agreement respecting an improvement between New Brunswick and Canada.

Mr. Ed Lumley: Mr. Speaker, I rise on a point of order. I missed the call for the tabling of documents.

Mr. Speaker: Is there consent to revert to the tabling of documents?

Some hon. Members: Agreed.

* * *

ANTI-INFLATION ACT

TABLING OF REFERENCE FROM ANTI-INFLATION BOARD

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, herewith is a copy of a reference from the Anti-Inflation Board to the administrator for tabling in the House, pursuant to subsection 17(2) of the Anti-Inflation Act, in our two official languages.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 1039, 1381, 1,474, 1,483, 1,505 and 1,506.

[*Text*]

TRAVEL TO VANCOUVER

Question No. 1,039—**Mr. MacKay:**

> During the first week of December 1977, did any members of the Prime Minister's office travel to Vancouver and, if so (a) for what purpose (b) how

many persons made the trip and what were their names and positions (c) did any such persons attend, as voting delegates, the nominating meeting of the Quadra Liberal Association in Vancouver on December 5, 1977?

Right Hon. P. E. Trudeau (Prime Minister): No.

POST OFFICE IN KAMOURASKA

Question No. 1,381—**Mr. Dionne (Kamouraska):**

Since 1970, did the government allocate any money for the development, construction, repair or for any other kind of work on buildings for the Post Office Department in the constituency of Kamouraska and, if so, in what amount?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): The Department of Public Works has the following expenditures for the development, construction, repair or for any other kind of work on buildings for the Post Office Department in the constituency of Kamouraska from April 1, 1971 to February 28, 1978.

	$ Capital	$ Operating	$ Total
1971/72	59,466	52,033	111,499
1972/73	2,304	62,013	64,317
1973/74	1,771	66,096	67,867
1974/75	234,498	82,318	316,816
1975/76	94,876	126,141	221,017
1976/77	7,090	140,694	147,784
1977/78 (To February 28/78)	91,082	16,374	107,456

Information prior to April 1, 1971 is not available as per the Government of Canada's general records disposal schedule.

CIDA

Question No. 1,474—**Mr. Huntington:**

1. Was a German company, BHS awarded a contract by CIDA for construction of a cement plant in Indonesia and, if so, for what reason?

2. Did any companies bid on the project and, if so (a) what are their names (b) what were the bids, in dollars, in each case?

3. Was steel provided by Canada for the project fabricated in Taiwan and, if so (a) for what reason (b) what was the cost of fabricating the steel in Taiwan as compared to the cost of fabricating it in Canada?

4. What is the total (a) cost of the project (b) Canadian content, in dollars, and in materials supplied (c) Canadian content of man years (d) amount of involvement by CIDA in the project?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): 1. No.

2, 3 and 4. Not applicable.

LANGUAGE TRAINING PROGRAM—N.B.

Question No. 1,483—**Mr. Howie:**

Has the government taken the decision to have public servants discontinue taking second language instruction training at the New Brunswick Provincial Language School and, if so, for what reason?

Hon. John Roberts (Secretary of State): I am informed by the Public Service Commission as follows: it was the New Brunswick public service commission's decision to discontinue providing this service to the federal government. The New Brunswick provincial language school intends to concentrate on the development of their own program and the Public Service Commission (federal) is presently taking steps to ensure the continuation of their language training program in Fredericton through other means. (i.e. University of Fredericton and possibly University of St-Thomas).

EXPENDITURES IN FRASER VALLEY EAST

Question No. 1,505—**Mr. Patterson:**

What amount was spent by the Department of Public Works in the constituency of Fraser Valley East in each year since 1970?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): As of March 31, 1978 Department of Public Works-funded expenditures in the constituency of Fraser Valley East were as follows: 1972-73, $246,000; 1973-74, $611,000; 1974-75, $408,710; 1975-76, $766,868; 1976-77, $922,737; 1977-78, $755,400. Information prior to April 1, 1972, is not available as per the Government of Canada records disposal schedule.

GOVERNMENT AIRCRAFT

Question No. 1,506—**Mr. Macquarrie:**

1. What members of the press, House of Commons, PMO staff accompanied Prime Minister Trudeau on his recent visit to New York?

2. Who accompanied the Prime Minister to his meeting with the United Nations Secretary General?

3. What members of the Department of External Affairs based in Ottawa, accompanied the Prime Minister on his visit to New York?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): See reply to question 2,881 answered October 17, 1977.

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 1,397 could be made an order for return, this return would be tabled immediately.

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

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House that question No. 1,397 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

METRIC CONVERSION

Question No. 1,397—**Mr. Schumacher:**

1. Does the government have available an economic impact analysis of the effect of conversion to the metric system and (a) if so (i) on what date was the analysis done and by whom (ii) from what areas was such data gathered (b) if not, for what reason?

2. What facts does the government have to ensure that metric conversion is in the best interest of the Canadian economy during the current recession in North America?

3. Will standardization benefit Canada in the long run?

4. What information is available, and what analysis has been done, regarding the implication of our trade position in the short term?

5. What steps has the government taken to provide (a) low cost loans (b) technical assistance (c) education for small businesses?

Return tabled.

[*English*]

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

PETITIONS

REQUEST FOR CONTINUANCE OF NIP AND RRAP PROGRAMS

Mr. John C. Crosbie (St. John's West): On motions, Mr. Speaker, I have a petition to present. May I do that now?

Mr. Speaker: Yes.

Mr. Crosbie: It is a petition from residents of the electoral district of St. John's West, the Mundy Pond area. The petition contains 136 signatures, and I think it is in the proper form. They are from an area where they have had a Neighbourhood Improvement Program and a Residential Rehabilitation Assistance Program which have been of great benefit to them. They understand those programs are terminating on March 31 this year. They ask for them to be continued, that an appropriate measure be taken to continue them, because they have found them to be of great benefit. I should like to submit the petition, Mr. Speaker.

* * *

[*Translation*]

MOTIONS FOR THE PRODUCTION OF PAPERS

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

[*English*]

Mr. Speaker: Shall the remaining notices of motions for production of documents be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—INEQUITIES IN SOCIAL POLICY

Miss Flora MacDonald (Kingston and the Islands) moved:

That, in the opinion of this House, the social policy of the government contains severe inequities for elderly Canadians, and in particular the House considers the practice of terminating the spouse's allowance after the death of the older marriage partner to be cruel and unjust.

She said: Mr. Speaker, once again the opposition is using one of its few allotted days to bring to the attention of the House a matter which seems to be of far too little concern to the government, that is, the increasing financial difficulties confronting elderly Canadians living on fixed and low incomes. Unfortunately, too many Canadians are unaware of the problems and inequities which exist for this particular age group, and many even think that such problems, if they ever did exist, have since been taken care of.

Everyone knows the old adage that if you repeat something often enough, people will begin to believe it. Once they take hold, certain ideas become so commonplace and so taken for granted that a bare bones exposure of the true facts can be downright startling. Current attitudes to social policy reflect this syndrome.

● (1512)

It is taken for granted that our standard of living has risen and that the number of Canadians living in poverty has declined. People equate the one with the other; but why? It is because they have heard for so long about the Prime Minister's just society and about the endless march of government welfare programs which purport to take care of the needs of all sectors of Canadian society.

Many people are inclined to believe they pay high taxes in order to help out those who are less fortunate than themselves. They believe it because the government has told them this is what is being done with their tax money, that it is being used for the benefit of other less fortunate people. As a recent report from the C. D. Howe Research Institute entitled "In Search of Robin Hood", issued in April of 1978, has pointed out:

Whether or not the outcome of government redistributive activity has been desirable, the belief that there has been a substantial increase in redistributive activity has gone unchallenged.

The report states:

It is almost an article of faith that income is being redistributed more and more in Canada.

The report then goes on to explode that article of faith. It shows that the federal government's budgetary policy has provided higher benefits for the higher income families than for the poor, and that the redistribution of income has changed little in the last 25 years. The report asks:

Has the federal government substantially improved the economic position of the poor relative to the highest income families in the 1970's?

It answers that question with an overwhelming conclusion, and that conclusion is "No". The fact is that over the past decade Canadians have been paying more and more taxes, and almost everybody realizes that. We know that in 1978 the average worker is paying $1,500 a year in income tax as compared with less than $400 when this government first took office.

Canadians have been paying these taxes believing that, because of the government's proliferation of welfare programs, fewer and fewer Canadians have been living in poverty and that the gap between the rich and the poor was being narrowed. Now they are waking up from this giant spending spree which has been conducted on their behalf by the government. Canadians are waking up to discover that any narrowing of the gap between the rich and the poor has occurred in spite of, and not because of, the government's policies, and that although inflation may have raised the poverty line, nevertheless, there are still some three million Canadians who live below that poverty line. That is the shocking and bare truth with regard to poverty in this country.

The truth is we do not have a welfare state. Rather, what we have is gross mismanagement of the taxpayers' money and of the country's resources. Sadly, a number of recent reports do indeed show that we have not reduced poverty in Canada. We have shifted the numbers a little. Families are a little bit better off than they were, with some 17 per cent living in poverty in 1969 and almost 12 per cent now. Some 32 per cent of the unattached youth lived in poverty in 1969 and 35 per cent do now. However, overall the basic picture has not substantially changed. There is still too much poverty in this country, and the government's words of self-praise about its success in reducing poverty do not conform to the facts. There is a very real discrepancy between what the government says and what the government does. On the one hand, we have the true facts about poverty in this country; on the other, we have what the government says are the facts.

Just recently, in the last few weeks, we had an even more striking example of the divergence, the differences, between the government's words and the government's actions. That striking example was seen in the recent issuance of guidelines to charitable organizations, those organizations which direct so much effort toward alleviating social and economic problems, particularly in respect of the poor of this country.

In a recent speech the Prime Minister (Mr. Trudeau) had fine words for our country's charitable and voluntary organizations. I should like to quote a paragraph from his March 22 speech to the Economic Club of New York. He said in the course of that speech:

> The not-for-profit and voluntary sectors of our societies could be made to flourish. Historically they have been the source of the humanizing social movements which were the life-blood of our liberal democracies. They have employed the creative energies of many of our people. Their decline has been inevitably reflected in a growth of government and commercial services. It has resulted in a loss of a sense of community. Surely we need this sector. We need to develop alternate styles of work and leisure and we need to demonstrate that there are other ways of doing the community's work. On a broad second front we must give encouragement and sustenance to these efforts. There is no threat here, only boundless opportunity.

[Miss MacDonald.]

Those were the words of the Prime Minister in New York a few weeks ago. Of course, he was right to say we need this voluntary sector. I suggest we need it more than ever with the government's failure to cope with poverty in this country; more than ever we need the work of charitable and voluntary organizations. We need them too to help prod this government into action to even out the economic inequities. The Prime Minister was right to say they could be made to flourish and that we must give encouragement and sustenance to their efforts. What fine words these were on behalf of the Prime Minister.

When it comes to actions instead of words, what do we find? This is where we find the divergence. We find instead a set of guidelines that, far from offering encouragement, gives restrictions to and curtailment of the activities and freedoms of these organizations; which, far from helping those organizations to flourish, effectively serves to muzzle them in their efforts; which, far from providing the boundless opportunity the Prime Minister promised, raises the spectre of intimidation.

How can these charitable organizations, most of which are attempting to ameliorate the plight of certain underprivileged groups of people, be made to flourish when all of the avenues of effecting change are being closed to them? If they are not allowed to lobby, to hold public demonstrations or to conduct letter-writing campaigns to elected representatives, how can they make the government aware of their concerns? How can they get their point across if effective methods of doing so are considered to be what this government terms political and, as it says, "a threat to their status as charitable organizations"? We are not talking about partisan political efforts here at all. What the government says in its circular is that it sees any involvement in the political process, even that of recommending legislation on an issue of national concern, as a questionable and perhaps even subversive activity by these groups.

● (1522)

As it points out in the circular, these groups must do nothing to embarrass the present government because that, too, would be considered illegal or would be questionable enough to have their charitable status withdrawn. We have seen that government legislation, all too often over the years, has reached out to intrude more and more into the lives of Canadians, both of the rich and of the poor. This is a fact of life that Canadians begrudgingly accept, but the corollary of the simple fact of the growth of government activity is that in this day and age any meaningful change in the situation of any particular group which has been overlooked, overburdened or unprotected by the mass of existing legislation can only be affected by changing legislation.

Any legitimate effort to influence changes in legislation has now been declared political by this government, and in its view is therefore unacceptable activity by a charitable organization. We have an absurd situation here, Mr. Speaker: Charitable organizations cannot do their work except by being what the government terms political; but if they engage in political activity, they lose their tax exempt status as a charitable

organization. Think about it; they cannot be charitable unless they are political, but if they are political they are not allowed to be charitable. The absurdity of this situation must be evident even to a government as cynical, hard-headed and hard-hearted as the one we have lived with for the past decade.

Some hon. Members: Hear, hear!

Miss MacDonald: The non-profit and voluntary organizations play a much needed role in bringing issues into the open, in highlighting the plight of certain groups, in analysing the situation of the elderly, the unemployed, youth, children, et cetera, both as to present and future needs. Their work cannot be done without promoting change, and this means legislative change.

It is only too obvious that we cannot rely solely on the government to assess and correct the situation of the poor in this country. Their record so far is not an enviable one. The inequities of our social system have not been evened out over the last decade, in spite of the fact that government expenditures have more than quadrupled in the last ten years.

The elderly are the greatest sufferers and the greatest victims of the inequities in our social system. It is indeed discouraging to think that in the Canada of today one-third of the elderly, some one million Canadians, live below the poverty line. The group that concerns me most in that particular age category is the group of unattached elderly, especially single elderly women. Almost one-half of the unattached single Canadians in the age bracket 65 to 69 and almost two-thirds of those over the age of 70 live below the Statistics Canada poverty line.

The situation for unattached women 60 to 65 is even worse. None of the government's pension programs touch the majority of these women. Unable to get work because of their age or because of ill health, ineligible for Canada Pension Plan benefits—because in the government's view housework is not productive labour—and without a husband or a husband's pension to take care of them, these women are at the mercy of the welfare rolls. Many of them eke out a meagre existence on less than $2,000 a year.

Some of these women, in this age category, 60 to 65, previously lived in relative comfort a few steps above the poverty line while their husbands were alive—they could draw between them or jointly the old age security, the guaranteed income supplement and the spouse's allowance as a couple. These women now find themselves alone and pensionless. The situation arises from the government's curious logic in relation to the spouse's allowance, which says that two people may need $6,000 on which to live—and they have to show a need to achieve that—while the pensioner is alive, but when one dies, the one that is left needs nothing to get along on. That remaining spouse has the pension withdrawn. Now, what curious logic, what curious kind of reasoning, is this? One could really laugh at the government's reasoning if the results of it were not so tragic.

Not only must these elderly people—although my main concern here is with women, the situation is equally desperate for many unattached men—cope with meagre incomes, but they must also cope with rising costs, especially with regard to food and shelter. The price of food which has come close to doubling in over-all price since 1972 has risen 12 per cent in the past year. And it cannot all be blamed on the price of coffee, as the government tries to make out. The price of a loaf of bread, a quart of milk, a pound of butter, all basic essentials, has almost doubled. A can of salmon, which is hardly a luxury, cost 72 cents five years ago and now costs $1.41; a box of soda crackers has risen from 28 cents to 55 cents. A basic 15-item food basket that cost $10 in 1973 cost $18 last month. That is what these people have to cope with in addition to having no or low income.

Many of these elderly people on meagre incomes have less than $15 a week for food. Their incomes are, for the most part, static, and doubled food prices for them means not that it costs them twice as much to eat, but that they can only afford half as much. There is a great difference between what you can buy and what you can afford, and this applies particularly to elderly people on fixed and low incomes.

What is of particular concern to me is that their diets have probably only half the nutritional value that they had five years ago. Many of these elderly people are undernourished; more than half of elderly females have a less than adequate intake of iron and vitamins A and B. This has been shown to be true by many reports and statistics. Is it any wonder that is so when the price of onions, turnips and carrots, the most basic Canadian year-round vegetables—not imports but year-round Canadian vegetables—has doubled since 1972?

• (1532)

Even for the elderly whose income from old age security and the guaranteed income supplement is indexed to the cost of living, increased food prices mean less food. They spend proportionately more of their income on food and we see food prices generally rise faster than the overall price index. An income increase of 5 per cent or 6 per cent cannot match the past year's increase in food prices of 12 per cent. It is therefore imperative that a system of indexing be devised which reflects the real expenditures of the elderly and indexes pensions accordingly.

The situation of the elderly is not one in which we can take pride, certainly not one in which the government can take any pride. The situation of elderly women is shocking, as the Canadian Council on Social Development has stated in a recent report on women and pensions. When questioned about this shocking situation the government responds that they are doing all they can. They shrug their shoulders and say "We cannot spend any more money; the taxpayers don't want us to spend any more money." We have heard them say that and it may be true. But we are not asking them to spend more money; we are simply asking them to spend properly the money that they do collect—not to spend more, just to spend it well.

We might be more sympathetic to the government's excuse of lack of money to help ease the plight of widows, for

example, if it were not for the government's incredible record of waste. This government wastes millions of dollars of taxpayers' money annually. Some of the wastage we have seen in the last year has been highlighted by the Auditor General's report.

How many spouses could have been maintained with the $2 million the government gave to the nuclear sales agent, Shaul Eisenberg, for services never rendered; with the $17 million that has been committed to renting unoccupied excess property in Vancouver at a cost of $241,000 per year until the year 2045; with the $95 million in overpayments made by the Unemployment Insurance Commission; or with the $4.5 million paid for rental of unoccupied and, in some cases, unfinished office space in Ottawa in 1975-76? Even those few items I have listed total some $120 million of taxpayers' money which was wasted and which could well have gone toward continuing the spouse's allowance for those who have had it cut off.

The government's spending habits are notorious and I will not take any more time listing them. I could go on and on. But I do have to say that it grieves me deeply that the $10,000 in fees that the government is paying without batting an eyelash to cover the damages in a libel suit for one of its tactless ministers, the Minister of Supply and Services (Mr. Goyer), would provide for payment of the spouse's allowance to one Canadian widow for the years between age 60 and 65 for which she would be eligible.

It is this kind of extravagance and waste that highlights the meanness of the government's social policy toward elderly widows. It is this kind of extravagance in relation to a select few at the expense of the ordinary Canadian that highlights the government's insensitivity to the problems of the poor and elderly who, for the large part, are one and the same group.

The withdrawal of spouse's allowance is a mean and cruel practice. It victimizes those who least deserve it—people, mostly women, who have devoted years of their lives to the service of family and community. They do not deserve to suffer the double loss of their spouse and their income. This heartless practice, which represents a minimal saving in the phenomenal national budget and which is money already allocated, should be discontinued immediately. The surviving spouse should be allowed to keep the spouse's allowance. Surely the government should not look to the death of the elder marriage partner in order to achieve a "windfall profit".

I want to emphasize that the motion I am putting forward is just a preliminary step toward easing the financial burden of the elderly in this country. It does not cover single, divorced or separated people in the same age group and it could be seen as creating further inequities. I would emphasize, however, that the inequities are already there in abundance and that this one step would serve to remove at least one of the inequities.

Surely nothing can be more unjust than taking away the small pension that is a person's sole livelihood. To not give a pension to a particular group is one inequity; but to take a pension away is surely a greater one. Even members of the government opposite must be able to perceive this injustice. I implore them to take immediate action to correct it.

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I listened carefully to what the hon. member for Kingston and the Islands (Miss MacDonald) had to say on the Progressive Conservative motion, namely that the social policy of the government contains dire inequities for elderly Canadians and that the practice of terminating the spouse's allowance after the death of the older marriage partner is cruel and unjust.

I would like to point out the great intellectual dishonesty of the hon. member's intervention. Instead of dealing with senior citizens' problems, she took the opportunity to make a political and partisan review of many other points and she was allowed to do so by Mr. Speaker, while standing orders of this House preclude my challenging or disputing her arguments. She referred to the Minister of Supply and Services (Mr. Goyer), inflation and many other matters and I am not allowed to disprove her statements pursuant to our standing orders.

However, I would like to take on a point which I think--

Mr. McGrath: Read the motion!

Miss Bégin: That is what I did, I read the motion but, apparently, the Progressive Conservative party did not have enough to say on this motion and felt compelled to talk mostly about the sun instead of limiting itself to the motion. As concerns the status of women, I wish to answer a point raised by the hon. member that has nothing to do with the spouse's allowance but casts serious reflections on the actions of this government, and I find it quite dishonest. I am talking about income tax circular No. 78-3 dated February 27, 1978. I will comment on it in relation to the status of women, Mr. Speaker, and I think that you will allow me to say a few words because the subject was brought to my attention similarly when I was Minister of National Revenue.

I particularly remember AFEAS which does a very good job on issues of concern to women and families and has 38,000 members in Quebec. I also remember groups from the Vancouver Committee on the Status of Women and many Canadian associations, namely women's associations, which came to see me and inform me about a situation that seemed unfair to me at the time, that is the possibility of getting a tax exemption number for charitable donations. The officials of the department explained to me that according to tradition, tax exemption registration for charitable donations was given to associations with medical, educational, cultural purposes, sport associations and others of the same type. According to precedents going back to Elizabeth I, on the other hand, any political action prevents an organization from obtaining tax concessions. In other words, if the *Association des femmes diplômées des universités,* the National Action Committee of

the Status of Women of Canada, the Federative Catholic Women's League or AFEAS that I mentioned earlier, the *Fédération des femmes du Québec,* if any women's association which has been promoting the interests of Canadian women had asked for an exemption for charitable donations under the Income Tax Act, most would have been turned down as were many other volunteer associations in Canada. In fact, their charter allows their members to engage in what might be called political activities under the Income Tax Act.

The Income Tax Act does not allow groups who want to obtain funds and enable people to deduct charitable donations from their income tax to engage in political activities. I therefore asked senior officials to update an interpretation of the act which I thought unfair, and I am very happy to be able to clarify this issue today. When the hon. member for Kingston and the Islands (Miss MacDonald) gets all heated up about this, she is getting angry for nothing. We are the first ones to want to update the interpretation of the act, even though this does not come directly under our jurisdiction, but rather under the judiciary when it comes to determining if a certain activity is political or not. I suggest—and I hope this will not make me the target of any criticism—that voluntary organizations which deal with the status of women or any other valid cause in the eyes of Canadian society should be allowed to engage in certain political activities.

This is what we all believe on this side of the House, and circular 78-3 which was published recently by the Department of National Revenue will be completely revised. I am happy to be able to inform the House that my colleague, the Minister of National Revenue (Mr. Guay), has made a commitment to revise the circular and to take our request into consideration. I do not know why the hon. member is laughing. Perhaps she does not understand. I shall try to explain this differently. Oh, I see that the Progressive Conservative party is pleased and supports the status of women! I am happy to see this since we are not used to such support. We want certain activities of a political nature which are acceptable to Canadian society—and the examples I mentioned should not of course be considered binding for the government—to be recognized as valid and legal.

Of course no case has been tested in the courts in 75 years, if my memory serves me right, which makes it difficult for the experts to determine what would be acceptable in the courts today. Writing letters and making representations to members of parliament is in my opinion a political activity which has become part of Canadian customs, can shock no one and is absolutely respectable and important for the health of a democracy. If I understand my colleague, the Minister of National Revenue, the senior officials will see what is being done in Great Britain, among other countries, to determine the types of political activities which would not be acceptable and would go against the purpose of the legislation since, after all, it finances indirectly these organizations with the money of all Canadians, and which other types of activities are quite acceptable and give evidence of the health of the Canadian democracy. Mr. Speaker, that is all I have to say about the point raised by the hon. member and which has nothing to do with this debate.

● (1542)

[*English*]

The spouse's allowance program which is at the very core of this motion of non-confidence put forward by the opposition is a program that was brought into effect in October 1975. There are four programs that we know of which have been in existence for the past two and a half years and which we can observe, study and assess. Under the spouse's allowance program, allowances are paid to spouses between the ages of 60 and 64 inclusive. These allowances are for old age pensioners when the need is established by an income test. This income test is one of the most reasonable that I know of. It takes into account that a couple may have a small house, and no matter the value of that house, if it has some reasonable value it would not be deducted from the budgetary list of income and expenses on which they are assessed. This is to find out if the spouse, who in most cases is a woman, is eligible to receive that additional pension called spouse's allowance.

What is most important and what was totally lacking in the contribution made by the hon. member opposite is that the spouse's allowance—in all honesty this should have been mentioned by the hon. member for Kingston and the Islands (Miss MacDonald)—was introduced in the context of the guaranteed annual income which her own political party more than anything else has helped kill.

Some hon. Members: Oh, oh!

Miss Bégin: If I understood the hon. member for Athabasca (Mr. Yewchuk) correctly, he used the most pornographic or criminal word one can use in this place concerning the guaranteed annual income, which has always been, no matter what name it is given, a commitment of this government. Many clichés, fears and fairy tales which are frightening instead of hopeful have been described by the hon. member for Athabasca. He is trying to make people believe that a guaranteed income would bring the economy of this country to the worst possible point. Many other members opposite have supported the hon. member in this approach.

● (1552)

I do not know where the hon. member for Kingston and the Islands was during that debate. I do not know what kind of a fight she had to put up in her caucus in order to obtain a formal commitment to any form of guaranteed income. I do not know where she was when the estimates of my department were being studied a few weeks ago by the Standing Committee on Health, Welfare and Social Affairs. I did not hear her speaking about older people, older women in particular. After a few very good reports were published by some outside groups, it suddenly became a fad to be talking about the issue.

We then heard her voice. Otherwise she was interested in federal-provincial relations and the politics of federal and provincial governments, but not the politics of people.

The spouse's allowance program was introduced in the context of the first step toward a guaranteed annual income. In answer to a question the other day, I informed the House that a guaranteed annual income was rejected by the provinces at one of the last federal-provincial meetings concerned with the social security review. It was rejected for many different reasons. Some of these were explained at that time by my predecessor. They left us with one possibility of action, namely to explore tax related programs of income supplementation which by definition include a selectivity feature and no longer the charcteristic of universality.

We brought about the spouse's allowance in recognition of the hardships faced by many older couples who no longer have a full salary but only the benefits of a single pension. By doing that, we were at the same time introducing another inequity. I do not recall the hon. member for Kingston and the Islands bringing that to the attention of hon. members when this House discussed that bill two and a half years ago.

The spouse's allowance was meant to answer the urgent problem of a couple. It has nothing to do with a principle. There is no principle behind the spouse's allowance. The spouse's allowance was designed to meet a practical situation, no more, no less. It is the first step toward helping those in need between 60 and 65. In saying that, I have just stated the purpose of this government. The purpose of this government, be it through a guaranteed annual income which we know will not take place or any other program of income supplementation that will come about sooner or later, and the sooner the better, is to help all those in need aged 60 to 65.

That is why, when it is recommended that we continue the spouse's allowance for those who receive it until they reach the age of 65, I have to oppose it. It multiplies the inequities for other people, often women who are not married. I refer, for example, to the eldest sister looking after the parents and left without any employment or possibility of employment because of her age, and having not yet reached age 65. This is a lifestyle of our society.

We have to respect those women who might have been married before the age of 60 but are no longer as a result of a divorce, death of her spouse, separation, or any other reason, and who did not fall under the bill proposing the spouse's allowance.

Moreover, we have to help all those aged 60 to 65. One of my colleagues on the government side will address the cost problem that is involved. If there were no cost problem, there would be no problem. It is very nice and easy to exploit the problems of people by trying to create expectations. However, the job of a politician is to choose between resources and priorities, trying to keep a balance and to satisfy the various needs of all the groups in Canada. That is the task of the government.

[Miss Bégin.]

Finding a solution for those in need between 60 and 64 is the second priority I have set for myself. The first is to find a solution for single parents or two-parent families with children who are among the working poor. They are not covered by existing provincial welfare programs because they are working, or they may be earning more than the minimum wage—but not really enough to live.

I set this group as my first priority after a great deal of inquiry among various groups in our society and officials working on these questions, those who are committed to social reform in our country. I attempted to determine the most vulnerable groups in Canada. There is not enough money to look after all groups. Which group should we help first; whose hardships and problems are the most critical? I was told that older people are in the second group. Later this afternoon one of my colleagues will describe the various programs to provide them with an allowance or pension, or exempting them through the tax system, making them slightly less vulnerable.

The second problem in these days of economic uncertainty is to reallocate moneys within the existing expenditures. We are working through the tax system to see what changes can be brought about in order to diminish the gap between the poorest in our society and those with the greatest share of its wealth.

[*Translation*]

As far as the spouse's allowance program is concerned, the real problem is this. We introduced this program two and a half years ago. We believe that with the support of parliament and public opinion, we could have made headway with the idea of a guaranteed annual income. Honesty compels me to say that the opposition has done everything to kill this idea of a guaranteed annual income for all Canadians. Since I was appointed minister six months ago, members of the opposition have been most conspicuous among those who, during the question period, have repeatedly worried Canadians by suggesting that the government was spending too much under the social programs, which of course is simply not true. Just now, the problem is this: 74,000 Old Age Pension recipients, most of them women, also receive the spouse's allowance.

● (1602)

[*English*]

I have just said that about 74,000 younger spouses receive these pension benefits, which averaged around $130.60 a month during 1977. It is estimated that approximately 200 persons receiving spouse's allowance lose their benefits each month.

Some hon. Members: Shame!

Miss Bégin: That is a fact of life. Hon. gentlemen had better address it as such and find a solution rather than saying "Shame". This is based on legislation which was passed by all parties and none of them have the courage to say what should have been done to correct it.

Miss MacDonald: You were not in the committee.

Miss Bégin: Yes, I was. A few members on this side did point out that we might encounter some inequities in respect of older women, unattached individuals between the ages of 60 and 64 who were in need, but who thought a guaranteed annual income would look after their needs. Since the spouse's allowance program began, approximately 5,800 beneficiaries have lost benefits because of the death of the older spouse. Of course, when they reach 65 these persons will themselves become eligible for the old age pension. Therefore, there are approximately 3,750 of all past beneficiaries who have yet to qualify for the old age pension, since they have not yet reached the age of 65. That is the problem to which we should address outselves. Members should decide whether they are ready to allocate resources to this program as a top priority, resources which would have to be taken from funds available for other programs, and I insist on this.

The hon. member for Kingston and the Islands said the other day, if I am not mistaken, that the department had a hidden $400,000 which could cover the pensions of all the people losing spouse's allowance. I have myself checked with the department and I find there has never been such a hidden sum of money. We do not know what the hon. lady is referring to. She says that extending the spouse's allowance program would not involve additional expenditure, but it would involve addional expenditure and that is the cause of the problem. I will personally not accept any solution which creates, in turn, another inequity. At one time we were pretty sure that a guaranteed annual income was to be expected in the near future but we faced every year more difficult economic conditions and a conservative movement in Canada, both small "c" and big "C", shifting each day more to the right, which did not permit the government to take the action which we think is fair and necessary.

Since it is a question of money I shall talk about money for a few minutes. I shall not accept continuance of the spouse's allowance until the age of 65, as the hon. member proposes. I cannot accept it because it would be creating a worse inequity for the woman next door, on the same street, who is called Miss Somebody instead of being Mrs. Somebody. That is a situation which I cannot support at all. Nor can I support the proposal to lower the age of pension for all persons from 65 to 60.

Mr. Knowles (Winnipeg North Centre): You will get there some day.

Miss Bégin: No! I think that is a mistaken idea. I regret that the hon. gentleman was not born a few years earlier than he was, before the time he lived in parliament, where he has done a lot of work for social reform because I honestly believe a pension at age 60 is a measure which should have existed at least 30 or 40 years ago but not today. It is the way I would have designed social policy at that time, because in those days life expectancy was much shorter than it is now, when the average is 78 for Canadian women and 76 for men. It was something over 50 years then. In the second place, the hard, physical type of work which was so common, work of a type which is less and less prevalent, should have been recognized as justifying a pension at an earlier age.

Today we are witnessing a reverse movement. We are living in a society in Canada where there is a longer life expectancy, the longest in the world, in fact, due to better diet and living conditions. We are also witnessing a movement among older Canadians against the validity of the idea of compulsory retirement at the age of 65. In addition, I should mention that the cost of providing an old age pension for all at the age 60 would be around $2 billion.

Then again we have never asked ourselves what type of life we would be offering all these Canadians who would be 60 and over and in retirement. I know the New Horizons Program is a good one and I believe members on both sides of the House approve of it, but it is a limited program with limited funds, permitting some initiatives but surely not fulfilling the lives of people who have 20 more years to live after retirement. Our society, like North American society generally, has not yet given sufficient thought to the room it wants to give older Canadians, where it wants them to serve, how they can be integrated into movements and associations without being, in a sense, totally "ghettoized". It is true there are movements and associations of older people only, and there is nothing wrong with old age citizens groups of any sort; but I find it a pity that Canadian society cannot benefit more extensively from the experience, the thinking and imagination of older people who could easily serve, for example, in day care centres, or helping teachers by telling stories or explaining ways of hunting or other skills that they learnt in their own lives to children—

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. minister, but her allotted time has expired.

Miss Bégin: Mr. Speaker, I should like to say very seriously that Canadian society must make an effort to support senior citizens' groups. This has indeed already started and, to look into this question, we shall certainly hold seminars, symposiums and other such earnest efforts to define the problem and to consider the active role we want them to play in our society. The government gives every assurance to the House in this regard. We carefully consider ways of helping all those in need, particularly those who get the spouse's allowance only to lose it the following month on their spouse's death. It seems to me we could help them, even on a temporary basis.

It takes time to close the small bank account, to cash Quebec or Canada savings bonds, to collect the survivor's benefits under the Canada or Quebec pension plan, possibly to sell the house, however humble it may be, and a few extra months could eliminate the odium of discontinuing their old age security pension the very month their spouse dies. I think that if the opposition were interested in truly helping senior citizens, it is possibly in that direction that we should go.

Social Policy

● (1612)

[*English*]

Mr. Stanley Knowles (Winnipeg North Centre): I enjoy the friendly teasing I get sometimes around here, Mr. Speaker, about having been here for quite a while, but this is the first time it has been suggested to me that I should have come even before I did!

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): I could have come here a few years earlier, but back in those days you had to be 21 even to run for this place.

I rise to support the motion presented by the hon. member for Kingston and the Islands (Miss MacDonald). This will make it necessary for me to answer some of the statements that have been made by the Minister of National Health and Welfare (Miss Bégin), but I hope to relate my remarks directly to the motion and to the import of the motion as I see it.

The motion speaks of severe inequities in the government's arrangements for elderly Canadians, and then cites a particular case having to do with an inequity suffered by women. The facets of the subject of retirement income or the arrangements we make for our older people are many, and the two speeches made thus far demonstrate that point. But I should like, in the time that I have this afternoon, to concentrate on a gross unfairness which, it seems to me, exists and which we should correct, and that is the unfairness of our pension arrangements to women in our society.

I listened with interest when the Minister of National Health and Welfare gave us her priorities in social policy, and I find there is a good deal of merit in the priorities that she outlined. She said that she is, first of all, concerned about those who are in their working years and who do not have enough income to maintain a decent standard of living or to maintain their families. Then she said that the second priority, so far as she is concerned, has to do with older people. Well, I should like to draw to her attention the fact, in terms of older people, that a distinction must be made between the treatment accorded to men and the treatment accorded to women. The fact is that on many counts older women suffer discrimination, and if the minister looks more closely at the suffering of older women, I think she will find that their need has a priority equal to the priority which she gives as number one.

There are several ways, as I said, in which that discrimination stands out, but even before I get to that I might say a word or two on some of the things the minister said. I notice, of course, that she, like many before her on that side, has a great deal of sympathy with the social aims advanced from this side, but there is always the cost problem. I remember reading about it when finance minister Dunning told J. S. Woodsworth that we could not pay a pension of $20 to Canadians 70 years and over because we could not afford it. That was in the 1920s.

When I came here in the early 1940s, Mr. Ilsley was the finance minister. He was also sympathetic to the pleas I was making on behalf of older people, but he told us that the country could not afford the cost.

Down through the years, everything that we have advocated by way of an improvement in social policy has been given that answer—that we cannot afford the cost. Mind you, it is a bit of an experience to sit here today and hear the hon. member for York-Simcoe (Mr. Stevens) trying to point out that things are so much better in the United States than they are here, and then hear the Liberals on the other side boasting about medicare and about our social programs, programs against which they fought for years, indeed for decades. However, the fact is that we have implemented these programs and we are able to afford them and will go on affording them.

In terms of retirement income, I think the statistics I gave in a speech some time ago spell out the point. At the present time, the older people of this country, people 65 years of age and over, constitute about 9 per cent of the population, but the total income of that 9 per cent is about 4 per cent of the wealth being produced by this country today. That total income includes not only their old age security and other government benefits, but any private income some of them may have.

When we talk about the cost of social programs, that is the reality to which we must address ourselves. Can we not as a society so order our affairs, so distribute the wealth that we produce, that we can give a section of our society, which amounts to 9 per cent, something better than the 4 per cent we are giving them now? If we cannot do that, let us not have all this talk about the cost that we cannot afford.

I was also interested in the comment of the Minister of National Health and Welfare to the effect that the government wanted to move in the direction of a guaranteed annual income. At one point she blamed the provinces, but then she blamed the opposition.

Mr. Alexander: I am glad I was not here.

Mr. Knowles (Winnipeg North Centre): I did not know that this was a minority parliament. As far I know, the government has sat there with a solid majority since 1974 and has been able to do anything it wanted to do. If it did not have enough support from the Liberals on its own back benches, it has had our support down the line for social programs, as it had during the minority years from 1972 to 1974.

Mr. Alexander: Foot-dragging.

Mr. Knowles (Winnipeg North Centre): The minister can, in some circles, get away with complaints about the provinces—and there are too many Conservative governments in the provinces of this country; she knows that and I know it—but she cannot get away with the argument that this government could not do what it wanted to in the parliament of 1974 to 1978, with the huge majority it has had in all that time.

There is one other matter with which I should like to dispense, and it takes only a sentence or two to do it. The

minister said that when legislation respecting spouse's allowance was brought in, nobody on the opposition side of the House complained about the inequities or unfairnesses in it. All she has to do is to get her research people to trot out the record of the speeches that were made. My friend the hon. member for Hamilton West (Mr. Alexander) was a little annoyed because in my first speech I pointed out that they had been asking in the last election for the pension to be paid at the age of 60 to the wives of pensioners, whereas we wanted more than that. We wanted more than that all the time; we were never satisfied with the pension paid to the spouses of pensioners where the spouses were between the ages of 60 and 65. We wanted it across the board, willing though we might be to accept an income test or some test like that, but not a marital test. So I invite the minister to read the record of the debate which took place in June of 1975, and also to read the debates that went on in the standing committee to which that bill was referred.

● (1622)

At any rate, let me get down to what I think is the thrust of this motion. I am delighted it has been presented this afternoon. For all we can boast about our old age programs being pretty good, or a lot better than they were when I first came here, there are still inequities particularly with respect to women. Women in the older age brackets suffer discrimination, and we ought to straighten that out. Now that a woman is the Minister of National Health and Welfare, perhaps she will see to it that this is done.

There are all sorts of pension programs, led by the government's own pension programs, in which a widow's pension is only 50 per cent of the total pension, whereas the man's pension, if he lives on, is the full amount. How can that be justified?

There are various problems created because the Canada Pension Plan does not provide any equivalent for women who work in the homes, nor even an adequate pension for women who work and contribute to the Canada Pension Plan or for those who contribute to industrial pension plans. Because their wages have been and are still lower than the wages of men, any entitlement they earn in later years is always less. There is the case of widows of veterans, some of whom receive a full widow's pension and some of whom do not. The issue is not what their needs may be, not the attention they may have given to disabled veterans, but the percentage of disability suffered by veterans.

Also there is the situation which I brought out the other day concerning actuarial tables. This was brought to light because of a ruling in the supreme court of the United States which held that employers in that country cannot continue to charge women more for their pensions simply because they are women and are therefore likely to live longer.

This brings to mind the Nellie McClung story about disability pensions being sold by her husband's company. This occurred many decades ago. The insurance was paid in the case of a man whether he was killed or hurt, but in the case of a woman, only if she was killed. What was the reason for that distinction? It was felt a woman might disfigure or hurt herself in some way to collect a benefit.

Miss MacDonald: Shame!

Mr. Knowles (Winnipeg North Centre): We laugh at that today, but other elements of discrimination still continue. It is a black mark on a parliament that, over the course of four or five decades, has done some pretty good work in establishing pension programs, yet has done such a poor job in terms of leaving women discriminated against as seriously as they are in their older years.

The Minister of National Health and Welfare referred to reports which have come out lately concerning women on pensions and so on. These were excellent reports which documented the case. Rather than chiding the hon. member for Kingston and the Islands for having seen these reports and making use of them, the Minister of National Health and Welfare should take them to heart and attempt to do something about them both in her department and in the government generally.

Now I should like to come to the particular issue which is before us, namely, that discrimination against women is highlighted by the unfairness of the spouse's allowance. The hon. member for Kingston and the Islands brought out a particularly mean practice which is carried on, namely, the discontinuance of that allowance when the younger spouse becomes a widow before she is 65. In order to be correct, I realize I should say, "she or he"; but in most cases the younger spouse, if both spouses are receiving pensions and allowances, is the woman. I have received scores of letters from women in this position. Their husbands have died and their pensions have been cut off. I have not received one letter from a man in that bracket indicating that he has been discriminated against because his wife has died and his pension has been cut off.

The spouse's allowance is essentially a pension program for women between ages 60 and 65. It has been set up on the basis of discrimination of the worst kind. Effectively it says to a woman, "You do not get this pension unless you have got a man".

I do not like means tests or income tests, but I have been required to accept certain income tests. I can see the argument for an income test between the ages of 60 and 65. I think a work test would be better. I want to see a pension available at age 60 to all who are out of the labour market, without any means or income tests. But even if there is a case to be made for income tests, there is no case at all for marital tests. There is no case for saying to a woman, "Need the money though you may, you cannot get it unless you have a man".

The minister has indicated that she will not accept this motion because it adds to the inequities. The inequities are already built into the system. There is no provision for a spinster, a widow, a person who is separated or divorced, be that person male or female. The allowance is there only for the younger spouse, being a woman, who has a man.

Perhaps the minister is technically and logically correct in saying that passing this motion and carrying it out would add a bit more to the situation, because then some widows would be receiving allowances and other widows would not. The minister has indicated that this motion adds to the inequities. One of the reasons I support this motion is that once that happens, it cannot stop there. The government will have to go on and give this allowance to everyone.

Also I say there is a certain practical and humanitarian approach to this. It is bad enough that the government does not give the allowance to a widow who is between 60 and 65, to the spinster, nor to the older single sister who looked after members of her family. It is bad enough that the government does not give the allowance to those people. But to give it to some women between the ages of 60 and 65 who draw the benefits for a month or two or a year or two, and then to take it away, is worse. The government sends a sympathy letter which indicates, "Too bad you lost your husband/wife, but, as you know, this is what the law says".

The minister indicated that this was put forward in the context of a guaranteed annual income. I do not remember the former minister of national health and welfare making very much of that point when he introduced the legislation. That this was the beginning of a guaranteed annual income was a secret on the government side. But the minister was quite correct when she said that it was a means of solving one particular problem, namely, the problem a couple faces when trying to live on one pension. That line has been given to us repeatedly. The minister was quite correct in quoting it again today. The former minister, the present Minister of State for Federal-Provincial Regulations (Mr. Lalonde), indicated that the government was attempting to solve that one problem. I suppose it is logical to say that the government hoped to go on from that point to solve other problems, but this poor government has only an overwhelming majority and could not go any further in this 1974 to 1978 parliament!

We have said it 40 times, and we will say it another 40 times: if two people cannot be expected to live on one pension, how in the world can one person be expected to live on no pension? That is what the government is allowing to happen. It is saying to every single woman, divorced woman and widowed woman between the ages of 60 and 65 that there is nothing for them. Of course, we get the line that those people can go on social assistance or welfare programs which are just as much a right as the assistance under this program; but the fact of the matter is that the Old Age Security Act has been accepted as a basic program which carries with it pride. People are proud to be drawing pensions under the Old Age Security Act. To say to people, "No, you cannot receive benefit under this act; you must go to welfare", is degrading. That is why I feel the spouse's allowance as set up is basically wrong.

● (1632)

I well remember being at home watching the national news on television one night during the 1974 election campaign and hearing the Prime Minister (Mr. Trudeau) announce that they were going to introduce the spouse's allowance. I remember saying to the television screen right then, "Does he not realize the problems that will be created?", and hearing him come back and state, almost as though we were in conversation, "This will create other problems, but we shall have to solve them later". When will the government solve them, Mr. Speaker? The Liberal party promised pensions, unemployment insurance and health insurance in 1919. It took until 1926 to get the first old age pension, until 1940 to get unemployment insurance, and until the late 1950s to get health insurance. When are we going to solve these problems?

[Mr. Knowles (Winnipeg North Centre).]

I see that you have been handed a note telling you that my time is running out, Mr. Speaker. Before it does, may I say that although I recognize that the implementation of this motion would create further problems, I would be glad to see this done. It would solve problems for a few widows, but it would hasten the day when the government would have to provide pensions for all between ages 60 and 65 who are out of the labour market.

What is proposed in the motion of the hon. member for Kingston and the Islands (Miss MacDonald) should be implemented forthwith. Therefore, I move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That the motion be amended by changing the period at the end thereof to a comma, and by adding immediately thereafter the following words:

"and this House calls on the government to terminate this practice forthwith."

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, first of all I would like to thank the mover of the motion. I am also pleased to take part in the debate on the motion of the hon. member for Kingston and the Islands (Miss MacDonald).

As stated so aptly in the motion, I also think it is unjust to terminate the allowance of the spouse aged 60 to 65 after the death of the pensioner. I would like to recall that in March 1977, I moved a motion under the provisions of Standing Order 43 urging the government to pay at least two thirds of the allowance to the spouse aged 60 to 65 who loses his or her pensioned marriage partner. A great many people between 60 and 65 are faced with serious problems of survival, particularly pensioners' widows since the majority of those aged 60 or over are women.

The economic situation of elderly citizens is precarious since many of them who receive only transfer income from the government are seriously affected by inflation. Indeed, living at the limit or even below the poverty line, the greater part of their budget is spent on food and housing, two areas where price increases are staggering. In this situation pensioners with no investment or work income have no protection other than the quarterly indexing of their pensions.

To make this old age security system more equitable and in line with today's economic situation I suggested various improvements in the past. Indeed, our old age security system has many gaps which the government has failed to bridge so

far. One of them is the one we are discussing today. Admittedly it is difficult to explain why a non-pensioned spouse should continue to receive the spouse's allowance when single people in the same conditions were never eligible for that allowance. That is why I suggested on many occasions reducing the age of retirement to 60 and at the same time making retirement optional up to 70. This would go a long way towards solving the problem of the allowance of the spouse who loses his or her pensioned spouse. A number of jobs would also be opened up and could be made available to people drawing unemployment benefits. Any person aged 60 to 70 who is able and wants to work could forego his or her pension and keep working. So optional retirement at 60 would result in lesser outlays for the government than mandatory retirement at 60.

Mr. Speaker, there are now a little more than two million pensioners in Canada with more than half of those in receipt of the guaranteed income supplement. This system of old age security and guaranteed income for people 65 and over is costing the treasury $4.3 billion. There are now nearly 860,000 people between the ages of 60 and 65.

According to the figures for 1976-77, the average pension is $180 a month. A quick calculation shows that lowering pension age to 60 would cost close to $2 billion. But let me quote from the Canadian sociology and anthropology publication to which I referred last February when we were considering Bill C-35. It says that lowering the retirement age to 60—if we accept the reasonable assumption that the current activity rate of people over 65 would be shifted five years back—would open up more than 200,000 jobs for men and 87,000 for women. These figures represent today almost one-third of the Canadian unemployed, according to the latest Statistics Canada survey.

I agree, Mr. Speaker, that allowances must be made when considering these figures because many jobs made vacant in such a way are of a special kind since they are filled by aged workers. But still that would represent a substantial saving in terms of unemployment insurance benefits which would amount to close to $1 billion or even more. The tax burden of bringing the retirement age down to 60 would be lightened by that much.

Mr. Speaker, I concede that, in view of the difficult economic situation we are now experiencing, such a short-term financial commitment could seriously undermine the budget if we once again had to increase the burden of the debt. This is why I suggest lowering the retirement age on a progressive basis within a certain time scale. That way the financial burden would be spread over several years, which would facilitate things for the government. While conceding that over the last few years there has been real improvement regarding old age security, I take this opportunity to remind you that elderly people are always the most vulnerable to inflation and housing difficulties. Because of the many faceted problems of the elderly people, it is difficult to put forth a comprehensive solution.

Yet I would urge the government to realize the difficulties these citizens have to overcome. I am aware that lowering to 60 the age of eligibility for the old age security pension raises many issues, the cost factor not being the least of them. Given the present economic situation, it seems to me that gradually reducing the age of eligibility for the old age security pension would be the most appropriate measure. I also believe that in the short run, a social measure such as early eligibility to pensions for certain persons between the ages of 60 and 65 should seriously be considered. And that I wish to explain. A growing number of persons falling in that age category are finding themselves unemployed because they do not have specific qualifications or are unable to get any. Having little or no investment income and being without dependents, these persons must turn to their province's welfare system for help. It seems to me that according to fair and equitable criteria these persons could be allowed to take an early retirement at 60 and start receiving their benefits under old age security. This would be a first step towards the universalization in Canada of an optional retirement income system at the age of 60.

Mr. Speaker, I would like to repeat that the only solution that the government can offer us to correct unfair situations such as those described in the motion presented by the hon. member for Kingston and the Islands (Miss MacDonald) is to introduce as soon as possible a program aimed at bringing down to 60, at least on a gradual basis, the age of eligibility for the old age security pension plan.

Mr. Speaker, I consider the minister to be an honest person and I think that in the heat of the debate her words exceeded her thoughts; so I should like to remind her that, on this side of the House, my party as well as the other parties of the official opposition and the New Democratic Party, we have repeatedly asked for a guaranteed minimum income. I should also like to point out that the government actually promised it during its 1974 campaign, stressing the fact that a guaranteed minimum income program would be set up in the years following that election.

Mr. Speaker, to prove my point, I gleaned several of my interventions in 1974, and more specifically during the month of—I have that in the official report of the debates for December 3, 1974. I asked the government to lower the old age security pension eligibility age from 65 to 60, and to adopt a guaranteed minimum income. As well, in 1977, on two occasions, I asked that a guaranteed minimum income program be set up for all Canadian citizens from 18 to 60 years of age.

So, the minister may want to tell the truth about the matter and tell the people that, unfortunately, it is not that the opposition put obstacles in the way of a guaranteed minimum income but that in all truth, as the hon. member for Winnipeg

North Centre (Mr. Knowles) stated it a while ago, the government is responsible for not having done so when, being in the majority, it could easily have respected its 1974 promise and set up, at long last, a guaranteed minimum income for all Canadian citizens.

● (1642)

[*English*]

Mr. James A. McGrath (St. John's East): First of all, Mr. Speaker, I want to congratulate my colleague, the hon. member for Kingston and the Islands (Miss MacDonald), for bringing in this resolution. It is a sad commentary that such a resolution would in fact be necessary in the Parliament of Canada. It is a reflection on us, this institution, and it is certainly a reflection on the government of the day that enjoys a majority in this House. Indeed, it is a reflection on Canadian society itself.

While I congratulate my colleague the hon. member for Kingston and the Islands for bringing in this resolution, which would certainly commend itself to all sides of the House, it is not the first time that she has risen to speak in this House to bring forward a glaring injustice in the social structure of Canadian society. She was the first to raise the question in the House about the inequities in the Canada Pension Plan which discriminates against the homemaker in a way equally as unjust as discrimination in the provision to provide for spouse's allowance.

Without equivocation and on behalf of my party, we accept the amendments put forth by the hon. member for Winnipeg North Centre (Mr. Knowles). I regret that this resolution will not come to a vote today so that we could watch some of the squirming on the other side of the House.

Some hon. Members: Hear, hear!

Mr. McGrath: If this were coming to a vote, I submit that my learned friend opposite from New Brunswick would not be half as vocal as he is in his seat right now.

The minister, who is not in the House at the moment, referred to intellectual dishonesty in her criticism of the very excellent speech by the hon. member for Kingston and the Islands. If there is any intellectual dishonesty—and in my opinion there is considerable intellectual dishonesty—it resides in the government of the day. Ten years ago this government came to power with the promise of a just society, yet parliament must spend one of its very important days on supply to debate a resolution which identifies discrimination against women.

I would like to tell the hon. gentleman opposite, who is smiling all over, that if he were half as knowledgeable about the subject that I am addressing to the House as the hon. member for Kingston and the Islands, or the hon. member for Winnipeg North Centre, then I might be willing to accept his interjections, albeit from his seat; but since he has no appreciation of the subject and since, like most of his colleagues over there, he has little or no sympathy for the people to whom the resolution addresses itself, I suggest he contain himself and hold his tongue.

I can understand the minister in her criticism, and I can understand why she got excited, because anybody who has followed the career of the Minister of National Health and Welfare (Miss Bégin) would understand the position that she is in today. The word "compassion" is not in her dictionary. If it were, we would not be addressing this resolution today. I suppose the reason for that is that the hon. minister has a background of being a career bureaucrat. She is in fact a bureaucrat's bureaucrat. She is one who has been used to dealing with people as mere statistics or as part of some data coming out of a computer. Otherwise she would be able to put herself in the position of those unfortunate women who today are the forgotten minority in Canadian society. She would be able to put herself in the position of those women who have to pay inflated prices for food and do not have enough money to provide for themselves adequately. The statistics make this point abundantly clear to everybody.

● (1652)

The minister commented in a critical way on the references made by the hon. member for Kingston and the Islands to the now notorious information circular sent out to registered charities by the Minister of National Revenue, who now resides in another place where he is untouchable by this House. It is well that the hon. member for Kingston and the Islands should refer to this insidious document. Were it not for the organizations in this country that speak up for the poor, the forgotten and the social outcasts, it would be a sad day indeed. These people should not be hampered in carrying out these very important activities.

We are told today by the minister—and the hon. member for Kingston and the Islands has been told by the minister who resides in the other place, by way of courier—that the whole matter of this circular is to be reconsidered, and the inference is that it will be withdrawn. Constraints are placed upon charitable organizations in this country that have to deal with a heartless government such as that in power at the present time. The relevant paragraph reads as follows:

The holding of public events to attract public support, recruit new members, raise funds, explain purposes and programs, and generally publicize the organization and its charitable activities is an acceptable activity of a registered charity, but if the purpose of the demonstration is to embarrass or apply pressure upon a government it is considered a political activity.

What kind of a directive is that for a government to issue in a democratic society such as ours? I say shame to the government that allowed a minister of the Crown to send such a document out to respectable charitable organizations. It is only right and proper that they should be embarrassed and have to admit a mistake, and promise that this scandalous document will be withdrawn or substantially amended.

I referred to the inability of the minister to place herself in the position of an old age pensioner or single person on pension. Imagine the hardships such people undergo in order to provide the basic requirements of life. The hon. member for Kingston and the Islands referred to statistics issued by the

Anti-Inflation Board a few days ago which indicate that food prices alone in the past year in Canada have risen by 12 per cent and in the past month by 2.6 per cent. This means that a single person over the age of 65 who has an income of $4,634—which is the norm for many people in that category—has to pay over 21 per cent of his or her total income for food. A married couple who enjoy the benefits of spouse's allowance or a pension income are a little better off, but even they must pay 17 per cent of their income for food. I bring this out to illustrate that we have not taken into account the impact of inflation, and especially of food inflation, on old age pensions in this country.

It is all very well to say that we have brought in indexing. When you consider that for the Canada Pension Plan the indexing was approximately 7 per cent for the year and that food prices increased by 12 per cent, it is obvious that the present method of indexing hardly addresses the problem. Indexing for the old age pension plan is equally unjust; it provides an increase of only 8.4 per cent.

On top of all that, Mr. Speaker, a few days ago, with one stroke of the pen, the government eliminated one of the few consumer subsidy programs on food that was still in effect. That is the powdered skim milk subsidy which amounted to $13 million. That amount was too large for the Minister of Agriculture (Mr. Whelan) to justify in his budget and he indicated the money should come from elsewhere—for instance, from the budget of the Minister of National Health and Welfare or the budget of the Minister of Consumer and Corporate Affairs (Mr. Allmand).

The Minister of Agriculture can claim, on the basis of his surveys, that the subsidy on powdered skim milk was largely going to people in the upper and middle income brackets who did not need it. A closer examination of the facts, however, shows that a large proportion of that consumer subsidy of almost 40 cents per pound on skim milk was going to old age pensioners who prefer such milk, finding it more nutritious and easier to handle, to people with large families who require a great deal of milk in their diet, and to people in the north who cannot afford the price of liquid milk which in most cases has to be imported to the area.

What kind of government do we have, Mr. Speaker? They have lost touch with reality and live in a vacuum. I would say this government have been in power so long that they cannot see the forest for the trees. They cannot see what is happening in this country today. They try to gloss over a study issued by the prestigious C. D. Howe Institute entitled "In Search of Robin Hood", released a few days ago. This report examines the problem which is being exacerbated by this government every week it remains in office. In its opening statement the report has this to say:

> The principal finding is that the federal government's budgetary policies have not, in fact, improved the economic position of the poor relative to the highest-income class in the 1970's.

We do not hear very much about regional disparities in this House any more, despite the fact that regional disparity is still a major factor contributing to the extraordinarily high rate of unemployment in the Atlantic provinces. It is about time we started addressing ourselves to the very serious social disparities that exist in this country, disparities which the C. D. Howe Research Institute thought important enough to study.

This study was necessary because the government tend to ignore the facts, the facts being that in consequence of an inflationary situation which they have not been able to control—especially with regard to food which has been considerably exacerbated by the dollar problem—food inflation in Canada weighs most heavily on the poor. Amongst the poor, none are more pathetic than the senior citizens who constitute far too high a percentage of the poor in this country.

The minister spoke of the spouse's allowance being the first phase of a guaranteed annual income. She tried to blame the opposition for the fact that she has been unable to bring in a co-ordinated plan of guaranteed annual income. What a lot of hogwash! The minister herself was being intellectually dishonest when she said that. All she had to do was look to her colleague, the Minister of Public Works and Minister of State for Science and Technology (Mr. Buchanan), who spoke against this concept not too long ago, or to her other colleague, the President of the Treasury Board (Mr. Andras), who came out against the concept in a speech he made not too long ago.

● (1702)

If that is not enough to satisfy her, I would remind her that her colleague the Minister of Industry, Trade and Commerce (Mr. Horner) was the one who spearheaded the opposition to a guaranteed annual income program when it was first raised by this party a few years ago. This minister now boasts of the fact that as long as he is a member of the Government of Canada he will not permit a guaranteed annual income even to be discussed. So it is about time that the minister was honest.

I support the concept of a guaranteed annual income and for this reason. There is a need for some kind of a guaranteed annual income in this country in order to bring in a comprehensive program to cover the inequities that have crept into the ad hoc system of social welfare which has grown up in this country.

Equally important to me as a Conservative, and there is no contradiction here, a comprehensive guaranteed annual income in this country is needed to address two problems: firstly, the inequities in income distribution, which I have identified in one particular area; and secondly, the problem of incentives. Ad hoc programs have grown up in this country, a lot of them in and of themselves commendable; but without being co-ordinated, they are in fact disincentives in many cases. To work and earn more is a disincentive. People who are on the receiving end of many social welfare programs are not permitted to earn more, otherwise they would be disqualified from the benefits which allow them to eke out some kind of subsistence.

I say to the Minister of National Health and Welfare that on this question she should address herself not to members on this side of the House who, as the hon. member for Winnipeg North Centre (Mr. Knowles) pointed out, constitute a minority in this House, but to her colleagues on the government side

where the real opposition is coming from. There is no other way to explain the fact that this government has failed during the ten years it has been in power to address itself to this problem in a meaningful way. We get ministers of national health and welfare who come and go and yet who continue to remain insensitive to the problems that still surround us today in this enlightened society of ours. Why should we address ourselves to spouse's allowance? My God, that is fundamental in a just society if there is any kind of justice at all.

There are a number of suggestions I could make to the minister, and I am sorry she is not here. I would like to see her bring in some kind of program which would tie the indexing of the Canada Pension Plan and old age pensions in a real way to the major expenditures of the senior citizens of this country. What are the major expenditures? To most of us who are average income earners of middle age, they are just everyday things; but to an old age pensioner they are major expenses. I am talking about the cost of heat, light, shelter, electricity and food. These are the things that should be taken into account when we review the cost of indexing the Canada Pension Plan and the old age pension.

I believe the Canada Pension Plan should be indexed quarterly. It should reflect these major expenses of senior citizens. Furthermore, I would suggest to the minister very strongly that a survivor's pension under the Canada Pension Plan should not be less than 70 per cent of the contributor's pension, with an eventual goal of 100 per cent. Why not, Mr. Speaker? I would like the minister to address herself to the question of why this reform cannot be brought in and brought in immediately.

I come next to the question of a spouse's allowance. My colleague the hon. member for Kingston and the Islands addressed herself to this most eloquently, as she always does. A person receiving a spouse's allowance should not lose that allowance if the older spouse dies. That is fundamental. It is simple justice.

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired.

• (1712)

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, the motion of the opposition gives us the opportunity to examine in a very broad way various suggestions from the opposition, and more particularly from the hon. member for Winnipeg North Centre (Mr. Knowles), namely that the government should undertake a complete review of the old age security pension, that is the basic allowances and the maximum allowances authorized under the guaranteed income supplement.

The most common suggestions are that the age of eligibility be brought down to 60, that the allowances be the same for everyone and raised to approximately $300 a month and, finally, that they be indexed to the cost of living. Since all these questions are directly related to the subject of the spouse's allowance which is the substance of the present motion, and since this proposition, whether it is adopted or not, would eliminate the spouse's allowance, hon. members will understand the importance of my remarks and the reason why it has to be debated here today.

Mr. Speaker, I believe the minister has already indicated that paying the spouse's allowance to any person under 65 would cost the treasury $2 billion. If the payment were made according to the needs of the spouse, again as regards the same 60 to 65 age group, it would cost the government $600 million.

Mr. Speaker, we on this side of the House are just as conscious of and just as sympathetic to the needs of a person who loses a dearly cherished spouse and we believe that as Canadians we must bring, at least for a while until the question has been settled across Canada, temporary relief to that situation, at least for six months. It seems to me a very logical suggestion to continue paying the spouse's allowance, a highly acceptable suggestion at the moment even if we have to review it later on after we have made an in-depth study on the advisability of extending it. Mr. Speaker, as I want to review all the pension programs, I will start with the old age security program.

In 1977 the old age security program cost $4.5 billion, including $3.4 billion for the basic old age security pension, $1 billion in guaranteed income supplement and $100 million in spouse's allowances. Since nearly two million people now benefit from the old age security pension, an increase of $1 in this pension would result in additional costs of $24 million each year. Supposing we raise the old age security pension to $300 a month across the board, the current rate being $156.66, we would be doubling the monthly payment.

It can easily be figured out that two million pensioners each receiving $300 a month or $3,600 a year would cost the federal treasury $7.2 billion every year. This would represent a total increase of nearly $3.8 billion or more than 84 per cent of current outlays. Moreover, as we are often urged to do, we could consider eliminating the means test which is now required to establish eligibility for the guaranteed income supplement. In other words, all pensioners eligible for the old age security pension would also be eligible for the guaranteed income supplement.

If we assume the number of single citizens as compared to married citizens will remain constant, we can make a rough estimate that 1.1 million persons over 65 would receive the guaranteed income supplement at the rate established for single pensioners, and that 900,000 married persons would also be eligible for this income supplement. This additional expenditure would reach $2.4 billion at the current rate or $1.4 billion over the cost of the guaranteed income supplement. Total expenditures for the old age security program would then rise by $5.2 billion a year at the current rate, if we were

to apply this program to everyone over 65. Overall annual outlays for this program would be $9.7 billion.

It has been suggested, Mr. Speaker, and I heard it again this afternoon from the hon. member for Rimouski (Mr. Allard), that benefits under the old age security program and the Canada Pension Plan be made available at the age of 60 for any person having left the labour force. This suggestion would mean a return to the old income test for all persons over the age of 65 and eligible for the Canada Pension Plan. It is now proposed to come back to that formula and apply it at age 60 without any income test.

[*English*]

As to how we could achieve any kind of fairness with a retirement test but no earnings test, I am not sure. Certainly there are many questions to be answered about this concept. It appears that a person with $100,000 per year income from investment could state that he is not in the labour market, whereas a person who works part-time for a few dollars to eke out his income could be said to be still in the labour market. Persons such as housewives who are not in the labour force might be able to collect the full OAS benefit even though their spouse is working and making $20,000 per year.

What would happen if someone in receipt of benefits found work and wished to re-enter the labour force? Would the benefits be suspended and overpayments recovered? What would be done for people who are unemployed but continuing to seek work, even though the prospects of finding employment may be slim? Would we force them to give up all hope of employment and permanently withdraw from the labour market before they could obtain benefits? Since unemployment insurance benefits are currently payable up to age 65, would double benefits be permitted, or would we perhaps lower the age limit on UIC eligibility to age 60?

I might note that one of the reasons the CPP retirement test, for persons over age 65, was abolished was to avoid some of the inequities which I have described above, as well as to remove the disincentive to work which such a restriction implied for persons aged 65 to 69. Some would suggest that such a retirement test be applied at age 60 for both the Canada Pension Plan and the Old Age Security Act. With such measures, the Government of Canada would be very strongly encouraging people to retire at an earlier age, and almost penalizing them if they did not. If past experience is any indication, the Government of Canada would also be encouraging employers to lower compulsory retirement ages, as happened when the eligible age was lowered from 70 to 65.

Because of the possible changes in retirement patterns that such an incentive to early retirement might have, it is not possible accurately to estimate the total cost of permitting voluntary retirement on full pension at age 60 under the Canada Pension Plan and the old age security program. We can, however, make observations and approximations which might prove useful in considering the possible effects of such a decision.

First, I might note that at present 13.3 per cent of the population of Canada is over 65 years of age, whereas 19.3 per cent is over 60 years of age. If we were to imagine for the moment that the entire population between 60 and 65 years of age were to retire, then clearly the cost of retirement programs would increase by at least 45 per cent. This would increase old age security costs which, as hon. members will recall, already have risen to $9.7 billion, by another $4 billion, making the total cost $13.7 billion per year, or nearly three times the present total annual cost of the OAS program.

This speculation of mass retirement is not very far-fetched in the long view if we consider the possibility that lowering the retirement age to 60 for the federal government programs might eventually lead to its being adopted as the normal retirement age in Canada. If we suppose, however, that only the approximately one-half of the population between 60 and 65 who are not now in the labour force were to take advantage of this early retirement proposal, the cost of OAS would still rise by about $1 billion annually at the current benefit rate, or $2 billion at the proposed $300 rate. This in itself is more than ten times the estimated amount currently spent on social assistance for persons aged 60 to 64, excluding the spouse's allowance. If this proposal also suggests that these people in the 60 to 64 age category receive full GIS as well, this would make the total annual program cost of old age security nearly $12.2 billion more than the cost of the current OAS program.

In the Canada Pension Plan we find a similar pattern. If all eligible persons were to retire at age 60 instead of 65, then the CPP beneficiary population would jump by almost one half. In the long run, the contribution rate would also have to rise by almost one half to pay for these benefits. Since it is now projected that the CPP contribution rate will have to more than double in the next 50 years, we might wish to reflect whether we have the right to commit succeeding generations to such an additional burden.

If legislation were introduced to allow CPP retirement pensions to be payable at age 60 in 1979, and if we assume that only half the eligible population takes advantage of early CPP retirement, we find that benefit payments would rise by $40 million in 1979 and would cost an extra $640 million by 1985.

The tale of financial woe does not end, however, with increases in numbers of pensioners and the dollar amount of benefits paid. We must remember also that by increasing the number of pensioners, we decrease the number of people in the labour force who must pay the taxes and make the contributions to support the larger population of pensioners. In other words, we are not simply increasing by five the number of years for which the eventual pension must be paid; we are also lowering by five the number of years in which the individual contributes toward the benefits of others.

The effect might be made clearer if we think of the individual as "earning" his or her own eventual retirement through active participation in the economy and in Canadian society prior to retirement. A person who works from, say, age 20 to age 65, a total of 45 years, and then retires and lives a further

15 years to age 80, has, in effect, worked three years for every year of retirement. If we lower the retirement age by just five years in this example, we find that the individual has worked only two years for every year of retirement. Clearly the amount that is set aside in respect of every working year to pay for the eventual benefit must be considerably increased.

One final and vital factor must also be considered, and that is the changing population profile in Canada. Our birth rate is dropping and is now well below the replacement rate. This means that the average age of our population is rising. If present trends continue, some demographers estimate the ratio of retired persons to workers in the labour force will nearly double in the next 50 years even with the normal retirement age still set at 65. This means that the tax burden placed upon each worker to pay benefits for the retired population will increase over the next 50 years. It is said that if we lower the normal retirement age to 60, the ratio will be three times what it is now and the eventual tax burden therefore three times as great.

● (1722)

There are other hidden costs associated with lowering the retirement ages and increasing benefits on which we can only speculate. If income security benefits such as old age security are drastically increased, will this encourage people to become more dependent on public pensions and to decrease their personal retirement savings? Certainly the average private pension benefit will have to be smaller, or the contribution rate much higher, if we lower the average working career by five years and increase the average payment period by the same amount.

Summing up the costs of these suggestions as far as they can be estimated, we can say that the changes in CPP and OAS benefits which I have outlined could cost at least $7.7 billion extra in the first year after implementation. The annual amount to be expended would increase and not decrease in the long run. At the same time the alterations to our social and economic structures which are implicit might very well lessen our ability to pay the cost.

Hon. members will recognize that these are extreme proposals I have been talking about, but they have all been seriously discussed in this House at one time or another, either under the guise of a solution to the spouse's allowance problem or as more general reforms for our old age security system.

We have considered such proposals, and I will repeat what I said in French a few moments ago: I am in total sympathy with those who, on the death of a spouse, find themselves in straitened circumstances. I know that serious studies are going on within the administration to cope with the problems which hon. members have raised. It is, indeed, a sad situation when a surviving spouse is left without income because he or she is not eligible for OAS payments. I think a proposal might be made on this side that, in the immediate period following the death of an eligible pensioner, his or her spouse would be entitled to six months' allowances as an exceptional measure. During this period he or she could possibly adjust to the new financial situation.

I also spoke of the cost of improving a number of the present programs. We must look seriously toward improving many of these programs and these improvements must represent additions to what I consider to be already very good programs. Consider the financial position of pensioners today compared with a few years ago. In 1965 a married couple was entitled to $150 a month or $1,800 per year provided both were over 70 years of age. In 1977, a retired couple, one of whom was 65 and the other over 60, are guaranteed by the OAS/GIS of an income of $488.24 per month, or $5,858.88 per year. A single pensioner is guaranteed $255.94 per month, or $3,071.28 per year.

But these figures do not tell the whole story, since they ignore the Canada Pension Plan income such a couple would almost undoubtedly have. The maximun CPP benefit in 1978 is $194.44 per month. Even at the end of 1977 the total benefit was $2,083.32 per year. A two-pensioner couple, one of whom was in receipt of this maximum CPP benefit, was guaranteed an income in 1977 of $6,711.30. I might point out that none of this income would exceed the available tax exemptions.

Let us assume that such a couple had a family income of $10,000 per year at the end of 1976, prior to retirement. If they lived in Ontario, their income after deductions in 1976 would have been about $8,000. It can be seen, then, that the Government of Canada has virtually guaranteed such a couple nearly 84 per cent of their pre-retirement net income, even excluding private pension income or provincial supplements.

The Acting Speaker (Mr. Turner): Order. I regret to interrupt the hon. member but his time has expired.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I want to take part in this debate because I think it is an extremely important one. First, I want to congratulate the hon. member for Kingston and the Islands (Miss MacDonald) for putting this motion forward. Next, I congratulate my hon. friend from St. John's East (Mr. McGrath) for so admirably handling his portfolio as Conservative critic for welfare and social needs. As for the hon. member for Ottawa-Vanier (Mr. Gauthier), I will not say he did not write the speech he made because that is not fair, but he did leave me with the impression that everything was perfectly all right.

Mr. Gauthier (Ottawa-Vanier): I did not say that.

Mr. Alexander: The hon. member says he did not say that, but all I heard from him was that our senior citizens are doing all right. On the other hand, my hon. friend from St. John's East stands up in the House day after day telling the government how callous and unconcerned it is about the poor, about our senior citizens and about those who are least able to take a kick in the pants.

Mr. McIsaac: I am sure you don't believe that.

Mr. Alexander: There speaks the hon. member for one of the Saskatchewan ridings—we might as well mention it, Battleford-Kindersley—to show his disregard for our senior citizens. What I would like to say is this: perhaps the minister and her officials need to take a sabbatical and travel around the country as some of us have done to find out just what are the real needs of the senior citizens. It seems to me the minister and her officials are developing policy in Ottawa without knowing what things are like in the real world. They have no idea of the monstrosity they created when they brought in this spouse's allowance.

I recall that we expressed concern at the time the bill was debated. We did so on the grounds that it was discriminatory. Spinsters and bachelors who reach the age of 60 are not eligible for benefit. There is an even worse aspect. In the first instance, the government indicated, in defence of its proposal, that two people could not live on one pension. But when one of the couple dies, the surviving spouse is supposed to live on no pension at all. This is one of the cruellest hoaxes perpetrated since I became a member of parliament. It is the worst piece of legislation I have ever read and it has no place on the statute books of our country.

● (1732)

I had the opportunity of going across this country and I want to put on the record some of the things about which our senior citizens are concerned. We have the Minister of State for Urban Affairs (Mr. Ouellet)—I do not know what he is doing but he seems to be butting into provincial jurisdiction half the time—and we have the Minister of State for Fitness and Amateur Sports (Mrs. Campagnolo), but it is becoming increasingly evident that since the proportion of senior citizens in our population is growing at a rapid pace because people are living longer, there is a requirement for a special minister to be appointed to look after the needs of senior citizens.

It has been suggested to me on my tour that it is time we started to think about such a minister because the number of senior citizens is growing for various reasons, whether owing to better diet, improved medical technology or for other reasons. This means that in the long run there will be more senior citizens, with all the problems that go with them, and that it is high time we started to think about our priorities in terms of a separate department to look after their needs.

Somebody will say, I am sure, that we, a party which always talks about restraint, perhaps should not be proposing ways of spending more money. But let me point out that these are important priorities, and when we see a priority arise in terms of the needs of our senior citizens, we should be prepared to act. When I went across this country I found a need for such a ministry. Surely if we have a minister to look after fitness and amateur sports—and I am not taking anything away from that minister—and a minister to look after small business, we should also have a minister to look after this very important sector of our population, namely, our senior citizens. At present their needs are looked after by three or four ministers. This is unfair, unjust and cruel. That is my first suggestion, Mr. Speaker.

What else have I found on my tour, sir? I will read the following comments regarding housing accommodation. There is a great deal of resentment among senior citizens who would like to live in their own homes rather than be shunted off to senior citizens' homes, no matter how excellent they may be. Senior citizens would like to have money in order to pay their taxes and to pay for heating and maintenance, which cost such exorbitant sums at this time that they must sometimes sell their homes.

In my view, it would be much cheaper to have a form of subsidization to look after these matters than to build senior citizens' homes en masse which, incidentally, cost more than the amount which would be allocated to look after the problems referred to. In other words, senior citizens are demanding more choices. This makes sense. Many of our senior citizens have owned their homes for years, but in their twilight years they cannot maintain their homes, paint them, cut the grass, heat them. These are the sort of services which they need. That is why I say we should take action in that area. If we are cost conscious at all, let us think of the millions of dollars that would be saved if we had programs under which our senior citizens could live in the places they themselves built and furnished and in which they raised their children, programs which would enable them to live the balance of their lives in dignity. Of course, such an idea would escape the imagination of this callous, cold, inept government.

I heard the hon. member for Ottawa-Vanier say—and if I am wrong, he will check me—that he does not like the idea of people working after the age of 65. I myself think there is some merit in people over 65 working. These people do not work because they love work although, mind you, they really appreciate the work ethic. They work because they have the need to work, either because of their own personal needs or because of the commitments they made on behalf of their wives, their children and their grandchildren. The inequity which came about as the result of this government's attitude is that they cut off these people from unemployment insurance. That was a terrible day. The government said it would save them—I am not sure of the figure—about $50 million. Then there was the question whether they were ripping off the system.

Mr. Gauthier (Ottawa-Vanier): Mr. Speaker, I wish to rise on a point of order. I want to make it clear that I never said what the hon. member just attributed to me. I spoke French and the translation might have been incorrect. I will repeat in English what I said. I said that some people would like us to reduce the age of eligibility for OAS from 65 to 60 with a means test. I do not agree with the means test. That is what I said. I never said anything about the capacity for work of older people. As a matter of fact, I am one of those who encourage them to work.

Mr. Alexander: As I was saying, with regard to unemployment insurance, the government destroyed the initiative of

countless thousands of people when it said: "You are no longer entitled to unemployment insurance". The government kicked them out to pasture.

Mr. Caccia: You voted for that legislation; you supported it.

Mr. Alexander: That was another cruel hoax and inequity. If the hon. member wants to, he can check it out, but what we did was to register our concern about that inequity. I will not pay any attention to what he says. We took issue with that government program the same as we took issue with the measure regarding spouse's allowances.

Some hon. Members: Oh, oh!

Mr. Caccia: You voted for it.

Mr. Alexander: Is it not significant, Mr. Speaker, how disturbed they become over there when you hit a nerve? I do not want to talk about the polls because that is not the subject of our discussion, but I would have plenty of reason to be concerned if I were a member of the Liberal party and watched it go down the drain. Why is it going down the drain? Because the Liberals are insensitive. They are in this business for the sake of power, and they do not give a damn about the Canadian people.

Some hon. Members: Hear, hear!

Mr. Alexander: Now it is coming home to roost. That is why they are sitting over there worried and scared. I heard the clapping they had in caucus this morning which was supposed to be for our benefit, but it was faked, just like most of their policies are in the first instance.

Let me get on with the subject under discussion. Another thing that I admire about my colleagues, the hon. member for Kingston and the Islands and the hon. member for St. John's East, is that they brought another point to the attention of hon. members opposite.

An hon. Member: Why are you smiling?

Mr. Alexander: I have to smile. I am not really angry; I pity those opposite because they do not understand. My smile is a smile of compassion as I stand here speaking on such a serious matter. They are not bad people; their only problem is that they are Liberals.

My colleagues to whom I have just referred spoke about the cost of living. I want to read again some comments that I passed on to one of my colleagues who was going to deliver a speech or write a letter on the needs of senior citizens. My colleagues really hit a very important point. This is what I wrote to one of my colleagues:

> Cost of Living—it is noted that the senior citizen is primarily interested in heat, clothing, food and shelter, etc., but it is noted that the consumer price index is based on a number of things which do not directly affect senior citizens and therefore they would like a new formula invoked regarding the consumer price index which would take account of the cost of living with which they are involved.

This was not discounted by the former minister of national health and welfare. I do not wish to paraphrase him or take his words out of context, but, as I understand it, he thinks that suggestion interesting. I did not hear the hon. lady's speech, but I put that suggestion before her again, as did the hon. member for St. John's East and the hon. member for Kingston and the Islands. Both ministers should take a long, hard look at this suggestion, because it seems to me that the formula means nothing when the cost of food and other costs go up 14 per cent while they are only entitled to 8 per cent. I may be wrong, but hon. members will get the idea.

We are moving in the wrong direction and we must look for a new formula. Let them not tell me that it cannot be done, because I remember the time when the government wanted to shaft the unemployed by bringing in amendments to the Unemployment Insurance Act. The hon. member for Kingston and the Islands and the hon. member for St. John's East were concerned about the less privileged. I said, after I had discussed it with my colleagues, that we would give this government notice that there should be flexibility. Rather than have a 12-week period, we would have a period from eight weeks to 12 weeks. It would be a flexible period. It would depend on the rate of unemployment and the number of weeks a person would have to work.

● (1742)

At first government members said that it was impossible, that it was a bureaucratic nightmare and could not be done. Government members asked from where we got such a stupid idea. We should thank God that we have opposition members around here. The government eventually bought that policy, after espousing that it was nonsense. Now the government is taking credit for that idea and we are receiving no credit at all. Wait until the Conservative party comes into power.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Alexander: If hon. members opposite think those are all the ideas we have, they will be surprised when my party forms the government. Let me point out that after waiting for ten years I am eager.

We require a new cost of living formula to assist our senior citizens. The one which is being applied now does not meet their needs. I should like to put on the record some more of our ideas.

Mr. Paproski: Don't give them too much. We want some policies left for ourselves.

Mr. Alexander: Well, that is right. Hon. members opposite are thieves.

Mr. Martin: Go ahead.

Mr. Alexander: The government listens to our suggestions and indicates that they are no good, yet eventually implements

them. What about wage and price controls? I do not want to mention that.

Mr. Paproski: Go ahead.

Mr. Martin: What about wage and price controls?

Mr. Alexander: Government members are thieves.

Mr. Martin: What about indexing?

Mr. Alexander: I should like to refer to wage and price controls, because our senior citizens have been affected by these. In 1974, members of the Liberal party travelled across Canada indicating that price and wage controls did not work in the United States and Great Britain, and that they could never work in our country. At that time they indicated that they would never bring in price and wage controls because they would be disastrous for the country.

Mr. Martin: No freeze.

Mr. Alexander: What is the situation now? That is why the government's credibility is shot at the present time. It indicated that the wages of Canadian workers would never be frozen. Hon. members of the government are the biggest bunch of hypocrites I have ever met. That is why the government is going down the drain and its credibility is shot.

Mr. Huntington: That is why there are over one million unemployed.

Mr. Alexander: Now the government is attempting to pussyfoot and indicate its circumstances have changed. I told the Minister of Labour (Mr. Munro) about that idea. He had that policy tucked under his armpit. I brought that matter up after the 1974 election. He was as embarrassed as the other members of the government are at the present time. Government members are deceitful. They play hanky-panky with Canadians. They are flimflam artists. They are thieves. I am directing those remarks to the government collectively and not to any individual member.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Turner): I suggest to the hon. member for Hamilton West (Mr. Alexander) that in the opinion of the Chair he is pretty close to the line. I suggest that he should be careful in what he says about our government.

Mr. Alexander: I never like to tread on Your Honour's toes. I do not mind treading on the toes of government members, but treading on Your Honour's toes is another matter.

I should like to refer to the New Horizons program. It is a magnificent and excellent program. Recently I found out that senior citizens are concerned about young people having so much to say about programs designed for senior citizens. The senior population would like to have more individual, personal input into these programs. That is not happening now.

Mr. Paproski: We will make it happen.

Mr. Alexander: Yes, we will. I should like to refer to very simple matters such as our taxation forms. They are horrendous. I attempted to figure out my form the other day. I am a pretty smart fellow—perhaps hon. members opposite do not think so—but it was an absolutely terrible and frustrating job. I managed to get my return in. I did not do what I was supposed to do.

Some hon. Members: Oh, oh!

Mr. Alexander: I just dumped all of my papers into the envelope and mailed it. I can imagine what senior citizens face when they attempt to complete their forms with no assistance. The government should give thought to having more assistance available in the offices of the Department of National Revenue for the benefit of senior citizens. Of course, I refer particularly to the city of Hamilton. I feel this is another policy which has some merit.

Another problem which our senior citizens face is in the area of benefits. No matter what the benefit is, the bureaucracy is fantastic and the red tape is too long. Perhaps the government knows about this problem and is coming to grips with it, but it is somewhat lost with the countless millions of people who are involved. It takes too much time for senior citizens to receive benefits. I am sure those members of our population would like to see the red tape cut and the bureaucracy removed as much as possible, so that they will know when to expect receipt of their cheques.

Guaranteed income supplements were referred to earlier. I realize we are getting into the area of shared cost programs, but we must look hard at what we are doing to some of our senior citizens. If they are slightly over a particular limit, they are not entitled to any help whatsoever. When these same people start to receive incomes, and as tough as things are now—

The Acting Speaker (Mr. Turner): I regret to inform the great hon. member for Hamilton West (Mr. Alexander) that his time has expired.

Mr. Alexander: Thank you for the compliment, Mr. Speaker.

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I am pleased to have the opportunity to participate this afternoon in this opposition motion which has been put forward by the hon. member for Kingston and the Islands (Miss MacDonald). On the one hand, I suppose we might call it the "cruel and unjust" motion. On the other hand, based on the discussions which have taken place this afternoon, perhaps it can be labelled as the "$4 billion flip-flop motion".

It is incredible that it is sponsored by the official opposition that hopes to form the government of this country at some point some day in this century; God knows when. The financial critic of that party, the hon. member for York-Simcoe (Mr. Stevens), distinguishes himself by his absence from the chamber this afternoon. I think I can understand why.

Mr. Clark: Where is the minister?

Mr. Martin: The hon. member for York-Simcoe said that we should knock $2 billion off the operating expenditures of the government. That sounds great.

Mr. Alexander: Read his entire speech. You should not be selective.

Mr. Martin: Distinguished senior members of the Conservative party, such as the hon. member for Kingston and the Islands, the hon. member for St. John's East (Mr. McGrath) and the hon. member for Hamilton West (Mr. Alexander), have now promoted a particular policy which would not reduce the government's budget by $2 billion, but rather would add $2 billion to the budget.

Mr. Alexander: What are you talking about?

Mr. Martin: Even hon. members of the opposition have to face simple arithmetic. They should realize that two plus two equals four.

Mr. Alexander: Mr. Speaker, I rise on a question of privilege, a point of order, or whatever Your Honour prefers to call it. I want to second guess the hon. member who has the floor. If he is talking about the spouse's allowance, and I hope he is—

Mr. Martin: That is the motion.

Mr. Alexander: All right, I am glad that is clear. If the hon. member is talking about the spouse's allowance, he should not leave the impression that it will cost $2 billion. I have heard from departmental officials and from the hon. member from Winnipeg North Centre (Mr. Knowles) that the cost will be approximately $4 million. I do not think the hon. member should mislead the House by indicating in an offhand fashion that the cost will be $2 billion.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Turner): Order, please. I suggest to the hon. member for Hamilton West (Mr. Alexander) that he is not presenting a point of order, nor a question of privilege. He is raising a point of debate. The Chair has been fair with all hon. members. They have wandered all over the lot in dealing with this subject.

Mr. Martin: Mr. Speaker, earlier this afternoon I was accused by the hon. member for St. John's East of knowing nothing about health and welfare programs.

Mr. Alexander: That is correct.

Mr. Martin: Perhaps I do not know as much as the distinguished hon. member for Halmilton West, because I have not been around here as long. However, in order to implement the spouse's allowance policy for people aged 60 to 65, without any means or needs test of any kind, I understand the full cost would be $2 billion.

Some hon. Members: Oh, oh!

Mr. Alexander: You are wrong, sir.

Mr. Paproski: You are wrong.

Mr. Martin: If my figures are incorrect, as hon. members opposite are indicating, I stand to be corrected. Certainly those are the figures I have been given.

Mr. Clark: The problem is that you cannot read your figures.

Mr. Martin: That is the first flip-flop, a $4 billion flip-flop. I am glad the hon. Leader of the Opposition (Mr. Clark) is present in the chamber. He can participate in the flip-flop being performed by the members of his party. I am delighted.

The second flip-flop might be called the "DDM flip-flop," the displaced deputy ministers' situation. That is another flip-flop on the part of members of the party which is hoping to be elected as the government some time in this century.

Mr. Knowles (Winnipeg North Centre): Will there be an election in this century?

Mr. Martin: A senior member of the Conservative party from the Winnipeg area, the hon. member for Winnipeg South Centre (Mr. McKenzie), indicated that when his party forms the government the deputy ministers will be dismissed. The hon. member for Grenville-Carleton (Mr. Baker) made a quick about-face and said, "No, no, we will keep the deputy ministers. We would not get rid of deputy ministers." By coincidence, he represents a seat in the area of the nation's capital.

Some hon. Members: Order, order!

Mr. Alexander: Stick to the motion.

Mr. Martin: The third flip-flop was in the areas of capital punishment.

The Acting Speaker (Mr. Turner): I suggest the hon. member for Scarborough West (Mr. Martin) should direct his remarks to the resolution under discussion.

● (1752)

Mr. Martin: Mr. Speaker, I am coming to that. I might add that in the course of debate this afternoon we have had introduced a circular put out by the income tax department; we have had reference to the Minister of Supply and Services (Mr. Goyer), and the sum of $10,000; and we have had reference to unemployment insurance. However, I am prepared—

An hon. Member: Read the motion; it says "inequities."

Mr. Martin: I am prepared to move from this after just saying in passing that I noted earlier that the hon. member for Hamilton West told us he had supported a piece of legislation in this House which he now calls the worst piece of legislation

that has come before the House in all the time he has been here. However, he supported it, I am not clear why, when it first went through. He also supported the unemployment insurance changes which he now intends to condemn because he feels they are cruel and unjust.

Let me make a few more general points before I get into specifics. It needs to be put on the record that there is no country in the western industrialized world where the senior citizens are better looked after than they are in Canada, bar none.

An hon. Member: Tell that to the senior citizens.

Mr. Martin: This is something of which this government, Canadian citizens and the Canadian community at large can, indeed, be extremely proud.

An hon. Member: Tell that to your people in Scarborough during the next election campaign.

Mr. Martin: I will be delighted to tell that to the people of Scarborough West, Mr. Speaker. I have a good number of senior citizen's homes in my riding and I continually have a good deal of interaction with them. Yes, there are a number of things senior citizens would like to see done to add to the benefits in existence today, and that goes without saying. But the senior citizens are very supportive of government programs that exist today in all kinds of areas, including senior citizens' housing, old age pensions, the Canada Pension Plan, disability plans, the New Horizons program, etc., etc., etc. In the past ten years or so this Liberal government has moved the percentage of the federal budget devoted to social programs, administered largely through the Department of National Health and Welfare, from 12 per cent of expenditures to 33 per cent, and that is almost a three-fold increase in percentage terms, to say nothing of what these increases really mean in terms of actual dollars.

At the same time, to show the kind of commitment Canadians have through their elected government, a government that still has the majority support of all Canadians across this country, and will continue to have after the next election, during the same period expenditures on national defence have moved down from about 25 per cent of the budget to about 12 per cent, or roughly one half in proportion to the total budget. That is the commitment of this government and that is the commitment of Canadians who will continue to elect the Liberal party to form the government of this country.

The important thing, which has been mentioned earlier, is that if the program which is being talked about was to be put forward simply for those in need between 60 and 65 years of age, this would cost somewhere in the area of $600 million. Let us not talk about things that have been taken out. This was not something taken out of the legislation. When the legislation was put in, it was to benefit a group in addition to the senior citizens over 65. One can argue that the age should come down to 55, 50 or even 45, but let us keep things in context. If we include only those who are in need, my understanding is that the cost would be somewhere in the area of $600 million, as I have said.

It is my understanding that one of the things that could be looked at and which is receiving some consideration, is a tie-over period to help those senior citizens who suddenly find themselves without this pension, giving them a six months' lead in time in order to adjust to whatever other benefit plans may be available to them. This is something that is currently receiving consideration and hopefully will be done.

Mr. Knowles (Winnipeg North Centre): We will be hearing about this during the election campaign, no doubt.

Mr. Martin: Mr. Speaker, I never object to hearing the hon. member for Winnipeg North Centre (Mr. Knowles) speak in support of senior citizens, the disabled and those less fortunate in this country, because he is very consistent. He continually speaks on their behalf and I think that is to his credit. I know he does not always tie the dollars in, but at least he is consistent. But in the official opposition we see this incredible flip-flop policy. I only wish the hon. member for York-Simcoe and the hon. Leader of the Opposition had been here for the full debate this afternoon, because it would have been interesting to see how they intend to handle the situation once they have moved outside this chamber.

Mr. Clark: I rise on a point of order, Mr. Speaker. Since attention has been drawn to my presence during the debate, I should like to point out to the hon. member, not simply the fact that he has been misrepresenting the facts, probably with some deliberateness, as was pointed out by my colleague the hon. member for Hamilton West (Mr. Alexander), but also that when he speaks about the presence or absence of front bench members and party leaders he should ask where is his leader, where are his ministers, and where is his minister at this time when we are dealing with a matter that is so fundamentally associated with social justice in this country.

Some hon. Members: Order.

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

Mr. Clark: When will he come to the point of telling the House of Commons what the government intends to do to ensure that—

The Acting Speaker (Mr. Turner): Order, please. I would suggest to the hon. Leader of the Opposition (Mr. Clark) that this is not a point of order but rather a matter for debate.

Mr. Martin: Mr. Speaker, I resent very strongly, and deny, any suggestion that I am attempting deliberately to mislead anybody. I do not think any hon. member of this House in any party whatever would attempt to do that. Perhaps that remark will be withdrawn on further reflection by the hon. Leader of the Opposition. As far as the Minister of National Health and Welfare (Miss Bégin) is concerned, she just returned from outside the country about ten minutes before the debate began. My understanding is that the Prime Minister (Mr. Trudeau) is taking part in some very important conferences with the leader

of an important political party from one of the provinces at this time, in the interest of national unity.

I should like to move away from this flip-flop aspect of what we are hearing today. I would like to get into some specific details of what we are talking about in terms of the actual benefit plans available to senior citizens in this country, including hospital and diagnostic insurance, medical care, the Canada Assistance Plan, the Canada Pension Plan and income tax benefits for senior citizens which result in their having exemptions in excess of—

The Acting Speaker (Mr. Turner): Order, please. It being six o'clock, it is my duty to inform the House that, pursuant to Standing Order 58(11), the proceedings on the motion have now expired. This House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 2(1).

At six o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, May 4, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

CANADIAN BROADCASTING CORPORATION

CHURCHILL, MAN.—INTENTION TO CLOSE RADIO STATION—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The Canadian Broadcasting Corporation will be closing down the Churchill radio station in June. The reason given for closing this station is that it is too costly to operate. For the last three weeks we have seen as many as five large CBC trucks and vans parked on Parliament Hill. It would appear that this is surplus equipment and it has cost thousands of dollars to let it lie idle on Parliament Hill. Therefore, I move, seconded by the hon. member for Lisgar (Mr. Murta):

That the CBC sell off this surplus equipment in order that they can afford to keep the radio station in Churchill.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CANADIAN ECONOMY

STATEMENT OF MINISTER OF INDUSTRY, TRADE AND COMMERCE—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the statement by the Minister of Industry, Trade and Commerce (Mr. Horner) while at Stoney Creek last night that the press are making more depressing our economic problems when in discussing our disastrous economic figures they compare Canada to other nations with better economic records, such as the United States, West Germany, Japan, France and others, instead of to Argentina where inflation is 150 per cent and strikers are put up against walls, a situation that the minister thinks "very probably would not be palatable to Canadians", and in view of the fact that if the government had said to Argentina "no Candu", it would have saved Canadian taxpayers some $130 million so that even admirers of Luis Firpo, the wild bull of the Pampas, the model for the minister, can restrain their need to be reminded of how Argentina put it over the Canadian government, I move, seconded by the hon. member for Halton-Wentworth (Mr. Kempling):

That this House understands and sympathizes with the statement of the Prime Minister of April 12, 1978, that "it is surprising to see the hon. member paying so much attention to the statements of the hon. member for Crowfoot", and that this House continue the mind of the minister in an "at rest" position by assuring the minister that inflation at 150 per cent and the putting of strikers up against walls is a situation which would not be palatable to Canadians.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDIAN AFFAIRS

FINANCIAL ASSISTANCE FOR SASKATCHEWAN INDIAN COMMUNITY COLLEGE—MOTION UNDER S. O. 43

Mr. Lorne Nystrom (Yorkton-Melville): I have an equally sensible motion, Mr. Speaker. The Saskatchewan Indian Community College at Saskatoon has a projected financial need in 1978-79 of $3.3 million. They recently received word from the Department of Indian Affairs and Northern Development that they will be receiving only $439,000, and the college may have to close. I move, seconded by the hon. member for Nickel Belt (Mr. Rodriguez):

That this House instruct the Department of Indian Affairs and Northern Development to immediately provide the Saskatchewan Indian Community College with the necessary $3.3 million to keep the college open for the Indian people of our province.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

FINANCE

SALES TAX AND DUTY ON IMPORTED GRAIN PROTEIN TESTING MACHINES—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that with the introduction of protein grading, a large number of testers will be required by the various grain companies, in view of the fact that these testers are not manufactured in Canada and must be imported from the United States, and in view of the fact that the cost of these testers will ultimately be borne by the grain producer, I move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That the government take immediate steps to waive the sales tax and duty on all protein testing machines imported into Canada.

Mr. Speaker: Presentation of such a motion for discussion would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDIAN AFFAIRS

BUDGETS OF INDIAN BANDS IN SUDBURY BASIN—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the same Standing Order on a matter of urgent and pressing necessity. In view of the fact that the Department of Indian Affairs and Northern Development has drastically cut back the budgets for Indian bands in the Sudbury district, and in view of the fact that such cutbacks are having particularly harsh results in the area of post-secondary education where the present budget only covers people presently in post-secondary institutions but makes no provision for students attending for the first time this fall, I move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That this House instruct the minister to immediately review these cutbacks in budgets for Indian bands in the Sudbury basin and in particular instructs the minister to restore the original budget for post-secondary education for Indian bands in that area.

Mr. Speaker: Presentation of such a motion would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

● (1412)

[*Translation*]

TRADE

PROPOSED REDUCTION IN COST OF COPPER CONCENTRATE SHIPPED FROM B.C. TO QUEBEC—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an important matter of pressing necessity.

Considering the concern which the government should show in promoting industrial and economic development in all Canadian regions; considering that it costs between $5 and $16 more per ton to import copper concentrate from British Columbia to Noranda than it costs to export that same concentrate from British Columbia to Japan; considering that the company in Noranda would need 100,000 additional tons of concentrate in 1978 and that stock is available in British Columbia, I move, seconded by the hon. member for Rimouski (Mr. Allard):

That, given the present circumstances, the federal government negotiate a reduction of $10 per ton for the importation of up to 100,000 tons per year of copper concentrate from British Columbia to Quebec and that the federal government set a two-year freeze on cost increases to ship iron ore on the St. Lawrence Seaway to assess the economic impact of such decision.

Mr. Speaker: Order. Presentation of such a motion for debate under the provisions of Standing Order 43 requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

THE CANADIAN ECONOMY

DETRIMENTAL EFFECTS OF FOREIGN BORROWINGS—MOTION UNDER S.O. 43

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I would like to move a motion under Standing Order 43 regarding an urgent matter. The government has borrowed or has on standby credit over $7 billion at present, costing the Canadian taxpayer over $700,000 in daily interest charges. Since never before in the history of the international financial world has there been a situation in which a country has had a floating dollar as its policy, and at the same time has undertaken massive borrowings to prop up its currency, I move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That this House imposes the following cease and desist order:

(1) Stop the policy of burdening the Canadian taxpayer with massive interest costs;

(2) Stimulate production and employment in Canada, and

(3) Allow the Canadian dollar to find its own level in the international money market.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

APPOINTMENT OF MAJOR GENERAL GASTON CLOUTIER AS SERGEANT-AT-ARMS

Mr. Speaker: Before beginning the question period, I know that all hon. members would want to join me in calling attention to an appointment that has been made by the governor in council and the fact that the new appointee has assumed for the first time what we hope will be an equally distinguished career for the House of Commons as has been his career as a Canadian, and particularly in the Canadian military. I refer to the new Sergeant-at-Arms, Major General Gaston Cloutier.

Some hon. Members: Hear, hear!

Mr. Speaker: Oral questions.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

LINE OF CREDIT TO MAINTAIN VALUE OF DOLLAR

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in the absence of the Minister of Finance, perhaps—

Some hon. Members: Here he comes.

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Speaker, obviously the government ranks applaud the minister's courage for showing up in parliament today.

Some hon. Members: Hear, hear!

Mr. Stevens: My question centres on the $3 billion line of credit that the minister announced in Toronto yesterday evening. Does he feel that the credit he arranged yesterday, on top of the $2.5 billion line of credit he had already arranged for the chartered banks, the $750 million he borrowed earlier in New York and the $1.5 billion Deutschmarks he borrowed in Germany, would have been necessary if he had moved a little faster last October when the dollar crisis first occurred?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think the easiest thing I can do in life is face the hon. member. We have followed this policy since the fall and have moved cautiously. I am glad to see that the hon. member now recognizes that, despite what he says, Canada's credit is very good and I have absolutely no problem in finding credit anywhere.

● (1417)

Mr. Stevens: My supplementary question is for the Minister of Finance, who referred to Canada's credit. Can the minister say whether he will be making a statement on motions, or at least in committee, concerning the over-all borrowing activities and credit arrangements of the government so far as its foreign borrowings are concerned, bearing in mind that the credit he has arranged in New York is costing, for the origination fee, $1.8 million, including legal fees, printing and travel, as they say, and will also cost Canada $7.5 million in standby fees for the year, whether or not it is used? Will he give a full explanation to the House as to what exactly are the ramifications of all the government's credits and borrowings?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I shall attend the committee sitting this afternoon and gladly answer all questions concerning the arrangements I made yesterday with the Canadian banks as well as with the American banks. Naturally, I am not in a position just yet to reveal all the terms and conditions because they have not been completely negotiated and signed, but as soon as the legal document has been accepted by all parties, I shall give the information to the House.

[*English*]

Mr. Stevens: My supplementary question is again directed to the Minister of Finance. Is he aware that the credit which he announced last night has been offered to certain South African banks? If he is, does this mean there has been a change of policy with respect to our commercial dealings with that country, the policy announced by the Secretary of State for External Affairs last December 19?

Mr. Chrétien: Mr. Speaker, I think it is absurd and incredible that the hon. member would bring up that subject. I have never heard of dealings with South Africa or dealings with a series of banks in the United States. I have never been forced to confuse the two. I do not know how the hon. member can do that.

Mr. Stevens: They have telexes.

STATEMENT OF MINISTER OF INDUSTRY, TRADE AND COMMERCE

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the Prime Minister in connection with our economic and financial situation. Last night the Minister of Industry, Trade and Commerce suggested that the press and reporters generally are doing Canada a disservice by compar-

ing our economic and financial situation with that in countries which are better off than we are, and suggested we should only compare them with countries which are worse off economically, such as Argentina where there is high inflation and strikers are put up against the wall.

Is the government considering the introduction of sunshine legislation which will permit the press to make comparisons only between Canada and countries which are less well off, if we can find such countries? Is that being contemplated by the government?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the sunshine legislation which would interest the Canadian public is that which would retire the hon. member, and I hope it happens soon.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Crosbie: Mr. Speaker, the Prime Minister has had many opportunities to call the election, but he is afraid to do it.

Some hon. Members: Hear, hear!

Mr. Crosbie: My supplementary question to the Prime Minister is the following: does the Prime Minister accept any responsibility for our current economic situation, or is it all the fault of the Canadian press, as the Minister of Industry, Trade and Commerce suggests, or of the Canadian people because, as the Prime Minister suggests, Canadians are too soft, the Minister of State for Fitness and Amateur Sport says we are too fat—the fat times are over—the Minister of Finance says—

Mr. Speaker: Order, please. The hon. member may recognize a trace of argument in his question.

Mr. Crosbie: My question to the Prime Minister is this: Does the Prime Minister accept any responsibility for our current economic position?

Mr. Trudeau: We are the government, Mr. Speaker.

Some hon. Members: Oh, oh!

An hon. Member: You could have fooled me.

INTEREST PAID ON FOREIGN BORROWINGS

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, my question is directed to the Minister of Finance: it concerns his announcement last night to borrow up to another $3 billion in foreign money markets. Can the minister confirm that the total of over $7 billion in borrowings and standby credit is costing the Canadian taxpayer over $750,000 a day in interest charges alone? If so, how can he justify this tremendous burden on the Canadian people?

[Mr. Crosbie.]

• (1422)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I can give quite a lengthy reply. It is quite complicated. If we borrow abroad, we do not borrow the equivalent amount of money in Canada. If we keep the money we borrow in the reserves, we place that money in treasury bills in the United States, and so on, and receive some interest on that money. It is a very complex proposition. I will be delighted if these questions are asked in the committee this afternoon. I will be there with my experts, when I can give an exact answer; but I cannot do that in the question period.

Mr. Saltsman: Mr. Speaker, the minister has stated that it is the Canadian government's policy to have a floating dollar on the exchange markets of the world. Can he explain to the House why the government has felt it necessary to borrow, over the past two or three months, over $7 billion to prop up the Canadian dollar, which is a blatant contradiction of having a policy of a floating dollar?

Since this has never taken place anywhere in the world before, where a country has had to undertake massive borrowings to prop up a so-called floating dollar, can the minister explain the government's position to this House and to the Canadian people and not put if off by saying he will do that before the committee?

Mr. Chrétien: Mr. Speaker, we have not borrowed $7 billion as the hon. member has stated. We have established a line of credit which we can use if needed. However, we have not borrowed that amount of money. We borrowed $750 million in the United States and $823 million in Germany. We have withdrawn $1.3 billion in standby credit from Canadian banks; we have not used the American facilities. We have sufficient flexibility so that if some people try to push the Canadian dollar up or down in an unreasonable fashion, the governor can intervene to ensure that the dollar floats in a normal fashion, as has been our policy for many years.

Mr. Saltsman: In view of his reply, can the minister explain to the House why this latest borrowing of up to $3 billion in standby credit is required, particularly since the credit facility is designed for an eight-year period? Is the minister expecting that the Canadian dollar will be in continuing difficulty for the next eight years and therefore feels it necessary to undertake these massive foreign borrowings? Also, is the pattern of this borrowing not in fact the very thing that invites speculation against the Canadian dollar?

Mr. Chrétien: Mr. Speaker, I do not think that at all. We have established a line of credit that we can stop any day we feel it is necessary. However, we had to establish it for a period of years. That is why we have the period of eight years. If there is stabilization in the money market, we can cancel that on any day.

[*Translation*]

MANPOWER

INQUIRY WHETHER CANADA WORKS, PHASE III, PROJECTS WILL BE ENCOURAGED

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. I shall not speak of immigration but of employment today.

Under the Young Canada Works program, the projects that were accepted for subsidizing have been by far fewer than the applications made by sponsors of various projects. Still, I want to thank the minister for the funds granted my riding and other ridings in the province of Quebec. I should like to put the following question: We are now in the process of discussing various projects with their sponsors who are getting ready to apply for grants under Phase III of the Canada Works program. Can the minister tell the House whether we should encourage people in the same way to submit their projects under this program, seeing we have no idea of what funds have been earmarked for the program? Should we, yes or no, encourage people to plan projects and can the minister tell the House whether the amount of funds to be allotted to this project has yet been decided and whether it will be more generous than the funds allotted to the Young Canada Works program?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the global funding has in fact been announced. It is a question of determining the amount that will go to each individual constituency. We hope within the next couple of weeks to be in a position to announce the funding available on a constituency by constituency basis. I hope the hon. member will again encourage people to participate in the Canada Works and Young Canada Works programs because they have been excellent programs. We need about a three or four to one ratio to get excellent projects, which we have had in the past from the hon. member's constituency and from others.

[*Translation*]

REQUEST FOR ADDITIONAL FUNDS TO CREATE EMPLOYMENT

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to ask a supplementary question.

Considering that the present situation is very serious and even very grave; that the private sector is not in a position to offer enough jobs to satisfy current needs; that Canada Manpower Centres respond in a very strange way to those seeking help to find employment, and that jobs are very scarce, would the minister be willing, in view of these special and grave circumstances, to ask the President of the Treasury Board for additional funds so that we might make better and more efficient use of Canadian manpower and thus ensure normal development in our country by using our qualified manpower until the private sector is in a position to do more?

• (1427)

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I have reiterated time and time again that something like $1.2 billion has been made available by the federal government for direct job creation and training, and all these enterprises have been most satisfactory. Still on the subject of funding, we have spent about $96.2 million on programs to assist young people and students to find employment—the highest amount ever contributed by any government in this field.

Manpower centres have been giving good advice in the placing of individuals. Last year we placed something like 250,000 young people in employment during the summer months. So we must be doing something right. We hope to do even better this year. We should remember, too, that 300,000 more people are working this year than were working last year.

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NATIONAL DEFENCE

PEACE TALKS ON SOUTHERN LEBANON

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Minister of National Defence. When I asked the minister on April 18 whether he agreed that any commitment of Canadian troops to a UN peacekeeping force ought to be conditional on the prospect of a political settlement or, at least, a reasonable expectation of one, he replied that the parties in the Lebanon area were, and I quote, "moving toward such an agreement and understanding". Unfortunately for his forecasting, the very next day the government of Lebanon fell and their prime minister resigned. Will the minister now tell us categorically what evidence he has that any of the parties in South Lebanon are moving toward agreement and understanding?

Hon. Barney Danson (Minister of National Defence): We were hoping for greater control in that area, as I indicated in reply to the hon. member's question. Obviously, there is need for greater control. The Secretary General has asked for more troops in the area, and we are still working toward stability.

Mr. McKinnon: I would like the minister to confirm, as the man primarily responsible for sending our troops to Southern Lebanon, whether it is true that UN forces are presently engaged in hostilities with one of several organizations in the area, none of which seems to have the slightest intention of negotiating a settlement, though that is one of the main criteria to be met before Canadian troops become involved.

Will the minister press for a revised, tightened-up UN resolution which would be based on criteria set out by the hon. member for Eglinton on the basis of our long experience in peacekeeping?

Mr. Danson: There has been an incident involving one of the dissident groups, as is obvious. Certainly, I will take up the hon. member's suggestion with the Secretary of State for External Affairs.

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EXTERNAL AFFAIRS

UN RESOLUTION ON PEACEKEEPING IN SOUTHERN LEBANON

Mr. Douglas Roche (Edmonton-Strathcona): A supplementary to the Secretary of State for External Affairs. When the hon. gentleman appeared before the Standing Committee on External Affairs on April 4, he acknowledged that resolution 425 which sets out the peacekeeping procedure was too loose and needed to be improved.

● (1432)

I ask him now if Canada has pressed for a tightening of that resolution, and what steps did Canada take yesterday when this question was discussed before the Security Council which gave rise to the increase of troops from 4,000 to 6,000?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I have not actually seen the text of our intervention yesterday, but I can deduce from conversations I have had with officials and with our delegation in New York that we did in fact, I have no doubt, consider either in public or in private sessions tightening up the resolution.

I think the dilemma really stems from the fact that we would like to see a tightening up in a particular way. There are other participants who would also like to see a tightening up but one which is not consistent with our objectives. In other words, as I said before the committee, I believe the task before the Security Council was to find the broadest possible mandate which will encompass all the various points of view.

We will continue to press for a stronger mandate, and we will also continue to press for the total withdrawal of Israeli forces from Lebanon. I have said previously, and I repeat it, that I believe this is a precondition for stabilization in the area. But, of course, as the Israelis themselves have said, until such time as the United Nations forces are in place their withdrawal is to some degree conditional. That is why the Secretary General has asked for additional support, and I was pleased to hear this morning that a number of countries have responded to the Secretary General and that additional forces will be put into place. My reason for saying this is that once a greater degree of stability has been achieved, then I believe the second step of getting a stronger mandate will come more easily.

Mr. Roche: Mr. Speaker, I think the question the Canadian public wants to have answered is whether there will be any commitment made by the government of more Canadian troops going to this embattled area before the resolution is amended in such a way as to guarantee that the eight criteria set out by the Canadian government some years ago can, in fact, be adhered to, which will ensure the safety of Canadian soldiers on a peace-keeping mission.

Mr. Jamieson: Mr. Speaker, without being in the least argumentative about this, I think the fundamental question to be recalled here is whether we will refuse to participate in any peacekeeping activities unless the so-called eight criteria have been met. These were laid down a number of years ago. They are entirely defensible. But I draw the attention of the hon. member and of the House to the fact that to the best of my knowledge that is an ideal situation which has not been achieved in any peacekeeping activity which has been undertaken. So it really becomes a question of deciding whether, if conditions are not perfect, we will participate at all.

On the more specific part of the question, we have, as the hon. member knows, limited participation in the communications role associated with the group and we have no intentions either to go beyond our particular role or to extend it beyond the six months to which we were committed by the Secretary General. May I conclude by saying that it is an immensely difficult task for the Secretary General and we cannot always meet all the conditions of all sides before moving, so it does come back to a question of whether we want to help under the best conditions we can establish, or simply wash our hands of the whole matter.

* * *

UNEMPLOYMENT INSURANCE

ACTION OF GOVERNMENT TO REDUCE DEFICIT IN FUND

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I have a question for the Minister of Employment and Immigration. Statistics Canada figures for January and February of this year show pay-outs on the unemployment insurance account of $971 million, 26 per cent higher than last year, indicating a total pay-out approaching $5 billion in this calendar year. What new action is the government planning to reduce unemployment insurance pay-outs and to cut down on the unemployment insurance account deficit?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, as the hon. member knows, there is an indexing arrangement in the Unemployment Insurance Act which is built right into the legislation and for which, I might say, every party in this House voted. I also point out that the average pay-out is about $110 per week. Given the higher level of unemployment this year, we have a slightly higher pay-out. However, to compound that by suggesting that that will be the situation throughout the year, I think does a disservice to the program.

Mr. Clarke: Mr. Speaker, since the unemployment rate is directly related to the present economic situation, has the minister consulted, or will he consult with his colleague, the Minister of Finance, who seems intent on and content with a high rate of unemployment?

Mr. Cullen: Mr. Speaker, that question, in effect, answers itself. Obviously, the Minister of Finance is not satisfied. That is why we brought in the employment tax credit program which involves about $200 million. That is just one more program in the government's armament against the ogre of unemployment.

Mr. Hnatyshyn: Too little, too late.

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FINANCE

STATUS OF DEPUTY MINISTER

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, my question is directed to the Minister of Finance. Can the minister advise whether Mr. Tom Shoyama, the Deputy Minister of Finance, has resigned?

Hon. Jean Chrétien (Minister of Finance): No, Mr. Speaker, he is not resigning. He is working with me, and his work is very good.

Some hon. Members: Hear, hear!

Mr. Alexander: For how long?

* * *

POST OFFICE

REMOVAL OF TELEPHONES FROM RURAL POST OFFICES

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Postmaster General. I would like to ask the Postmaster General why the Post Office is going back to the pre-Thomas Edison and Alexander Graham Bell era in communications and removing telephones from rural post offices.

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I would like to answer this question but it seems quite irrelevant to me since the telephone does not come under the jurisdiction of the Post Office. Nevertheless, I would like to ask the hon. member for Brandon-Souris to be more positive in his questions. I cannot see any purpose in asking questions about what happened at the Post Office perhaps 100 or 125 years ago. We are now trying to create a new climate in the Post Office. We are trying to establish more open communications with our employees, and I would ask for the opposition's co-operation in that effort so as to avoid the worst and make the Post Office more efficient throughout Canada.

[*English*]

Mr. Dinsdale: Mr. Speaker, with a statement like that, I can understand why the Post Office is in trouble. Inasmuch as the Post Office is in the communications business and improved communications are essential to the restoration of our rural communities, particularly in reversing the shift of population to urban areas, a process which has been gradually eroding rural communities and the family farm, why is the Post Office Department constantly downgrading its services while at the same time increasing postal rates, rather than pursuing the more positive policy of increasing business and revenues by improving service?

Mr. Speaker: Order, please. This is a fascinating subject to raise, but surely it is one of argumentation and not a question. The hon. member for Yorkton-Melville.

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RAILWAYS

PROPOSED ABANDONMENT OF RAIL LINES ON PRAIRIES

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is to the Minister of Transport and it concerns the question of rail line abandonment. Because of the recommendation made by the Prairie Rail Action Committee to abandon some 121 miles of rail line, there is now a great deal of concern in many of the communities which are being studied by the PRAC. The communities have been asking whether it is the intention of the minister to instruct the PRAC to consult fully with the communities affected even to the extent of holding hearings in these communities.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the Prairie Rail Action Committee is analysing the lines which the Hall commission did not resolve in terms of their future. It is consulting with a number of additional groups on facts and figures, but is relying heavily on work done by the Hall commission. When recommendations are made by the Prairie Rail Action Committee and the nature of those recommendations is such that the positive parts of them favour maintaining and making lines permanent and upgrading lines, those recommendations can be—and have been, in some cases—implemented by the government forthwith.

What we might call the negative part of any recommendation, that is, that a line be abandoned at a certain point in time, can only be referred to the Canadian Transport Commission, and that commission would in the ordinary course have full hearings involving the communities. There is, therefore, an important message to the communities that they are very likely to have an opportunity either before the Canadian Transport Commission, or in due course before a western arm of that commission, to make their views known before any adverse decision is taken.

Mr. Nystrom: Mr. Speaker, as the Minister of Transport knows, the Saskatchewan Wheat Pool has criticized the criteria being used by the PRAC. For example, it is recommended that lines with traffic densities as high as 90,000 bushels per mile be abandoned. I wonder whether the minister can tell the House just what criteria are being used and if it is his intention to instruct the PRAC to change its criteria so that they will be more in line with what Hall was originally thinking.

Mr. Lang: Mr. Speaker, following meetings with many farmers, including a group from the Holdfast-Dilke district and others concerned about specific lines, I asked the Prairie Rail Action Committee to make known more widely the criteria it is using. I am sure we will all be interested in looking at those before making a judgment upon them. I think that is the important first step.

● (1442)

Second, the Prairie Rail Action Committee is preparing to make a much more detailed analysis available to each area affected, about their reasoning and about all the factors involved, short only of those which were given to them in confidence by, for instance, the elevator companies.

* * *

INDUSTRY

INVESTMENT IN AUTOMOTIVE INDUSTRY

Hon. Herb Gray (Windsor West): Mr. Speaker, my question is directed to the right hon. Prime Minister. The final communiqué of the first ministers' conference last February said that "federal and provincial governments will provide incentives and take measures to ensure the proportional share of the increasing investment in the new plant for the automotive industry takes place in Canada." Therefore, would the Prime Minister make the carrying out of this commitment one of his personal priorities as first minister of the federal Government of Canada?

In this connection, will he ensure that the Minister of Industry, Trade and Commerce gets together with the treasurer of Ontario to establish an agreed on data base about the entire automotive industry; and to have the Ontario government begin to carry out its side of the commitment in the first ministers' communiqué; but, most important, carry out the priority federal side of the commitment, which must mean ensuring Canada has a fair share of not just investment but primarily of jobs and production; and finally, deal with disturbing indications of the transfer of production from some Canadian auto plants to those of their parent companies in the United States?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I take the hon. member's remarks to be more in the nature of a representation than a question. I should like to indicate to the hon. member that the government shares his concern. Not only the Minister of Industry, Trade and Commerce but other ministers, including the Minister of Regional Economic Expansion, have been involved in negotiations to obtain, in effect, results in this area.

In this regard, I should tell my colleague and all members of the House that at three o'clock I will table my letter to the premiers, including Premier Davis who wrote to me on this subject. My letter followed up on the February conference and indicated the conclusions which had been reached collectively by the premiers and myself, and the various actions which have been taken and are being taken in this regard by the government. It will be tabled at three o'clock.

Some hon. Members: Hear, hear!

* * *

RAILWAYS

EXTENSION OF CROWSNEST PASS RATES—GOVERNMENT POSITION

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is directed to the Minister of Transport. It relates to the important recommendations of the Hall commission on grain handling and rail line abandonment. I should like to ask the Minister of Transport a simple question. Is it the intention of the government to bring forward an extension of the Crowsnest rates in respect of finished products, or at least products of feed grain?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, any such question would involve very enormous additional expenditure which obviously we could not begin to contemplate at this stage. Indeed, the earlier recommendation of the Hall commission, that we pay to the railways full compensation between the Crow rate and what it costs to move grain, may involve a cost in the order of $200 million, including existing branch line subsidies. We have not been able to do that either, because of the present restraint period. However, we have done the very important thing of committing millions of dollars to rehabilitation. For every dollar being spent there, we will receive work, results and improvements in the lines.

Mr. Hnatyshyn: Mr. Speaker, it is clear from the answer of the minister that either he misunderstands or has not read the recommendations or the full report of the Hall commission. With respect to my first question, I point out to the minister that the cost is estimated to be in the vicinity of $35 million, even with inflation taken into consideration. Will the minister read the report, understand it and come forward with some reasonable proposition in respect of my first question?

Mr. Lang: Mr. Speaker, I must tell the hon. member that his view that $35 million would do the job is quite wrong. I believe he would find that there would be an immediate insistence that any subsidy applied to rail shipment of meat and other products would be applied to trucking as well. Regardless of whatever logic the hon. member may apply, I do not believe he could say that the freight rate on meat moving 1,000 miles in the west could be much lower than a similar amount of meat moving 1,000 miles in the east. I have tried to be rather even-handed while helping the west significantly in many ways with regard to our policies. I hope the hon. member will speak to his colleague, the hon. member for Carleton-Charlotte, who already has criticized this government for doing too much for the west in transportation.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

* * *

ADMINISTRATION OF JUSTICE

POLICY RESPECTING SOFT DRUGS OFFENCES

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I should like to direct my question to the Prime Minister. Can he inform the House of his government's policy for dealing with marijuana and cannabis, in view of the fact that in 1972 the minister of national health and welfare promised a change in legislation and in 1973 the minister of national health and welfare, now the Minister of State for Federal-Provincial Relations, also promised a change in legislation? The government introduced Bill S-19 and the Liberal party convention endorsed a change in the law dealing with marijuana and cannabis, changing them from the Narcotic Control Act to the Food and Drugs Act.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member is correct in reminding the House that the government introduced this bill in the Senate. Indeed, it was approved and passed by the Senate. If the hon. member is making an offer on behalf of his party—

Mr. Lawrence: He is asking what you are prepared to do.

Mr. Trudeau: I will tell the hon. member what we are prepared to do. If there is all-party agreement to deal with this bill at all stages in one day, we will introduce it tomorrow.

Some hon. Members: Oh, oh!

Mr. Dick: Mr. Speaker, I think the Prime Minister well knows that we usually like to see the wording of bills before we make agreements, because sometimes they play tricks. Is it a fact that the Prime Minister, in a press conference prior to the week of April 1, indicated that the government would not introduce this legislation unless it was re-elected again?

Mr. Trudeau: No, Mr. Speaker; I believe I told the press conference what I have just told the hon. member, that if we have time to pass it, we will pass it. That is why I am making the offer to the hon. member.

An hon. Member: We have all the time to pass it.

Mr. Dick: Introduce the bill.

Mr. Trudeau: What is all the beefing about, Mr. Speaker? One member asks a question and another member is beefing about something. I do not know what he is beefing about.

Mr. Speaker: The hon. member for Parry Sound-Muskoka.

Mr. Dick: I would have liked to pose a final supplementary question.

* * *

SMALL BUSINESS

PROTEST AGAINST DECISION TO SELL SACCHARIN ONLY IN DRUGSTORES

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I should like to direct my question to the Minister of State for Small Business. In view of the fact that products containing saccharin and other sugar substitutes are to be sold only in drugstores by decree of the Minister of National Health and Welfare, considering that this practice greatly discriminates against small rural businesses which traditionally have stocked such products, and further noting that many rural inhabitants are unable to drive the 20 miles or 30 miles to the closest drugstore, will the minister confer with his colleague, the Minister of National Health and Welfare, and end this unfair and arbitrary discrimination against rural business establishments and rural dwellers?

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, without knowing the facts, I presume there must be some prescription sale of saccharin now which did not exist before. But I will check with the Minister of National Health and Welfare to see if it can be ameliorated.

Mr. Darling: Mr. Speaker, I thank the minister for that answer. He is well aware that a great many small municipalities of 200 or 300 people have no stores within 20 or 30 miles other than the general store. Will the minister give the further assurance that steps will be taken in respect of providing research and development grants to small firms previously engaged in manufacturing products containing saccharin which have been adversely affected by the government's decision and may want to establish new product lines? The minister is well aware of this because he visited one such establishment in my constituency where the municipalities are suffering from this situation.

Mr. Abbott: Mr. Speaker, I will take that as a representation as well.

LOANS FROM FEDERAL BUSINESS DEVELOPMENT BANK

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is also directed to the Minister of State for Small Business. More than six weeks ago he gave an undertaking to the House that he would favour removing the penalties which are currently assessed against small businessmen who have loans with the Federal Business Development Bank for prepayment of such loans before they are due. Why has he not yet acted on that undertaking, and when does he intend to do so?

● (1452)

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I undertook to hold a conference with the newly-appointed president of the Federal Business Development Bank the Monday following the hon. member's question, and I did. He assured me that very careful study is being given to this matter, and I hope his decision will be a favourable one.

Mr. Beatty: Mr. Speaker, on Tuesday the minister acknowledged the fact that since he assumed his present responsibilities last fall, the rate of failure of small businesses had increased. I ask the minister why he has yet to present to parliament a single piece of legislation reflecting his present responsibilities.

Mr. Abbott: Mr. Speaker, I did present the CALURA amendments.

Some hon. Members: Oh, oh!

Mr. Abbott: I know the hon. member may not have them in his contemplation, but I can assure him we have done a good many other things as well. I would refer him to my speech during the budget debate. I am very hopeful that we will be introducing further initiatives in the future.

* * *

EXTERNAL AFFAIRS

RUSSIAN ATTACK ON SOUTH KOREAN AIRCRAFT

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the Secretary of State for External Affairs. Has the minister inquired as to the circumstances surrounding the attack by Russia on the South Korean aircraft, indicating their sensitivity about their military bases and severe action by them against accidental intrusion?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, since it is not a matter that directly involves Canada, I have not made any specific inquiries. Of course, I have been advised in a general way about it. If the hon. member has a specific question with regard to the matter, I will be glad to look into it and see what additional information I can obtain.

* * *

AGRICULTURE

ADOPTION OF TARIFF BOARD RECOMMENDATIONS

Mr. Jack Murta (Lisgar): Mr. Speaker, I would like to address a question to the Minister of Agriculture. On April 10, the minister, in reply to a question of mine concerning whether the government had made a decision on tariff recommendations, said "if he wants it briefly, it is practically as the Tariff Board reported." The Tariff Board report, at page 150, states, "one of the main recommendations was for the implementation of an automatic surtax." My question to the minister is: Has that particular part of the report been adopted in so far as the minister's statement to myself on April 10 is concerned?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, it is my understanding that it has been dealt with in its full content.

Mr. Murta: Mr. Speaker, I was going to direct my next question to the Minister of Finance, but since he is not here I will direct it to the Minister of Agriculture because he has a passing interest in this matter. The Minister of Finance indicated that we, meaning Canada, have notified our trading partners that we intend to renegotiate certain GATT commitments in relation to Tariff Board proposals. Would the Minister of Agriculture inform the House what commitments the Minister of Finance and hence the government are talking about in terms of renegotiating with our trading partners at the GATT negotiations in Geneva?

Mr. Whelan: Mr. Speaker, I have had discussions with the Minister of Finance on this very topic. Since the hon. member has asked his previous question, to make it clearly understood, the Tariff Board report, with some modifications, is being dealt with practically in its entirety for discussion at the tariff talks that are taking place in Geneva. I do not think I am in any different position than I was then to say how these discussions are going or what is being done.

We had discussions this week with our ambassador there, and with our representative, Mr. Warren, to discuss how these negotiations were going. I am sure the hon. member is aware that agriculture is a very touchy thing for them to discuss there, because some countries have much more protective ideas than we do. We will be dealing directly with the United States on most of the Tariff Board suggestions and recommendations.

* * *

IMMIGRATION

REUNIFICATION OF FAMILIES—PEDRO CRUZ CASE

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, my question is to the Minister of Employment and Immigration. I have given him notice of my intention to ask it. In view of the government's stated immigration policy which gives emphasis to the reunification of families, could the minister explain to the House the department's delay in making its decision in the Pedro Cruz case.

Hon. Bud Cullen (Minister of Employment and Immigration): First of all, Mr. Speaker, I thank the hon. member for not only giving me notice but making representations in this case. I have looked into it personally. Mr. Cruz, unfortunately, is a member, under the old bill, of the prohibited class. As a result, he was ordered to be deported but chose to leave voluntarily. His wife subsequently made further application. Because of the hon. member's representations and others, I am

taking a look at it; that is what is taking the time. I would like to look at all the circumstances as to why he was in the prohibited class and whether the time-frame that has gone by since the last offence would warrant ministerial permit intervention at this time.

Mr. Patterson: Mr. Speaker, since Mrs. Cruz and her seven-month old son are being forced to go on public assistance, and since their mortgage company is proceeding with foreclosure action, could the minister assure the House that he will take not only a personal interest but will do all he can to expedite the decision in this matter?

Mr. Cullen: Mr. Speaker, I have already given the undertaking that I will expedite the decision. I cannot give an undertaking that the decision will be positive.

* * *

POST OFFICE

REMOVAL OF TELEPHONES FROM RURAL POST OFFICES

Mr. Cecil Smith (Churchill): Mr. Speaker, my question is for the Postmaster General: I previously raised it under Standing Order 43. Removal of phones from rural post offices has caused hardship for rural customers. Also, at this time the safekeeping of the Queen's mail must be a top priority. Would the minister now confirm that he will requisition hand-bells for postmasters, so that in case of fire they can go running down the street shouting "Fire"?

* * *

MANPOWER

REQUESTED PROGRAM FOR SHOEMAKER TRAINING

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I would like to ask a question of the Minister of Unemployment and Immigration. Following some inquiries I made of Manpower, I understand there is no training provided for shoemakers. In light of the fact that shoes are very expensive in northern Ontario, and we could use a number of shoemakers to do repairs, will the minister give consideration to implementing a program of shoemaker training under Manpower facilities?

An hon. Member: It is against their contract.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the initiative and responsibility is provincial in providing the particular sources. Under the various adult occupational training programs, or the $96 million we make available for apprenticeship programs, we must work in agreement with the provinces. I have the hon. member's representation. I know his "soul" is in it, and we will give it every consideration.

Mr. Gillies: Only a "heel" would make a statement like that.

ADMINISTRATION OF JUSTICE

USE OF OFFICIAL LANGUAGES IN COURTS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, my question is for the Minister of Justice. In light of the debate on Bill C-42, language in the courts, that will continue this afternoon, perhaps the answer to my question will shorten it. I suggested in my speech, on behalf of the party, an amendment under which, if the act is to come into force, it would be jointly proclaimed not only by the federal government but by the provincial governments, if the law is to be adopted by the provinces, in line with the administration of justice which falls under provincial jurisdiction. Would the Minister of Justice comment on that matter, because I am sure it would shorten the debate?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, without getting into a debate with the hon. member, I take some exception in light of my view that the legislation as presented is perfectly constitutional. As I have already indicated, I have not taken a firm position on the proposed amendment. I am having my officers examine it from a constitutional and policy point of view. I have indicated to my colleagues that I want to discuss this matter with them early next week so that I will be in a position to respond to the hon. member in committee if the bill gets that far.

* * *

EXTERNAL AFFAIRS

UNREST IN SOUTH WEST AFRICA

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Secretary of State for External Affairs. As the minister is aware, there has been dissatisfaction expressed by members of the United Nations over the mandate exercised by South Africa over South West Africa, and South Africa has indicated that they will keep their 15,000, approximately, troops in South West Africa just as long as Cuba keeps a similar number of troops, revolutionaries and mercenaries on the southwest Angola border.

My question to the minister is: Has he asked Cuba to withdraw these troops, in the interest of establishing peace in this much troubled area? Also, since it is my understanding that he was delegated as a spokesman to make a presentation which would solve this problem to the South Africans, has his concept been accepted and has SWAPO, the South West African People's Organization, accepted his proposal to establish peace in South West Africa?

• (1502)

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, it is quite difficult to answer all of those points succinctly, but I shall do my best. On the matter of South African troops in Namibia, or South West Africa, the description the hon. member has given probably predates the proposals put before the United Nations last week. These

proposals, which I made on behalf of the Western Five and which have been accepted by South Africa, answered the second part of the question.

The proposals did in fact call for the withdrawal of South African troops from Namibia or South West Africa down to a total of 1500. The prior situation with regard to withdrawal being conditional on the Cubans' presence in Angola is therefore not now in play, given the precise meaning of the hon. member's question.

On the second point, with regard to Cuban troops in Angola or any foreign troops in that part of Africa, we have, as Canadians and as members of the Contact Group, indicated our concern over this continuing foreign presence and have made direct representations to the Cubans urging them to withdraw from their involvement in Africa.

On the third part of the question, just briefly, while South Africa has accepted the proposal of the Western Five as detailed by me before the United Nations, SWAPO—the South West Africa People's Organization—has not accepted it to date. But as of yesterday or the day before SWAPO has asked for a further meeting to clarify certain points made in the proposals.

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, I wonder if I could ask the government House leader his legislative intentions for the balance of this week and for next week.

Mr. MacEachen: Mr. Speaker, as the Minister of Justice has indicated, we will be considering Bill C-42, language of trial, today, followed by Bill C-17, the CNR recapitalization; C-39, currency and exchange; C-6, the ports legislation; C-43, relating to the ombudsman, and I should like to designate May 11 as an allotted day. I suggest it may be possible to arrange that we deal with Bill C-39 on Monday to meet the convenience of the minister and the hon. member opposite.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, Bill S-9 was on a previous list. May I inquire what happened to it?

Mr. MacEachen: Mr. Speaker, it is still on my list but it is at a later stage. It is a bill dealing with tax conventions, which I will call later.

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PRIVILEGE

MR. LAWRENCE—INCORRECT PARTY AFFILIATION IN DEPARTMENTAL PUBLICATION

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I rise on a question of privilege. I have just been handed a publication which is currently being distributed by the Department of Energy, Mines and Resources. This document unfairly reflects upon me; it attacks my integrity; it attacks the very root of what some of us stand for, but I am not sure that the House can do very much about it. I want you to know that this type of material is being distributed by this department. I resent it deeply as I think it is prejudicial to my interests. In it I am described as a Liberal member of parliament.

* * *

MR. McCAIN—COMMENT BY MINISTER OF TRANSPORT DURING QUESTION PERIOD

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, I rise on a question of privilege. I do not believe it was intentional on the part of the Minister of Transport (Mr. Lang), but I believe it should be brought to his attention that my remarks emphasized what was being done in the west and perhaps gave him a little political credit, they emphasized what was being done in the St. Lawrence River area and from Quebec to Windsor in the transportation system, and also emphasized the total lack of attention being paid to Atlantic Canada and its transportation requirements as well as the disparities in attention and accomplishments in that field, but at no time did I say that too much had been spent on transportation in western Canada as the minister implied.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, in regard to the hon. member's desire not to have expenditures in the west, the record will speak for itself. I think the hon. member should be fairly corrected in his references to the Atlantic. He referred to a couple of trips I made to the Atlantic region recently. They involved improvements to several harbours, the introduction of a new ferry service, the signing of $100 million worth of highway agreements, about $21 million worth of airport improvements, and many more things, for which the Atlantic region is very grateful.

Mr. McCain: Mr. Speaker—

Mr. Speaker: Order, please. The hon. member will realize that there is no procedure whereby I can give him the floor a second time on the same question. He has raised this matter by way of a question of privilege. He knows what he raised was a disagreement with the minister. The minister has continued the disagreement, but nevertheless it is not a question of privilege; it is a disagreement.

Mr. McCain: Mr. Speaker, on a question of privilege, I think the remarks of the minister merely amplify the position I have taken. He has now approached what might be termed as deliberate misleading of this House by his remarks in respect of my question of privilege and my earlier remarks in this House. I think—

Mr. Speaker: Order, please. The hon. member for Carleton-Charlotte (Mr. McCain) is obviously continuing what is essentially a disagreement and not a question of privilege, which

was the way I ruled in the first place. I do not think the matter can be pursued any further.

ROUTINE PROCEEDINGS

[*English*]

DOMINION-PROVINCIAL CONFERENCE

EXCHANGE OF LETTERS FOLLOWING MEETING OF FIRST MINISTERS

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I should like to table, under Standing Order 41(2), copies of letters in both official languages which I sent to all provincial premiers following our discussions at the first ministers' conference. I should comment that my letter to Premier Davis also contains a reply to his telex of March 1, 1978.

* * *

LORD'S DAY ACT

AMENDMENT TO INCREASE FINANCIAL PENALTIES

Mr. Peter Elzinga (Pembina) moved for leave to introduce Bill C-453, to amend the Lord's Day Act (penalties).

Some hon. Members: Explain.

Mr. Elzinga: Mr. Speaker, briefly the purpose of this legislation is to increase the fines levied when one is in violation of the Lord's Day Act.

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

* * *

● (1512)

PETITIONS

REQUEST FOR CONTINUANCE OF NIP AND RRAP PROGRAMS

Mr. Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table the twelfth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for St. John's West (Mr. Crosbie) and finds that it meets the requirements of the standing orders as to form.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Order Paper Questions

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 762, 1,485, 1,488 and 1,515.

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

[*Text*]

NATIONAL REVENUE—TAXATION

Question No. 762—**Mr. Hnatyshyn:**

1. Did the Department of National Revenue (Taxation) conduct a close surveillance operation on Thomas Mighty Midway and Bernard Thomas of Lennox, South Dakota, U.S.A., during the period June 24 and July 23, 1977 at the time the Midway was operating in Canada and, if so, for what reason?

2. How many Departmental members were employed from (a) Calgary (b) Saskatoon (c) Winnipeg (d) Thunder Bay (e) elsewhere, at (i) Thunder Bay, during the period June 24 to July 2, 1977 (ii) Saskatoon, during the period July 11 to July 16, 1977 (iii) Lethbridge, during the period July 18 to July 23, 1977?

3. How many additional persons did the Department employ through Manpower Canada or any other federal agency or department, including the Royal Canadian Mounted Police at (a) Thunder Bay (b) Saskatoon (c) Lethbridge (d) the Customs Port of Entry at Pigeon River, Ontario, during the close surveillance operation?

4. What was the cost of transportation for Departmental staff from their places of regular employment to (a) Thunder Bay (b) Saskatoon (c) Lethbridge?

5. What was the cost of (a) accommodation and meals (b) overtime for Departmental staff during the period of close surveillance at (i) Thunder Bay (ii) Saskatoon (iii) Lethbridge?

6. What was the cost of (a) hand operated unit counting machines (b) light summer headware (c) footwear (d) shirts (e) blue jeans and trousers (f) camp stools (g) mobile homes and campers and parking facilities for same (h) stenographic equipment and staff, purchased and rented for use in (i) Thunder Bay (ii) Saskatoon (iii) Lethbridge?

7. What additional revenue, in total, was assessed Thomas Mighty Midway and Bernard Thomas and all of the midway unit owners and contracting unit managers, as a result of the close surveillance, beyond the total tax revenue declared by all of them in their 1976 income tax returns?

8. Who ordered the close surveillance operation and for what reason?

Mr. Yves Demers (Parliamentary Secretary to Minister of National Revenue): 1. The Department of National Revenue, taxation, as part of its normal programs has conducted tax audits, not close surveillance operations, on carnival and midway operations in western Canada. To preserve the confidentiality of taxpayers' affairs, the names of individuals and corporations that are audited, the extent or cost of the audit and the additional taxes levied are not disclosed publicly.

Parts 2 to 8. See answer to part 1.

SECURITY—GENERAL WALTER DABROS

Question No. 1,485—**Mr. Oberle:**

Did the Canadian Armed Forces Intelligence and Security Branch and/or General Walter Dabros have a direct or indirect involvement in the 1970 Praxis break-in in Toronto and, if so, to what extent?

Hon. Barney Danson (Minister of National Defence): No.

Order Paper Questions

DSS—SECURITY

Question No. 1,488—**Mr. Oberle:**

1. How many full or part-time staff or operatives are employed by the Security Branch of the Department of Supply and Services?

2. What are the names of all private security agencies, such as the Corps of Commissionaires, or security branch of government defence firms who have been screened by, or are in constant contact with, the Security Branch and, in each case, how many staff are employed full or part-time?

3. Which of the firms conduct investigative or detective functions and under what legislative authority are such services rendered?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. Staff: 51 Operatives: Nil

2. (a) The security branch of the Department of Supply and Services does not screen security agencies such as the corps of commissionaires. (b) The security branch of the Department of Supply and Services is responsible for ensuring that departmental and industrial employees engaged in classified contracts are security cleared in accordance with established practices and procedures through the national security agency. The branch does not have an investigative role. Insofar as private guard companies are concerned, the security branch provides a contract quality control function for all private security guard contracts issued by the Department of Supply and Services in the National Capital Region. At the present time, there are 12 contracts with the following companies: National Protective Service Company Limited; General Protection Company Limited; Grant Security Services; S.I.S. Protection Company; Dustbane Security Services; Universal Investigation Services Limited. The numbers and identity of the companies engaged in classified contracts vary with the contracts issued. A list of such contracts issued by the Department of Supply and Services is published weekly. The number of staff employed full or part-time by such industries is unknown.

3. Nil.

EXPORT DEVELOPMENT CORPORATION

Question No. 1,515—**Mr. Forrestall:**

1. Did the government announce in June or July 1976, a $17.1 million loan by the Export Development Corporation to Panama for the construction of a container terminal in Colon, Panama and, if so, on what date is the project to be (a) completed (b) operational?

2. What amount of the loan has been advanced to date?

3. On what date will the loan be completely retired?

4. What is the rate of interest to be paid on the loan?

5. Have gantry cranes for the facility been ordered and, if so, who is the supplier?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as Export Development Corporation is concerned: 1. Yes, on June 30, 1976. (a) Completion date early in 1979. (b) Operational date is not yet available.

2. By tradition and as a matter of commercial principle Crown corporations have not been required by parliament to answer detailed questions on their administration and operation, and in the case of Export Development Corporation, the Export Development Act places the responsibility for such matters on its board of directors.

3. The loan will be completely retired July 1, 1989.

4. Please see the answer to part 2.

5. That aspect of the project is one of the commercial features within the province of the exporter, since the exporter awards sub-contracts.

[*Translation*]

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

Some hon. Members: Agreed.

[Mr. Danson.]

GOVERNMENT ORDERS

[*Translation*]

CRIMINAL CODE

MEASURE RESPECTING LANGUAGE USED IN COURT TRIALS

The House resumed, from Tuesday, May 2, consideration of the motion of Mr. Basford that Bill C-42, to amend the Criminal Code, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, I am glad to have this opportunity to make some remarks on Bill C-42, an Act to amend the Criminal Code, aimed at guaranteeing the language rights of Canadians before the courts. I will try, Mr. Speaker, to be as brief as possible and at the same time to restrain my enthusiasm and my pleasure in taking part in a debate I feel is almost historical.

I have been interested for a long time in matters dealing with linguistic equality, and hon. members will remember that once I did introduce Bill C-210 which would have given the accused the right to be heard and tried in his own official language. As it often happens, some hon. members on the other side, particularly Progressive Conservatives, found the bill untimely and killed my private bill.

So I am very pleased, Mr. Speaker, along with all fair-minded Canadians, to see that the government has kept its promise and introduced in this session a piece of legislation, Bill C-42, to amend the Criminal Code and give all Canadians both French- and English-speaking, the right to be tried in their own official language without the help of an interpreter. As I said earlier, this bill is one step further towards linguistic equality. In the minds of many Canadians, this bill confirms the most fundamental right in any society, namely the right of

any accused to defend himself in the courts in his own mother tongue. This bill which is being debated on second reading acknowledges this fundamental right which has been denied for too long to French-speaking Canadians living in those provinces where the majority of the population is English-speaking.

Some will say it is not perfect and the best possible compromise in the present context. History will record this important landmark which bears witness to the progress toward equity and justice by our two founding people.

If I say that this legislation is not perfect for those of us who live in French in provinces where the majority is English-speaking it is because the linguistic rights that the province of Quebec has always granted its English-speaking citizens before the courts are more extensive than in any other province of Canada. I recognize readily, Mr. Speaker, the efforts made by certain provinces over the past ten years, and I am fully aware of the resistance, the hesitation and sometimes even the refusal by certain provinces, certain groups, to take up the challenge of guaranteeing their French-speaking minorities the most elementary and nature rights they are entitled to. Whether it be justice, education, health services or a host of other public services, we still have several milestones to go before we reach linguistic equity.

We also know, Mr. Speaker, that in certain regions of Canada where there is a small French-speaking population, some groups will claim and some citizens will not hesitate to use the argument of numbers and costs. It will even be said that this legislation will mean everyone will have to learn French. Well, nothing could be further from the truth. This legislation will not force anyone to speak French. Rather it will allow all Canadians, both English—and French-speaking, to be able to be tried in their mother tongue. I am pleased, Mr. Speaker, with this initiative of the Liberal government which confirms the commitment made in the Speech from the Throne last October and which follows along the line of the linguistic equality process undertaken some ten years ago with the passage of the Official Languages Act.

[*English*]

As I said, Mr. Speaker, Quebec already gives greater language rights at trials to this minority than is provided under this bill. The province of New Brunswick also adopted similar provisions when it passed the Official Languages of New Brunswick Act. As a matter of fact Section 13 of the act, which came into force on December 20, 1972, granted the right to its citizens to give evidence in the official language of their choice before the courts of that province.

In his news release accompanying the tabling of Bill C-42 the minister said:

> This government made a commitment in the Speech from the Throne to guarantee the language rights of the accused before the courts, a guarantee which we believe to be of particular relevance to national unity. Any person in Canada accused of a crime should not require an interpreter in order to state his or her case in either of Canada's official languages before Canadian courts.

With Quebec and New Brunswick already giving this right to their citizens, and now with the province of Ontario studying a bill to extend language of trial rights, it seems to me that quick passage of Bill C-42 will clear the way for the rapid implementation of its provisions in the province of Ontario. It is a fact, Mr. Speaker, that 500,000 French-speaking Canadians reside in Ontario and that they constitute the largest French-speaking group in any Canadian province apart from Quebec. The passage of this bill, and the consequent amendment to the Ontario Judicature Act, will no doubt be another milestone in the history of French-speaking Ontarians.

Bill C-42 will also allow and invite other provinces to act as generously and justly with their own citizens.

We will have the opportunity in committee, Mr. Speaker, to clarify certain clauses of Bill C-42. As an example, I will want to clarify, with the minister, circumstances where a judge will retain the discretion to order that the trial be conducted in a bilingual fashion. Let me quote again from the minister's own news release as follows:

> In addition, when circumstances require, the judge retains a discretion to order that the trial be conducted in a bilingual fashion, in other words, a mixed French and English record.

At present, Mr. Speaker, provisions regarding the language of trial vary from province to province. The Criminal Code provides that in Quebec an accused may be tried by jurors who speak his or her official language, or by a mixed jury composed of six persons who speak English and six who speak French. I refer to Sections 555 and 556 of the Criminal Code. The code also provides in Section 556 for mixed juries in Manitoba.

I agree with the minister that these mixed juries were rarely used because of the obvious communications difficulties where jurors could not communicate in their consideration of the evidence. It could very well be that half of them did not understand the language of the other half, and it was difficult indeed for a fair trial to be held. As a matter of fact I believe the last such trial that was held in Quebec was the trial of Mr. Coffin who was eventually hanged in 1956, but mixed juries were not the practice either in that province or in the province of Manitoba. I therefore agree with the minister that Section 556 should be repealed and replaced by Bill C-42.

In reading both the news release and proposed Section 462.1 of the bill, I admit that I had some difficulties in finding the provision which empowers a judge to order a trial in a bilingual fashion with a mixed French and English record. In discussing the bilingual capacity and in trying to understand the provision for a judge, or judge and jury, as the case may be, I had to reread several times those lines which read:

● (1522)

> —who speak the official language of Canada that is the language of the accused or, if the circumstances warrant, who speak both official languages of Canada."

A distinction is to be made as to who speaks the language of the accused, and the second part being who speaks both official languages of Canada. Because I am a Franco-Ontarian and in Ontario all our lawyers and judges are bilingual, I fail

to understand why we include in the bill a distinction between one who speaks the language of the accused and one who speaks both official languages. Why a distinction between one who speaks the official language of the accused and one who speaks both official languages of Canada?

The distinction must be made between a unilingual French-speaking judge and a judge who speaks both official languages. In Ontario, as I said, all French-speaking judges are bilingual. There is no problem there. However, in Quebec one can find French-speaking judges who are not fluent in English. A choice will have to be made in certain circumstances whether to designate a bilingual judge rather than a unilingual judge.

To illustrate further the case, a choice may be made as to a judge who speaks the language of the accused and a judge who speaks both official languages in Canada. Let us situate a case in the Gaspé Peninsula or the Lac St. Jean area, where we could find a unilingual French-speaking judge designated to hear a case involving a unilingual French-speaking accused person. Some of the witnesses may be unilingual French and others unilingual English. There is no difficulty for the judge to hear testimony in the French language from those who speak French. For the witnesses who are unilingual English, the law allows the judge to swear in an interpreter who gives the judge an official interpretation. The interpretation in that court will be the language of that judge. Therefore the interpretation will be from English to French. The transcript will be in French, and the judge will make the judgemnt on that.

Another example, but different, is in the same locality. A unilingual French-speaking accused has elected to be tried by a judge who speaks his official language, French. However, all of the witnesses are unilingual English. It could be decided and agreed that in that case a judge who speaks both official languages of Canada would better serve the ends of justice. The judge would be able to follow all proceedings in both official languages of Canada, and the accused, this time, would be given an official interpreter. In the first case, the witness who spoke the other official language was given the interpreter, and in this case the accused is given an interpreter. Again the provisions of Bill C-42, proposed section 462.1 subsection (1), are respected.

These two examples, Mr. Speaker, at least in my understanding of the bill, would explain what is meant in the news release when the minister said, "The judge retains a discretion to order that the trial be conducted in a bilingual fashion, in other words, a mixed French and English record."

I would like to look now at existing legislation in New Brunswick and the proposed amendments to Section 127 of the Ontario Judicature Act. The province of New Brunswick in its existing legislation states at Article 13, subsection (1):

Subject to Section 15, in any proceeding before a court, any person appearing or giving evidence may be heard in the official language of his choice and such choice is not to place that person at any disadvantage.

Subsection (2) of Section 13 continues:

Subject to subsection (1), where

(a) requested by any party, and

(b) the court agrees that the proceedings can effectively be thus conducted, the court may

order that the proceedings be conducted totally or partially in one of the official languages.

In Ontario the amendments in Section 127 of the Judicature Act, subsection (5), read:

Where an application is made under subsection 3, the court may further direct that the hearing or any part of the hearing be in the French language if, in the opinion of the court, the hearing or part can be so conducted effectually.

There is a great resemblance between the New Brunswick act and the proposed amendments to the Ontario Judicature Act. As can be seen, in both cases the court is given the discretion to decide if proceedings will be heard totally or partially in one of the official languages. This may be what the Minister of Justice (Mr. Basford) meant when he talked about the bilingual fashion. I do not know. If the judge is given the discretion to decide that part of the hearing will be held in French and part in English, I want the minister to explain in committee how, in law, that will operate.

If all proceedings are to be heard in a bilingual forum with official translations of all testimony available to the accused in the official language that he speaks, Bill C-42 goes further than the provincial legislation existing in New Brunswick and the proposed legislative changes in Ontario. I stand to be corrected. The minister may explain the distinction here when in committee. However, I think we go a bit further than the Ontario and New Brunswick legislation. In my view, it is closer to the situation presently prevailing in the province of Quebec. The accused would have the right to be heard in his official language and also to hear and read testimony in that same language. This would make it possible for trials to be conducted entirely in the language of the accused.

It may be appropriate at this time to recall that, according to the Canadian Bill of Rights, all Canadians are entitled to the services of an interpreter. Bill C-42 does not change this basic right. Bill C-42 confirms that English and French as official languages of Canada can be used equally in our courts.

I am also interested in the pre-trial procedures, more especially pertaining to the preliminary hearing where a decision is made by a judge as to whether there is sufficient evidence to proceed with a trial. Will it be possible to conduct these proceedings in the language of the accused, or is this provision to be included at a later stage? The bill does set minimum standards for language rights before the courts, and I am aware that the provinces will be free to add to these. Preliminary inquiries in the language spoken by the accused could be one of them.

There are many other questions which no doubt will arise in committee.

I understand also that timing of the proclamation of this legislation will be the subject of consultation between the federal government and each province. Province by province, proclamation will provide the flexibility that would allow each province to take the administrative steps required for the efficient implementation of the proposals in the province. Minority official language trials for indictable offences may be

proclaimed first, trials for summary offences proclaimed later. Provinces may wish to test their bilingual capacities and capability at trials for indictable offences. When these capabilities are adequate, provisions dealing with trials for summary offences could be proclaimed.

● (1532)

[*Translation*]

Mr. Speaker, I would like to commend the Minister of Justice (Mr. Basford) for introducing this legislation. The government has kept its word. Bill C-42 is just another one of the many statutes which, under the administration of the right hon. Prime Minister Trudeau has made Canada a more united, fairer and more democratic country. I raise my hat to this federal initiative and I thank the Minister of Justice for having piloted with such generosity, patience and understanding a historic piece of legislation which will bring justice and equity to all Canadians.

Mr. Speaker, I would not want to close my comments without congratulating the Attorney General of Ontario, Mr. Roy McMurtry. I would like to thank him publicly for having tangibly contributed to this historic move or rather to these historic gestures in Ontario. If we compare this measure to what has happened in the past in Ontario, such as Regulation 17, we see that the Franco-Ontarian community can now be more hopeful of living in Ontario as first-class citizens. We have come a long way since the time of Regulations 17 which, as we all are aware, restricted and even prohibited the use of French in our schools. We have come a long way since we witnessed the amendment of the Judicature Act, which prohibited the use of French in Ontario, to include both official languages.

However, Mr. Speaker, we Franco-Ontarians, and I am talking on behalf of the 500 cousins, brothers, sisters and so on, all of us Canadians will have to keep a close watch on the situation because this move could be only a symbolic and meaningless gesture if the political will to designate the regions and the courts where the legislation will apply is slow in coming. For those who do not understand my comments, I would recall that in 1968 and 1969, Ontario passed important amendments to allow the establishment of French high schools in Ontario.

I was there, Mr. Speaker, and I was involved for 11 years with the school court of Ontario. We were all very happy and proud about these measures, that is Ontario's bills 140 and 141 passed in 1968.

Many people thought that because of the new Ontario legislation, schools for French-speaking students would be established where they were needed. I will mention only the battles begun in Ottawa in 1970 and then carried out throughout the province. The events in Sturgeon Falls, in Cornwall, and more recently in Essex have shown that even when legislation is passed, implementation can be very slow, difficult and sometimes completed less than half-heartedly.

Finally, the Ontario government, which will be responsible for designating the courts, as well as the districts where trials can be held in French or in English, will have to provide the necessary legal and administrative staff, such as magistrates, clerks, stenographers and so on, and to do so as soon as possible.

We shall be able to ascertain the good faith of the Davis government and Mr. McMurtry if they act rapidly once the act is implemented. And we, Ontario francophones, shall have to keep on the alert to ensure that the bill is implemented. History will tell if most people have realized the importance of this initiative, Mr. Speaker. And in conclusion, I simply wish to say that I take part in what I consider a historical debate which gives to Canadians, wherever they live, a basic right, a natural right, that of defending themselves in their mother tongue before our criminal courts, and I trust it will be extended some day to civil cases, but as this comes under provincial jurisdiction, Mr. Speaker, we shall keep hoping it will happen.

[*English*]

Mr. Stan Schumacher (Palliser): Mr. Speaker, I guess it falls to me to throw a pebble into the placid pool of friendship and brotherly love which has so far been in evidence in this chamber with respect to Bill C-42. I suppose that is to be expected.

It is, maybe, ironic that the first speech I am making in the House since moving to a new seat should deal with the question of language. I guess part of my troubles with the Progressive Conservative party over the last number of years is connected with that issue. I was one of those who did not support Bill C-120 in the twenty-eighth parliament and, as a result, was accused of undermining the leadership of my party.

It seems this situation is continuing, since there appears to be a great deal of support for the Minister of Justice (Mr. Basford) by the official opposition in connection with the piece of legislation before us. I guess we should not be surprised at this, because every time the question of language comes up in this House there is a love fest between the official opposition and the government. That was the case in 1969, and again in 1973 when the Prime Minister (Mr. Trudeau) introduced a resolution patting himself on the back for the way he handled the language problem in this country. On that occasion, too, the official opposition fell smartly behind the government and gave the resolution its full support. Any criticism made by other Conservatives resulted in those members being accused of undermining the leadership of the party; it was never acknowledged that they were speaking for their constituents or putting forward their own point of view.

Mr. Speaker, I have to say I am in total disagreement with Bill C-42. I think it is a gross infringement on the administration of justice in the provinces as set up under our constitution. I suppose that principle did receive a flicker of recognition

from the official opposition because the spokesman for that party said he wished to see the bill amended in such a way that the provision would not be imposed in any province without some sort of positive action being taken on the part of that province.

The experience we have had with amendments is another matter which bears consideration. I, for one, do not feel the hon. member's suggestion will receive very real consideration from the Minister of Justice because the Conservatives have "cried wolf" before in this regard. They have proposed amendments to language proposals before, and those amendments have been turned down. But they still went along with the government.

Based on the past performance of the Conservative party on language issues, therefore, why should the government pay any attention to any of the amendments they propose? They know that when the crunch comes the Conservative party will be on the side of the government. After all, their integrity is not too good in that area. I would say it is nothing but hypocrisy, because they go around the constituencies afterward and say the government has done terrible things in the issue of bilingualism. But they do not stand in their places and express that point of view here in this Chamber, nor do they do so in the way they vote. I think it is a disgraceful situation.

I have checked with my constituents on this matter—of course I have my own point of view, in any case—and I am happy to report that when I asked them what they thought of this proposed legislation 88 per cent of them said they did not approve of it and felt it unworthy of support. Six per cent of them felt it was worthy of support, and the other 6 per cent were undecided. It is quite clear what the people around Calgary, Alberta, think of this legislation, but still we find the Progressive Conservative party saying it approves of the legislation in principle. I cannot understand how they can be so far out of touch with the feelings of their constituents.

We hear talk about the need for this legislation. Mr. Speaker, where is the need for it? Where are the miscarriages of justice occurring in the courts of our land, whether in Quebec, Alberta, or in any other province? I have seen no evidence of anyone being deprived of a fair trial on the basis of language in this country, and I am sure we would have heard about it if such had happened.

We hear about the case of Mr. Filion, now proceeding in Toronto. He was charged, along with a few others, with defrauding the taxpayers of Canada while engaged in the dredging business, and has demanded a trial in French. That did not happen. He is a perfectly bilingual person, able to understand the other language well enough to enter into contracts and make contacts with regard to his dredging operations. He is now facing a serious charge but the language barrier did not hinder his business enterprise.

● (1542)

I understand that when the matter came up and when a jury was being chosen for that trial there was a panel of some 240 people. The members of that panel were asked whether they would be prepared to deal with the matter in French, and fewer than the 12 required—I think it was six—said that they could handle a trial in French in Toronto. I suppose the next question would be where to move the trial. Would it have to be moved 400 or 500 miles away in order to find a jury? What would be the cost to the taxpayer? If we are going to be doing things like this, what will be the cost of the administration of justice?

There are all kinds of practical objections to this piece of legislation. The Minister of Justice says it will not be proclaimed until there has been full and complete consultation with the provinces. The minister gave me an undertaking some time ago about proclaiming amendments to the Criminal Code dealing with appeals by way of trial *de novo*. I suggest the minister has not lived up to his undertaking because those amendments were proclaimed for the province of Alberta when, in fact, the minister said they would not be proclaimed until he was satisfied that there were legally trained provincial judges in that province.

I made it a point to bring this up in the Standing Committee on Justice and Legal Affairs. The minister told me not to worry about it because it would not be done until there was a proper system. The judge I had in mind at the time is still sitting and still causing no end of trouble because he does not know very much about the law and certainly has no conception of the principle of reasonable doubt.

Mr. Basford: Mr. Speaker, I rise on a question of privilege. The hon. member has accused me of breaching an undertaking I gave to him. I would obviously like to go back to read the words in the committee report of some two years ago in which that undertaking is recorded. However, I want to assure the hon. member—and I think he appreciates that what he has said about me is rather serious—that the proclamation of that section of the Criminal Code was made only after a formal request by the attorney general of the province of Alberta—

Mr. Woolliams: That's right.

Mr. Basford: —who is in charge of the administration of justice in the province of Alberta. I think I was entitled to presume, as a result of that request, that a proper system was in place in Alberta regarding trials *de novo*. I believe that was my undertaking, but I will check the record.

Mr. Schumacher: My understanding was that we did not have to worry about that and that the minister would see what the situation was. Perhaps he is correct in saying that he should be able to rely on the attorney general for Alberta. I have a different opinion, and if I were the hon. member for Calgary North (Mr. Woolliams) I would not want to support the proclamation of this particular bill if I had to rely on the attorney general of the province of Alberta, because sometimes I think he is completely out of touch with what he is doing. I really cannot see why the hon. member should be trying to pass the buck on to somebody else. We are elected to this House to make decisions. We should know what are the situations in our own provinces. We are elected by the people

of those provinces, and we should not be so willing to pass off our responsibility for legislation to other jurisdictions.

The Minister of Justice says I have made a very serious accusation against him. I do not think it compares to the accusation he made against me last summer when he accused me of complicity in the death of an Ottawa policeman who was shot at the time we were discussing gun control legislation. However, these are, of course, matters of opinion.

This bill provides that every accused shall be advised of his right to apply to have his trial conducted by a French-speaking judge or before a French-speaking jury. This application will have to be made at an accused's first appearance in court. This provision does not relate just to superior court judges and juries. Justices of the peace and provincial court judges of first instance are going to have to read out this advice to every accused who comes before them. I can see situations developing where people will just want to make trouble or find a technical defence, and the court system will be clogged up even more with possible frivolous and vexatious applications. It may be that there will be applications that justices of the peace who try cases must speak the official language of accused persons.

I suggest this is directly contrary to the system of government we have now because, if we pass this legislation, the provincial governments will have to provide French-speaking justices of the peace and provincial court judges to deal with cases in which accused persons elect to be tried at that level.

There have been prior situations in which the government has abused its constitutional rights regarding spending. It has imposed large and expensive programs on the provinces in the fields of health and social welfare. Now the government is complaining about the cost of those programs. It says it cannot afford them and that it has to cut back. Those programs were imposed by this Liberal government under the system of 50 cents on the dollar and the like. Now the government wants to back away.

With this bill we have another situation in which the government is going outside its area of jurisdiction without any justification. It is imposing what will ultimately be a very expensive proposition for the provinces. The federal government does not have to pay the bill for most criminal proceedings in the provinces. The government pays the salaries of superior court judges it has appointed and no one else. What about interpreters or court reporters who will have to be used? If there are no bilingual court reporters, there will have to be interpreters for them, or groups of court reporters who are bilingual will have to be provided.

I was interested in the answer to a question put by the hon. member for Leeds (Mr. Cossitt) regarding the cost of bilingualism in this country since 1970 which is recorded in Tuesday's *Hansard*. According to the government's answer, the cost now totals $389,051 million. Are we really in better shape with regard to unity in this country now than we were in 1969 when the Official Languages Act was passed? Can anyone honestly say that, after our spending all that money? I do not think so.

The first reaction to the Official Languages Act was Bill 63 introduced by the Union Nationale government in Quebec which reduced the rights of English-speaking people in that province and which made people upset. That government was succeeded by the Bourassa government which introduced Bill 22, which was probably the main reason for its defeat. Now we have the language charter, Bill 101, which says that the language of the courts of Quebec is going to be French. I suppose that applies only to provincial courts, but there certainly has not been an increased amount of good will among the language groups of this country since the introduction of the Official Languages Act back in 1969. I think everyone who supported that legislation has a lot to answer for regarding present conditions in this country.

This bill is not necessary. We have a tremendous tradition in this country of protecting minority rights in our courts. The legal profession has been very sensitive to the fact that its duty is to protect people's rights and to ensure they receive a fair and just trial.

• (1552)

The hon. member for Yorkton-Melville (Mr. Nystrom) indicated that Newfoundland has a Francophone population of approximately 1 per cent. Yet the figures provided by the Minister of Justice indicate that the Francophone population of that province is seven tenths of 1 per cent. Someone else indicated that most of the Francophone population is located in Labrador.

Mr. Crosbie: The Port au Port peninsula area.

Mr. Schumacher: Perhaps they are situated in a very restricted area. Perhaps that area referred to by the hon. member for St. John's West (Mr. Crosbie) will become the judicial centre for the province. In any event, it is a very, very small number of people. If it is impossible to impanel a jury capable of dealing with a trial conducted in the French language in a large city such as Toronto, I do not know what can be expected in a province which has a Francophone population of seven tenths of 1 per cent.

The province of Ontario is taking steps toward providing a practical solution for the problems of language in its jurisdiction. One must remember that the Francophone population is declining. Perhaps this will change. In a release dated November 22, 1977, the Minister of National Health and Welfare (Miss Bégin) indicated that the Francophone population of Ontario dropped from 6.3 per cent to 5.7 per cent. Perhaps this will be reversed, as a result of what has occurred in the last couple of years in the province of Quebec. Nevertheless, it should not be considered to be an increasing problem.

The province of Ontario has attacked this problem in a proper fashion. Where there is a need for bilingual services, Ontario is providing them. Beyond the provinces of New Brunswick and Ontario, there is absolutely zero need for this legislation. If every Canadian justice of the peace and provincial court judge is required to advise people of their right to apply for a special judge and jury, there will be no end to

irritation and trouble, the feeling that French is being shoved down the throats of people. That type of attitude is not necessary in our country at the present time.

I cannot understand why the government is bringing this before us at this time, especially when its standing in the country is considered. There have been substantial changes in the polls. We have found out that the Liberal and Conservative parties are tied. I suppose there is good reason for that. There is not much difference between those two parties. We have a Tweedledum and Tweedledee situation. Canadians are demanding more than that. They are unhappy with the bilingual situation.

When the Minister of Justice introduced this piece of legislation on April 4, I suspect he did not have the faintest idea that he would be sitting here today seeing it pass second reading. By the look of things, perhaps he will see it pass all stages. When this legislation was introduced, I suspect it was solely for election purposes, but funny things have occurred on the way to an election. I cannot believe the Minister of Justice, coming from British Columbia and having practised law at one time, feels this legislation has any practical application in the city of Vancouver or other parts of his province. According to the minister's own figures, British Columbia has a Francophone population of 1.7 per cent. He indicated that most of that population was centred in greater Vancouver. One must consider the size of that province, from the lower mainland to the far reaches of the Peace River area.

In my own province of Alberta the Francophone population mainly has settled in the northern part. The Minister of Justice referred to moving people for the purposes of trial. If that is to be implemented, one must remember that it will be necessary to move people distances of 300, 400, or perhaps 500 miles. Millions of people came to Canada not knowing the language. From time to time they broke the law and did not receive harsh treatment. In fact the courts provided proper interpreters for their benefit. Why should an Anglophone or a Francophone be placed in a better position than these people? Are they any better off than people from Spain, Germany, Italy or Portugal? Why should these people be placed on pedestals? Everyone in Canada should receive the same treatment in our courts. The important thing is that their evidence must be understandable.

If this suggestion is implemented, the result will be that judges will be hired because of their knowledge of language rather than their knowledge of law. That is a disgraceful approach on the part if the Minister of Justice, who supposedly has some respect for law. Another result would be in the area of required support staff. Where will these people come from? In the case of Alberta, what will happen when the number of French-speaking support staff employees has to be increased? I am thinking of court reporters, interpreters, or the necessary teachers to instruct them in the French language. Can one imagine the expense involved?

One must remember the expense involved in the federal government supporting a program which has created division and has been a failure. In fact Mr. Keith Spicer, who was our Commissioner of Languages, has declared it to be a failure. When he left that office he indicated that the program did not work and that the government was crazy. I do not know why the government never learns anything. It just carries on in the same crazy fashion. I do not know what it is attempting to do. I do not know if the government is consciously attempting to break up the country or not.

The hon. Leader of the Opposition (Mr. Clark) said that the bilingual policies of the government have been terribly divisive. In the same breath, he pointed out that he felt compelled to support the principles of bilingualism in this country. I cannot understand him. On the one hand he indicates the policies are divisive, yet he continues to support them.

I do not know if any member of the Conservative party will participate in this debate other than the hon. member for Calgary North (Mr. Woolliams). Perhaps word has gone out that there are to be no speakers and that there should not be a vote. It would be interesting to know whether the Leader of the Opposition has brought strict discipline and unity to his group. It would be interesting to know if all members of the Conservative party are of one mind. It was not that long ago that I was a member of that party. If everyone in that party is in agreement with this bill, there have been some great conversions on the road to Damascus. I see the Minister of Justice beaming broadly. That is the fact of the situation. I do not know what will happen to the idea of represented democracy. It is a very unusual situation.

Mr. McKenzie: Ask him what Jack Horner is going to do, Stan.

Mr. Schumacher: We will have to see what he does. I do not know. Perhaps he will take a walk. I don't know. I would assume there will be lots of people in the Conservative party who will not be around if there happens to be a vote on this question, as well. It really does not make a good point to say, "Well, they are just as bad as we are." The tragedy is that we cannot seem to get any real representation in this House of Commons. Unfortunately, the members are forgetting their constituents, and that is a sad day for Canada.

● (1602)

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, first I wish to congratulate the government on having introduced in the House these amendments to the Criminal Code that will allow any individual to be tried in the official language of his choice in every Canadian province.

As my colleague the hon. member for Roberval (Mr. Gauthier) said last Tuesday, Quebec has been setting an example for the other Canadian provinces for 110 years, and I think it is time they adopted measures to give their French-speaking minorities the right to be tried in their mother tongue. We, from the Social Credit party of Canada, feel this is a basic, indefeasible right which does justice to Francophones whose rights have been encroached upon for too long. I say this

without any bitterness, because it is the truth. It is time, if we want good will to prevail in Canada, Francophones were finally considered as first class citizens and no longer as second class citizens who are only tolerated in their own country.

Mr. Speaker, this bill is being sponsored by the Minister of Justice (Mr. Basford). I am convinced it is well inspired and after its passage it will be implemented equitably. Injustices are always reprehensible wherever they come from. That is why a public protector or ombudsman urgently needs to be appointed to ensure that the rights of each and everyone in Canada are protected as regards the enforcement of legislation under federal jurisdiction. Some hon. members and a few people have voiced certain apprehensions about the possibility of implementing this legislation all across Canada. They argue that in certain provinces such as Alberta or Saskatchewan, just to name a few, the concentration of Francophones is not high enough to justify the establishment of such services.

Mr. Speaker, I believe this argument is unfounded because if you read clause 462.2 of this bill carefully you will understand that if the linguistic qualifications of judges and jurors in an area are too thin, the trial can be moved to another region in the same province. There may be difficulties in the application of this law but they are not insurmountable inasmuch, Mr. Speaker, as those who have to enforce it act in good faith and really want harmony in Canada. Mr. Speaker, if I cannot be convinced, nobody will be, that even in those provinces where there are few Francophones, like Newfoundland for example, it is impossible to find a region where a trial could be held in French. If you do what is necessary you will find ways and the required people.

We of the Social Credit Party of Canada believe the minister to be sincere until proven otherwise, and I personally think that he is sincere when he says that the linguistic qualifications will be considered when new judges are appointed. That will be a good thing. It will prove that Canada is doing everything necessary to try and reach the objectives set out in Bill C-42.

Mr. Speaker, whether it be in western, eastern or central Canada, judges and juries who can communicate in French will have to be found, otherwise this legislation will be ineffective. We will have lost our time in the House debating this bill and the public will consider our discussion simply as an exercise in hypocrisy. I hesitate to use that term, because I believe the time has gone when they could fool aroung with the language rights of Canadians throughout Canada, that time has gone. One should keep pace with the times, with 1978, with our generation, and take advantage of all the opportunities for language teaching there are throughout Canada, all the money spent to enable Canadians to learn and use both languages. I believe that in the future there should not be any opportunity in the provinces to discriminate against any Canadian whatsoever. Moreover, certain provinces seem reluctant to implement the provisions of the new legislation and are using as a pretext the high cost of implementation. This is possible. As for me, I would reply that we hope that the federal government will not hesitate to provide financial assistance for the provinces. The money of Canadians is used in other areas where we believe that this is justified. I think that in this area it would also be justified and accepted by Canadians. Mr. Speaker, this is why it would not distress me to see such an item in the budgetary estimates of the government. I believe this would be money well spent.

● (1612)

Mr. Speaker, we are sure that passage of this bill will contribute greatly to improving the life of French-speaking people throughout Canada. We hope that all the Canadian provinces will readily accept this new legislation. Unless we are dealing with fanatics, with people who are completely against the use of both official languages in Canada, I believe most people will agree with the use of this new provision to put a stop to this injustice which has been going on for too long in this country.

Mr. Speaker, since Canada is supposedly bilingual, we believe it is essential that such actions be taken so that bilingualism can finally become fact instead of fiction; in other words, it is all very well to say that Canada is bilingual, but if Canadian citizens are denied basic rights, such as bilingualism which exists only on paper, we must correct the situation because if those rights exists only on paper, they can deteriorate to such a point that they will finally disappear altogether.

Mr. Speaker, our party has always favoured more bilingualism in all areas of social and economic activities. It is about time that Francophones be made to feel at home everywhere in Canada, that they not be confined only to Quebec. We do not want to live in a ghetto; we want our province to develop normally, we want French-speaking Canadians who have chosen to live in any other province not to feel like strangers, we want linguistics rights to be recognized, put into practice and respected. And I think we should consider that seriously if we want to live in harmony in this country and to try together to ensure the development and prosperity of Canada.

Mr. Speaker, I would like to reassure the government party, the majority party, not necessarily the party in power because I would say once again that I am clearly under the impression that power is outside this House. That is unfortunate. As long as I am not sure that the power is really in this House, I will have to remind my colleagues and the people of Canada as may times as necessary, that it is useless to talk about democracy when parliament is under the power of financiers outside this House.

Mr. Speaker, as I just said I wish to assure the government, the excutive, of support on this bill and I hope it will become law before the election so that it will not die on the order paper and be a mere statement of good intentions rather than reality. I hope this initiative of the government is not just an electoral scheme to get votes from Francophones and show the Anglo-

phones that the government protects the rights of the English-speaking minority in Quebec against the so-called adverse effects of Bill 101 in that province.

If it wants to be honest with the citizens, and I hope it does, the federal government should do everything necessary to ensure the passage of this bill without delay and do justice to Francophones who have been patiently waiting for that for 110 years. Mr. Speaker, harmony in Canada is made up of many little details and if we keep them in mind we will reach our objective so that each and every Canadian will consider himelf equal to others, whatever his language, his religion and the province where he lives.

I have always considered I was lucky to be a Quebecker and a Canadian and I am proud of it and never shall I accept to grovel before anyone, before other Canadians, whatever their origin or their language. I for one, Mr. Speaker, do not think that we can turn a Francophone into an Anglophone or an Anglophone into a Francophone, but with good will both can become good Canadians. This has always been the ideal of the founder of the Social Credit Party of Canada, the late Réal Caouette, who in his own words has always promoted that ideal throughout Canada.

I consider I am in the right direction in supporting the principle of that bill. Having made my remarks in the few minutes the House has put at my disposal—and I thank the minister for his attention because too often we must deplore the lack of attention from ministers and since we have a minister for a change, a member of the executive who is here listening to hon. members' remarks on this bill, I think we should thank him for his attention. This is how I consider that the business of this House should be conducted and that before our country, before all the people who look at us sometimes on television, because our debates are televised, we should make sure that our remarks become more and more serious and sincere so that the people paying dearly for the administration of our country be at least convinced that we are serious, that we are doing the utmost to give our country the best possible administration, with full justice towards all Canadians, whether they speak English, French or any other language.

Mr. Speaker, we are often blamed for opposing everything and being against every bill introduced by the majority, by the executive. I hope that for once radio and television will tell the whole population of Canada that the opposition approves this bill, wants to see it adopted, but most of all to see it in application, otherwise I will protest as a Canadian against the fact that it will have been sheer hypocrisy and in that case I assure you, Mr. Speaker, that I will come down hard on the executive.

Mr. René Matte (Champlain): Mr. Speaker, the significance of the bill we are debating today goes far beyond its legal implications. Why? Because, Mr. Speaker, in 1978, on this fourth day of May, the House has just realized that it must suppress one of the most blatant if not despicable injustices in this country which some people dare call bicultural or bilingual. Mr. Speaker, I believe it is appropriate on this occasion to mention certain historical facts when it has taken so much time to find a solution to the most elementary problem of justice concerning the most elementary freedom, that of being allowed to defend oneself in one's own language. Mr. Speaker, the proverb says better late than never, but we must admit it is often too late. If we analyse the immediate reasons which finally prompted the government to introduce this legislation, we must realize that it was forced by the events, because of very particular circumstances. We can wonder today whether the government would have presented this bill had not something happened in Quebec in 1976. Would the government have been in such a hurry to pass this bill if the Association des Francophones hors Quebec had not suddenly felt a new strength following events and positive and determined affirmations in Quebec? Would the government, Mr. Speaker, have deigned to consider this major and fundamental problem, which I insist is of a basic nature, if Quebec had not passed Bill 101?

● (1622)

Mr. Speaker, of course I am pleased to see that at last the injustice has been acknowledged and that some attempt to remedy this situation is being made. Nevertheless, how far will that action carry if you analyse the motivations and the reasons which have led to the introduction of this bill? I am even under the impression that it was drafted rather hastily if I consider that the French version is just a translation of the original English text. Once again, and perhaps the minister could let me know if I am wrong, I think that this bill which purports to defend the interests of Francophones in this country had to be drafted in English first. Furthermore, in view of the fact that hon. member for Ottawa-Vanier (Mr. Gauthier) who is a Francophone from outside Quebec fighting for the rights of his fellow Francophones made his intervention earlier mostly in English, I am led to feel quite skeptical about the whole thing, Mr. Speaker. Yet it is high time for us to realize that Canadians, be they French- or English-speaking and especially if they are French-speaking, certainly have no reasons for harbouring inferiority complexes especially from an historical point of view since they were the founders of this country.

Being the representative of a riding which bears the name of the very founder of our country, Champlain, it is for me an honour, Mr. Speaker, to underline these historical facts. Yet, what I do not agree with in the presentation of such bill is again the fact that something is going to be granted to us as a result of a definite attempt to prevent French Canadians from expressing even further their collective self-determination and participation in the future of this country. Mr. Speaker, if these are the feelings which motivate the government in introducing this bill I suggest it will not solve Canada's problems because to solve such problems you just do not do some

patching work when it becomes absolutely necessary, otherwise the whole structure will break down. On the contrary, this compulsory solution, this negative approach to bring about changes which have become necessary is not to the credit of this parliament.

This is why I would hope that this bill be considered only as a solution to an emergency because it deals with the basic freedom of the individual. It should not become the method used by the government to coax Quebeckers and Canadians into believing that the government is about to solve all their problems and that it alone has the solution, the proof being that it is capable of bringing remedies by simply introducing bills so that this country may stay united.

• (1632)

Mr. Speaker, if this is the first note of a ditty we will be hearing during an election campaign and it was done for that purpose, I say that this bill will change nothing to the present conditions. I am not being pessimistic, but I would like this negative attitude of the government, this legislation forced upon us make all members realize that we should rather consider the basic major changes which would finally make Canada meet the requirements of its citizens.

Mr. Speaker, I am not overly impressed when I am told that from now on—as I am not entirely convinced—a French Canadian from Toronto, Vancouver or New Brunswick will actually be tried in French, if he so desires. Mr. Speaker, it would please me and I hope it will happen. However, if they think all the problems related to national unity will then be solved, I think they are deluding themselves, Mr. Speaker.

I remember, a few years ago, when I presented a motion opposing that introduced by the Prime Minister on the official languages and their implementation. It was another story we heard during an electoral campaign. The Prime Minister was to solve the problem of Canadian unity by establishing bilingualism across the country.

Mr. Speaker, seven or eight years have passed and what are the results? Do Quebeckers or Francophones make a greater positive contribution to the administration of this country? No, Mr. Speaker. Indeed not. High officials are still almost exclusively Anglophones. The number of mid-level officials has increased by a few percentage points, but there would have been as many, and possibly more, without this legislation or this motion to implement bilingualism in this country.

Mr. Speaker, I suggest that these changes would not bring about any concrete results. Why? Because the government would rather ignore the real issue. The problem we are facing in Canada is certainly not linguistic in nature. We have about as much of a linguistic problem as the Irish would have trying to maintain their identity among the English. Mr. Speaker, although an Irishman is no Englishman, there is nothing preventing him from using English as a vehicle for his thoughts here in Canada. The problem has nothing at all to do with linguistic considerations. It is as painful to be laid off in French as it is in English.

The problem is essentially national. French-speaking Quebeckers want to be involved in the activities of Canadian society as equals, not as second class citizens. And there can be no justice in Canada without equality. In 1978, Mr. Speaker, it is about time people understood this basic idea. As the elected representative of the Champlain riding, Mr. Speaker, I am not suffering from any sort of inferiority complex, and I stand here after following in the footsteps of thirteen generations of Canadians who were among the very first to come to this country.

Mr. Speaker, I never asked anybody permission to speak my language, and I wish I never had to ask whether I could be tried in my language if I were outside Quebec. Those are the facts, Mr. Speaker. Quebeckers are no longer satisfied today with band-aid or emergency solutions to hinder the emancipation and the self-fulfilment of Quebec. Everyone in this House, whether from British Columbia or Newfoundland, should be glad to see the founding pioneers of this country developing voluntarily, positively, in order to bring about in Canada a new vitality, new advances, merely with the recognition of their equal status.

Now, Mr. Speaker, of course I would find it absurd to demand a trial in French in an exclusively English area. That would be absurd, ridiculous. I would also find it ridiculous that someone demand a trial in English in Trois-Rivières or Cap-de-la-Madeleine. Let us be logical, let us use common sense and recognize the need to reform this country by granting each of its geographic and demographic entities the autonomy and self-determination each one needs to be able to free themselves and develop as they see fit. Let us not try to force French upon British Columbia; it is as ridiculous as to force English upon Quebec City or Trois-Rivières.

Let us not try to go against the most elementary judgments of people on the pretext of creating an artificial national unity. Mr. Speaker, let us recognize that Canada is vast enough to be made into distinct and independent entities which would be able to bring together a new country, but this time a country meeting the needs of its inhabitants. And so Quebeckers would not have to intrude into the internal affairs of British Columbia and people from the prairies would not have to meddle in Quebec's affairs, and then we would have a united Canada.

Mr. Speaker, the Prime Minister has been posing for years as the champion of Canadian unity, as if unity or harmony in this country depended only on the ideas of this man. Mr. Speaker, he has been proving to us for ten years that his concept of Canadian unity has led to the imbroglio, the muddle, the chaos we now see in this country. That is why it is high time we woke up and considered first of all not the constitutional alternative of a thrill-seeking Prime Minister but rather the true interests of the Canadian people, and

whether these interests lie in giving each part of the country all the prerogatives it needs to develop in harmony. Mr. Speaker, this does not mean hating everybody, but simply to accept an elementary principle of freedom, of brotherly equality, and to realize from the very beginning what we need to create in this country is such a climate that the whole world would be impressed. Mr. Speaker, it is on these principles that we should base our decisions as far as the constitution is concerned.

As a Quebecker, I do not have to wonder how people in British Columbia or in the prairies should solve their problems. They know much better than I do if it is sensible or possible to have trials in French in Vancouver or in Victoria. Mr. Speaker, that is not where the problem lies. It is at the regional level that these rights and privileges must be determined, it is up to each region rather than to the federal government to determine them. That is why even though this piece of legislation would seem to correct certain century-old anomalies, it would have been fairer to ask the provinces to legislate so as to ascertain their requirements in the light of their own needs and capabilities.

So, Mr. Speaker, even though I certainly agree with this action, I disagree that we should blind people to the facts and that the government should use this bill which was railroaded, which was even prepared in a rush, this legislation I repeat, which was drawn up in English in order to protect the rights of the French people.

Mr. Speaker, here we are in 1978, on the eve of the referendum that will determine whether Quebec can go, and therefore Canada, and a timorous effort is being made to solve problems in a way that may not be the right one. Mr. Speaker, like everyone else, I bank of course on the good will of the provinces to implement this proposal, but as others have said before me, nothing will change if it only stays on paper, and nothing will change either if we do not go from those findings to seek out solutions that get to the root of the problem; when time is ripe for a new Canadian constitution, then it should be done by giving the word "constitution" the etymological meaning it can and should have; then, Mr. Speaker, we will have created a new country, a country in which each of its parts can develop without stirring envy, jealousy or hatred. That must be our aim. If this bill only forces individuals to implement something that is more or less logical—as I said before, though I am Francophone and proud of it, I would never dare be senseless enough to the point of ordering a trial in French in Victoria or St. John's Newfoundland. Then it is ridiculous, stupid. So, if an attempt is being made to have us believe that this can be achieved, Mr. Speaker, things will turn out the way did with the policy on bilingualism the right hon. Prime Minister (Mr. Trudeau) wanted to adopt: it has not progressed one inch. Why? Because the problem in this country is not one of language.

The problem in Canada is a problem of equality, of participation; if French Canadians or Quebeckers felt they were really participating in the progress of their country, Mr. Speaker, there would never have been talk of separatism, of independence or anything else. But as French Canadians have always felt like poor relatives, this is what we have come to. That is why we must now see things as they are, we must not be afraid of seeking and finding solutions that are indicated while respecting the freedom of the individual. Mr. Speaker, I hope my words will not fall upon deaf ears. I hope they reveal the very special concern I have about solving the Canadian problem, but of solving it in its true dimension, that is that of the individual.

Mr. Speaker, if I were to ask the President of the Privy Council (Mr. MacEachen) how many bills are originally drafted in French, I would be curious to know the answer. Over 95 per cent of the bills initroduced in the House are the work of people who think exclusively in English.

If the bills introduced in the House are always translated instead of being drafted for the French Canadians from time to time, Mr. Speaker, if I can get a reply to that question it would be easier to understand what goes on in Quebec, because translation is not enough and it is not enough either to grant certain things, because it is done at the United Nations in five languages. That does not turn a Chinese into a Russian or Russian into an American. As I said, It is not a matter of language which is merely a side issue. Irishmen are Irishmen and they resent being told that they are Englishmen. It does not prevent them from speaking English. French Canadians as well could have used English as a means of communication. It is not a linguistic problem, Mr. Speaker. The problem is one of participation. We want to have our share of responsibility and when nearly all activities in this House are conducted in terms of a mentality which is alien to what I am and to what Quebeckers are, that is where the problem lies. And that is why, if we want to correct this situation, we must simply give equal rights to the French-speaking citizens of this country. This is the problem and we will have to deal with it and solve it together one day, otherwise Quebec will do it unilaterally.

● (1642)

[*English*]

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

Some hon. Members: Question!

Mr. Basford: Mr. Speaker, because of the speech of the hon. member for Palliser (Mr. Schumacher), will you please call the yeas and nays?

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

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those against will please say nay.

Some hon. Members: Nay.

And more than five members having risen:

Mr. Basford: Mr. Speaker, I understand from my colleague, the President of the Privy Council (Mr. MacEachen), that if there were a vote it would be deferred until Tuesday.

Mr. Hnatyshyn: I am not aware of any such arrangement. Maybe we could take the matter under advisement and carry on with the next item of business in the meantime.

Mr. Basford: Mr. Speaker, I understood it was the position of the House leader of the official opposition that if there were a vote it would be deferred until Tuesday. However, if the official opposition is ready to vote now, and if my understanding was inaccurate, we shall take the vote right now.

Mr. Speaker: There has been a suggestion that if there is to be a recorded division—

Mr. Paproski: Call in the members!

Mr. Speaker: Call in the members.

● (1652)

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

(*Division No. 42*)

YEAS

Messrs.

Abbott
Allard
Andras (Port Arthur)
Andre (Calgary Centre)
Appolloni (Mrs.)
Baker (Gander-Twillingate)
Baker (Grenville-Carleton)
Basford
Beatty
Béchard
Bégin (Miss)
Benjamin
Blackburn
Blais
Blaker
Boulanger
Buchanan
Caccia
Cadieu
Campagnolo (Mrs.)
Campbell (Miss) (South Western Nova)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Clermont
Coates
Collenette
Condon
Côté
Crosbie
Crouse
Cullen
Cyr
Danson
Darling
Daudlin
Dawson
De Bané
Dick
Dinsdale
Dionne (Kamouraska)
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Duclos
Dupras
Elzinga
Epp
Ethier
Fleming
Flynn
Francis
Gauthier (Ottawa-Vanier)
Gillespie
Gillies
Goodale
Goyer
Grafftey
Guilbault
Hargrave
Harquail
Herbert
Hnatyshyn
Hogan
Horner
Howie
Huntington
Isabelle
Jamieson
Joyal
Kaplan
Kempling
Knowles (Winnipeg North Centre)
Lachance
Lajoie
Lalonde
Lambert (Bellechasse)
Lambert (Edmonton West)
Lamontagne
Landers
Lang
Langlois
Lapointe
Laprise
Lawrence
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lefebvre
Lessard
Loiselle (Chambly)
Lumley
MacDonald (Cardigan)
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
MacEachen
MacFarlane
MacGuigan
Maine
Marceau
Marchand
Martin
Masniuk
Matte
McIsaac
McKenzie
McKinley
McRae
Milne
Munro (Esquimalt-Saanich)
Murta
Neil
Nicholson (Miss)
Nystrom
Orlikow
Paproski
Parent
Patterson
Penner
Philbrook
Pigott (Mrs.)
Pinard
Portelance
Prud'homme
Railton
Roche
Rodriguez
Rooney
Roy (Laval)
Saltsman
Savard
Schellenberger
Smith (Churchill)
Smith (Saint-Jean)
Stanfield
Tessier
Trudeau
Trudel
Turner
Watson
Whittaker
Wise
Woolliams
Yanakis
Yewchuk
Young—145.

NAYS

Messrs.

Schumacher—1.

● (1722)

Mr. Speaker: I therefore declare the motion carried.

Bill read the second time and referred to the Standing Committee on Justice and Legal Affairs.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: It being after 5 o'clock it is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Vancouver South (Mr. Fraser)—External Affairs—Negotiations on proposed flooding of Skagit Valley, B.C.; the hon. member for Churchill (Mr. Smith)—National Research Council—Proposed removal of employees from Churchill, Manitoba; the hon. member for St. John's West (Mr. Crosbie)—Fisheries—Repair of foreign vessels in Canadian shipyards—Government policy.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, on a point of order—

Mr. Speaker: Order, please. Before seeing the hon. member for Grenville-Carleton on a point of order, we have what remains of the private member's hour and we also have procedural argument on a motion to be taken on the next order of government business which, I believe, is the CNR recapitalization bill. I wondered if the House might want to consider if it is appropriate to use the time available for private members'

hour—which is in a sense unfair to the proponent of the measure to be debated—and rather than calling it 6 o'clock we might use the time to take the procedural argument on the motion, if it is going to occur. The House would then know whether to proceed with that motion at 8 o'clock or another motion on the same bill.

Mr. Baker (Grenville-Carleton): Mr. Speaker, on the point of order, I wanted to speak with respect to a matter that was raised just before the bells rang by the Minister of Justice. The minister indicated that there was an agreement between my friend, the government House leader, and myself, with respect to deferring a vote on Bill C-42 to next week. As a matter of fact there was an agreement with respect to deferring a vote, if any, but that agreement was with respect to Bill C-17, through a discussion we had across the floor. I just want to make sure that my friend, the Deputy Prime Minister, was not embarrassed by that misunderstanding.

Mr. MacEachen: Mr. Speaker, I obviously misunderstood the hon. gentleman because the conversation was conducted across the aisle. I told the Minister of Justice that the arrangement had been made with respect to the bill we have just dealt with, so certainly the Minister of Justice can be absolved of blame. It is my fault, and I accept the blame very humbly.

Mr. Speaker: Order, please. If there is not a disposition to proceed with private members' hour, I wonder if I might have the consent of the House to call the next government order and deal only with the procedural aspects of it.

Mr. Dinsdale: Mr. Speaker, on a point of order, I am a little uncertain as to what your wish is, or the wishes of the House are, with respect to private members' hour. I am ready to proceed if it is the wish of the House, as I think it is an important issue.

Mr. Speaker: Order, please. There was no question of setting aside any intended business in private members' hour. If business is ready to go ahead in private members' hour it takes an absolute priority and ought to proceed. The procedural matter in respect of Bill C-17 will take place at 8 o'clock, and the House will now move to consideration of private members' business as listed on today's order paper, namely, private bills, notices of motions (papers), and public bills.

Is there any agreement about taking the motion in the name of the hon. member for Brandon-Souris (Mr. Dinsdale)? Is it agreed?

Some hon. Members: Agreed.

Mr. Speaker: Agreed, and so ordered. Without prejudice to the priority of other items on the order paper the House will proceed to consideration of motion No. 51 in the name of the hon. member for Brandon-Souris.

[Mr. Speaker.]

PRIVATE MEMBERS' MOTIONS FOR PAPERS

RECOMMENDATIONS ON MANAGEMENT OF POST OFFICE DEPARTMENT

Hon. W. G. Dinsdale (Brandon-Souris) moved:

That an order of the House do issue for a copy of the recommendations compiled in conjunction with Hay Associates Limited report concerning the management of the Post Office Department.

He said: Mr. Speaker, the motion that is before the House this afternoon is one of a series in connection with the tabling of documents that deal with the ongoing problems of the Post Office Department.

The Acting Speaker (Mr. Turner): Order, please. I would suggest to hon. members that they continue their conversations out behind the curtains.

● (1732)

Mr. Dinsdale: The series of reports have been put out by Hay Associates Limited, which is an American based company which gained a rather formidable reputation with respect to postal affairs because of its excellent studies and reports conducted in the United States. The post office department in the United States in the last decade or so has been going through problems similar to those of the Canadian Post Office Department, and Hay Associates, a consultant firm, were hired to prepare reports which were used as a basis for a thorough-going reorganization of the U.S. postal system. As all hon. members are aware, the reorganization involves the depoliticization of the U.S. postal service, removing it from direct political contact. If we think that our Post Office Department has been involved in politics, I am sure we have to conclude that it was much more so in the United States.

Notwithstanding the deep involvement in the political process at the patronage level of the U.S. postal service, the congress of the U.S. took action based on the recommendations in the reports of Hay Associates and also based on a series of studies and reports which came out of the congress itself. The post office administration in the U.S. was restructured in the form of a public corporation similar to what we in Canada would call a Crown corporation. At the same time, as I have indicated, the Canadian Post Office Department was experiencing similar problems and Hay Associates were hired to conduct a similar series of studies.

The difference between the U.S. experience and the Canadian experience is that the U.S. post office department responded to the advice and recommendations in the Hay reports, whereas in Canada there has been no response whatsoever. The reports still remain buried in the bosom of the Post Office Department, all marked "confidential." The reason that I and other hon. members have been endeavouring to gain access to these studies is the urgent necessity for action on the part of the Canadian Post Office Department. The change came in the United States during the early part of the 1970s. We are

now into 1978, and there has been no remedial action on the part of Canada's post office.

As I have indicated, when we discussed this subject some two weeks ago with respect to my motion No. 53, it is inevitable in circumstances of this kind that documents which are really in the public interest tend to leak from the departmental sources. Most of these Hay Associates reports are public property now, even though the Post Office Department still carries on the subterfuge that these documents are highly confidential and it would not be in the public interest that they be released.

Let me refer to some information which is available in these reports which, if the recommendations had been acted upon, would have long ago started the process of reform in the Post Office Department. We are now so late in the process that even postmasters general have been saying that if something is not done soon, the whole Post Office Department might be destroyed by the weight of its own incompetence.

As a result of the Hay Associates reports, an internal document was produced by one of the assistant deputy ministers of the Post Office Department. Among the many recommendations was the following very significant statement, and I am quoting now from page 4 of the so-called Uberig report, section 7, entitled "The Post Office Act". It reads:

> Finally the Post Office Act itself seems outdated in certain respects and overly inhibiting. The process whereby parliament sets first class letter rates acts as a protection that over-zealous officals will not raise rates out of proportion to needs and service.

Perhaps I should interject here to say that this is at least an indication that in some parts of the post office administration they can only raise rates by amending the Post Office Act. The report goes on to read:

> However, it also stymies deserved and needed rate adjustments by subjecting any proposals to the political arena.

The Postmaster General (Mr. Lamontagne) has got around that now. He just ignores the Post Office Act and goes merrily along his way raising rates at random without any restrictions under the Post Office Act. The quotation continues to read:

> Attempts to modernize our authorities and freedom to respond to today's operating demands through legislative change have similarly been thwarted. For several years the government has not considered changes to the Post Office Act as having sufficient priority or being timely to debate in the House. Therefore, although times and needs have changed, post office legislation has not kept pace and deficits pyramided.

That document is dated August 11, 1975, some three years ago. Had it been acted upon, we would be well on the way to solving some of the mounting problems in the Post Office Department today. It might be coincidental that the Hay Associates were hired quite soon after the report of the assistant deputy minister was prepared. The Hay Associates document is dated December, 1975, so it went into operation quite soon after than and came up with a series of recommendations which are quite positive and would, I am sure, if they were acted upon, and if the high priority suggested in the Uberig document with respect to legislative changes had been accepted, have carried the Post Office Department along the road of reform at the present time, just as they did in the United States where they proceeded to grapple with their problems in a positive way.

There are still many problems, as the Postmaster General says from time to time in the House in response to questions. He says that the post office department in the United States is in a mess. Well, it might be in a mess, but if that is so, the Canadian post office system is in a greater mess because there has been no attempt at reform up to the present time.

Hay Associates operated on the basis of a 50-point questionnaire which was based on the experience they had gained in their examination of the United States postal service. Some 5,500 employees completed the questionnaire. Here are some interesting observations:

> The Post Office is the most visible and universal area of government service to the general public.

That is why the report, in a later conclusion, notes that it is the most visible department in parliament as well.

● (1742)

There are more questions asked and more criticisms raised with regard to the post office than any other government department. That alone reflects the public concern expressed through complaints and criticisms from the elected representatives of the people. It should have been sufficient to encourage successive postmasters general to take some urgent action. Here is another interesting observation:

> Departments performance reflects, to some extent, on the government of the day.

That almost goes without saying. This is an interesting report. Very often problems in the post office are laid on the employees. Hay Associates found, and I quote:

> Group generally favourable impressed by the calibre and dedication of the people. As a group employees are highly committed to the P.O.

Perhaps I could add another reason for their declining morale and growing frustration at both the management and worker levels. It is because of the failure of the government to act to remedy obvious difficulties in the Post Office Department. It is not a very happy experience to work for an agency of government that has become the butt of jokes across the country. This was also referred to in this study, and I quote:

> Majority feel very keenly the public criticism levelled at them from every direction. Embarrassed at image the P.O. has acquired of being an arena of union unrest and employee-management confrontation.

That is very good advice, yet no action has been taken to remedy the situation. Here is another interesting observation:

> Most overriding problem over past several years is that of employee-management relations. Issue consumes disproportionate amounts of times, at the expense of other important areas of management.

It also notes that the post office is an extremely complex organization to manage. The Uberig report points out that there are no fewer than seven different government departments involved in post office administration. It refers to the Public Service Staff Relations Act, the Public Service Employment Act, the Financial Administration Act, the Public Works Act, the Supply and Services Act and finally the Post Office Act. Here is another interesting observation:

Higher levels of management were generally critical of the deputy's preoccupation with labour problems. This preoccupation has resulted in poor management.

In other words, if you have a situation of confrontation between labour and management in the post office, you become completely absorbed in that difficulty. Other areas of concern must of necessity be neglected. Another statement reads:

Advisory Committee agendas are laden with petty issues (committee composed of deputy, assistant deputies and regional general managers).

Because of the confrontation in the post office and the thousands of grievances that constantly overwhelm and threaten to absorb completely the attention of the higher level of management, the more important issues are obviously neglected. It also makes the point that postmasters general are changed too frequently. That is a very good observation. Another point:

Political prominence of the P.O. in each community ensures a high degree of parliamentary and public interest in its operations.

Over past five years (1970-74) the P.O has consistently been the subject of more parliamentary questions than any other major government department or agency. Monopolizes the attention of top people.

Here is the essence of wisdom:

Significant departmental organizational adjustment is essential to correct the deficiency.

It is a marvellous report. If it had been made available to members of parliament, it would have assisted in the process of discussions from the standpoint of knowledge rather than the facade of secrecy in which the post office has attempted to shroud itself. If there is ignorance of what is going on, imagination outraces the actual situation.

As a result of this presentation today, I hope the Postmaster General, who is in the chamber, will be persuaded to table the document so we might get on with the job of constructive criticism and reorganization. The report deals with the decentralization issue. I have received a lot of complaints from postal workers across the country about this particular area. It states and I quote:

It was intended that there be a reduction in employees from a level of approximately 1300, which existed at the beginning of decentralization, to a planned 400-600 on full implementation. Regional offices were also expected to be comparatively lean in man-years, comprising some 30 functional experts. Five years later the headquarters man-years budget had been increased to approximately 1900; the regional offices had virtually quadrupled in size.

This is a complaint I get from the workers. The Post Office Department is top heavy at the management level.

District offices increased significantly.

Mr. Darling: Too many chiefs and not enough Indians.

Mr. Dinsdale: That is one way of putting it.

Increases generated by addition of new areas of expertise such as industrial engineering, mechanization, language training, etc. Introduction of new functions at lower levels seemed inconsistent with the original concept of decentralization.

Since 1971-72, when decentralization first implemented, costs and man-years have risen much more rapidly than mail volumes, stimulating the departments deficit to a record level.

[Mr. Dinsdale.]

The organizational concept which was introduced also appears to have been notably divisive.

Decentralization created communications problems.

Study group not persuaded that regionalization is synonymous with decentralization and that the existence of four regions is desirable.

I could go on for some time reading the constructive observations of the Hay report. It made some interesting observations in the area of marketing. I quote:

The majority of marketing programs are seen as being at best non-compensatory and, at worst, sources of heavy financial losses.

Marketing staff are uninformed about postal operations.

Postpak—the service cited most frenquently by marketing as being a notable achievement—was consistently and forcefully criticized by line managers across the country.

A serious communications problem exists within the organization as to the role and contribution of marketing.

Another point raised from time to time is getting trained personnel at the supervisory level, particularly those who are going to be in direct contact with the shop stewards on the floor. The report makes the following criticism:

New supervisors are frequently expected to make what is virtually an overnight transition from mail clerk to supervisor without even basic indoctrination in contemporary management techniques.

Here is one of the major problems. Instead of trying to solve difficulties in industrial relations on the floor of the plant, as is the technique in modern industry—

● (1752)

The Acting Speaker (Mr. Turner): Order, please. The hon. gentleman's time has expired.

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I wonder why I bothered to come to the House this afternoon, since I will waste valuable time answering questions which have been submitted months ago.

I will repeat for the hon. member the answer I gave on April 6, and then I will add some remarks on his comparison between the recommendations of the Hay report and the situation that prevails in the United States. The Hay report consists of a confidential survey of what some management officials think of postal services. The objective of the report was to collect the opinions of different heads in various business enterprises across the country.

Some 5,870 directors of business enterprises were asked to answer a questionnaire frankly and honestly. The respondents had been given the assurance, that their answers would remain confidential. If I were to reveal today the content of the Hay report, I would be breaking this confidentiality commitment towards the respondents. That is why I regret to inform the hon. member that it is impossible for me to reveal the content of this report, first because of its confidential nature and second because it was authorized only for internal distribution.

I hope the hon. member will understand my position. This report was an assessment of a number of postal services. To

reveal the names of those services would only demoralize even more the postal workers assigned to these services. Besides, this study was conducted in 1975, so it is already nearly three years old. Corrective measures have been taken since, therefore the current situation is somewhat different. We are in 1978, Mr. Speaker.

Some of the recommendations in the Hay report require, in some cases, very drastic changes. By revealing these recommendations, we would only create concern and anxiety among the employees who would start asking themselves questions such as: Will I lose my job? Will my promotion opportunities be reduced? A conflict might arise between the various services, which would only contribute to lower the morale of the staff.

[*English*]

Mr. Speaker, I do not know what the hon. member is getting at. I wonder if he is serious when he asks the same question twice, three times, even. This is the second time he asks the question and he knew the answer before I gave it. I answered him on April 6, 1978, as reported at page 4,215 of *Hansard*. I get the impression that the hon. member is more interested in downgrading the post office by his questions and interventions—of course, to political advantage—than in working constructively to better the image of the post office, its workers and management.

[*Translation*]

Furthermore Mr. Speaker, why come back to a report published in 1975 when we have one which is recent?

[*English*]

The hon. member compares the Hay report to some of the reports in the U.S.A. He told us how efficient and how perfect was the United States post office.

Mr. Dinsdale: No. they have problems, but they recognize them.

Mr. Lamontagne: For his information, so that he can tell his constituents how the post office is doing in the United States, I will give him some of the reports I have from 1978, not from 1975. The Liberal party lives in 1978, it does not live in 1975. Three years have passed and problems have changed since 1975.

Mr. Dinsdale: You can say that! We have gone downhill.

Mr. Lamontagne: I should like to mention something to the hon. member for Brandon-Souris (Mr. Dinsdale) which he will recognize, I think, because apparently he might have some part of the Hay report—he indicated that maybe he had it, I don't know, but I would like to read this to him:

> Both the U.K. and the United States have moved in the direction of Crown corporations for their post offices. Neither country seems to have solved its problems. They have experienced greater rate increases and larger deficits even than Canada.

The hon. member for Brandon-Souris must, surely, remember reading that passage.

Mr. Dinsdale: I was over there last week and I read it.

Mr. Lamontagne: I will read, too, from an article which appeared in the *Wall Street Journal* in 1978, not in 1975. This is what it says about the actual situation of the post office in the United States. The date is January 4, 1978:

> The new postal agency was designed to be run by professional managers, immune to political pressures. It has become clear after seven years of experience that this idyllic arrangement doesn't work.

Here is another citation, this one from the Washington *Post* dated March 22, 1978—not 1975, the year mentioned by the hon. member. We are in 1978 now, don't forget.

> Postal officials who are trying to run the United States post office like a corporation say they must be allowed to automate certain operations and initiate a number of other economies which will eliminate jobs. The U.S. post office has already asked permission to raise the price of a first class stamp this year from 13 cents to 16 cents.

Mr. Speaker, ours will be the lowest rate in the world when they have raised their rate to 16 cents.

> Legislation now before the House will revamp the United States post office and dramatically increase taxpayers subsidies to hold down rates and stave off service cuts.

The post office is a Crown corporation there. Is that what you want us to become in Canada? I cite another United States newspaper. Again, the date is 1978:

> The U.S. postal service set up as a government corporation in 1970 under the postal reorganization act which transformed the post office from a public service into a so-called public utility, has failed and is dead.

We on this side are much more progressive and we want to live with the problem in 1978. At the moment we are in the stage of conciliation with CUPW. It is going smoothly.

Mr. Dinsdale: Preserve the status quo!

Mr. Lamontagne: We have a study group set up which will look intelligently at this issue and not necessarily affirm that we want a Crown corporation at any cost.

The Acting Speaker (Mr. Turner): Order, please. The hour for private members' business has expired. I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

RAILWAY ACT

MEASURE TO AMEND AND REPEAL CERTAIN STATUTES

The House proceeded to the consideration of Bill C-17, to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes in consequence thereof, as reported (with an amendment) from the Standing Committee on Transport and Communications

Mr. Speaker: Order, please. There have been some indications of a procedural argument with respect to the first motion in the name of the hon. member for Winnipeg South Centre (Mr. McKenzie).

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I did want to raise a point of order in connection with the first motion standing in the name of the hon. member for Winnipeg South Centre (Mr. McKenzie). The motion deals with a matter which has frequently concerned hon. members in dealing with pensions, a matter which is negotiated from time to time between the railway and the unions representing the workers in the railway, and from that point of view there might be much interest for hon. members. But it does seem to me that there are two points against it in terms of its being presented to the House at this time. One is that it is completely foreign and strange to the bill itself, which does not deal with the issue to which the amendment directs itself. Therefore, it seems to me to have problems of relevance.

Second, and very briefly, it seems to me that it is clear that the motion fails at this point because of the financial implications involved and the requirement that would be present for a royal recommendation. The amendment appears to require the spending of certain sums by Canadian National, a Crown corporation which is wholly owned by the Government of Canada, and the debts of which are significantly held by the government. Some of those debts are guaranteed by the government, and in that way the proposed amendment involves quite a direct implication financially for the government and for the consolidated fund.

It seems to me, therefore, that on both those grounds the proposed amendment does fail.

I do not propose to raise a similar point of order with regard to the second motion. It is probably closer to being all right on grounds of relevance because it deals with a section which also deals with auditors. On one reading it might be thought to involve some additional expenditure, but I would say that that, at the very least, would be extremely minor because it is a practice which is not uncommon at all with the railway which is here being embraced. Indeed, the second motion is a motion which I probably can for that reason support, even though it adds very little. However, I think the first one does fail on the grounds of relevance and of involving expenditures of funds which have a direct relationship to the fisk.

[The Acting Speaker (Mr. Turner).]

Mr. Speaker: The hon. member for Winnipeg South Centre will want to argue, I am sure, in support of the procedural regularity. I read his motion as adding to the proposed clause 2 on page 3 some language which would require that the financial statement, as it were, of revenues of the CNR be altered so as to accomodate whatever payments would have to be made by the company to the pensions of former CNR employees or, as the hon. member has put it, to the equalization of benefits for CNR pensioners. Obviously if it did not require a payment, the hon. member would not have put the motion. Since it will require a payment, it may cause difficulties. In fact, if some other revenues have to be subtracted from the total financial picture of the CNR, obviously the public treasury will have to make up the difference.

● (2012)

The other matter to which the hon. member will want to address himself is that the final financial picture, as I read clause 2 on page 3 of this amending bill, is determined first by totalling the revenues or the earnings of the national system, and then subtracting those payments which are required by section 9 of the parent act. After that, the balance remains in the hands of the company. The effect of the hon. member's amendment would be to change that, so that an additional charge or obligation would be placed upon the funds which would be called earnings in the system. An additional obligation would be placed on those funds. If that is going to be done, I am wondering whether it should be done by way of an amendment to section 9 of the act and not to this clause of the amending bill.

Therefore, those are the points I want the hon. member to argue.

Mr. Dan McKenzie (Winnipeg South Centre): Thank you, Mr. Speaker. As I understood the Minister of Transport (Mr. Lang), he indicated that he would accept the second motion. I will be able to make my contribution and raise all my points as to why the two motions have been presented when the second motion is debated. Will Your Honour be making a ruling on the second motion tonight, and then we will enter into debate on that motion?

Mr. Speaker: No, I see no difficulty in respect of the second motion. The second motion raises some concerns which are not serious enough to set it aside on procedural grounds. The minister has indicated that motion will raise some possibility of additional expense in terms of an auditor or an auditing practice. It is not of such a major nature that anyone would consider it to embrace the kind of financial initiatives which would require royal recommendation.

I think the hon. member is inviting me to make a ruling on this motion now. Any ruling I would make on his first motion is without prejudice entirely to his ability to argue on his second motion which may be accepted. Nevertheless, even if it is accepted, certainly he will be provided with a chance to make a contribution at that time.

Clause 2 on page 3 of the amending bill reads as follows:

For the 1977 fiscal year, any earnings of the national system remaining after payment of the amounts described in paragraphs 9(1)(a) to (c) of the Canadian National Railways Capital Revision Act as they read immediately prior to the coming into force of section I shall be retained by the national company.

The hon. member is seeking to add to that the idea that those earnings shall be retained by the company after a further charge; that is, a charge which will be made for the purpose of equalizing pension entitlements for all former CNR employees. In other words, the hon. member is putting forward that an additional charge will be made on the earnings of the system before the final financial accounting is laid in the hands of the national company. In fairness, I think that introduces a new concept into this amending bill. In addition, probably on close analysis, it introduces a possibility of additional charges on the public treasury, which would require a separate royal recommendation.

I understand the motivation of the hon. member. He wants to improve the position of the pensioners. I think all hon. members applaud that initiative. However, if that is to be done, it seems to me the hon. member has an opportunity to present his arguments on behalf of pensioners through his second motion.

Furthermore, both of the arguments put forward by the hon. Minister of Transport seem to be valid. That is, this introduces a new concept, and if a further charge on the revenue earnings of the system is to be made, surely it must be made by way of an amendment to section 9 of the Canadian National Railways Capital Revision Act directly, so that a further obligation is placed upon the system or the company in those circumstances, rather than doing it by way of an amendment to this section.

Therefore, I have to accede to the argument that such an amendment would go beyond the scope of this particular amending bill, and it ought to be made by way of an attempted amendment to the parent act, the Canadian National Railways Capital Revision Act. Therefore, I set aside the first motion. Of course, it is entirely without prejudice to the right of the hon. member to argue now in respect of his second motion, which has no procedural difficulties.

Mr. Dan McKenzie (Winnipeg South Centre) moved:

That Bill C-17, an act to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes in consequence thereof, be amended in clause 4 by striking out lines 31 to 36 at page 3 and substituting the following therefor:

"38.(1) A continuous audit of the accounts of the National Railways and the pension fund of its employees shall be made by independent auditors appointed annually by the governor in council and the auditors shall report annually to parliament in respect of their audits."

He said: Mr. Speaker, your ruling is quite acceptable to me, because I can make my point when arguing on my second motion calling for independent auditors. This was recommended in the Hall report, which was a very expensive study that was conducted regarding railway pensioners. After the report was tabled, we find that practically nothing was done.

My reason for presenting the two motions in the first place was to bring this charade to a stop. The pensioners have been played around with. The two railways have had these great studies done. Representations have been made. The railways have been allowed to come before transportation committee meetings. Their main spokesman, Mr. Earl White, the national president of the Canadian Railways Employees' Pension Association, has made representations. Then we received rulings from the chairman of the committee indicating that nothing could be done. It is just a hoax. In fact, what is being done to pensioners regarding this problem is criminal. Many of those people are drawing pensions of $100 a month, pensions which are not indexed at all.

The railways are paying certain amounts per year, but there is no way for them to wipe out the $1,073 million which they owe the pension fund. Over the 43 years the fund has been in existence, they have not been making their proper contributions. If they had been, there would be no problem today.

As I said earlier, the Hall report recommended that there should be independent auditors. The way the fund is being handled and the manner in which money is being invested is absolutely disgraceful. The loss has been in the range of millions of dollars. I will deal with that in a moment.

Railway pensioners have not had too many friends on the government side of the House over the years, but apparently a friend has been found finally in the President of the Treasury Board (Mr. Andras). On March 9, 1978 he made a statement in the House respecting legislation concerning the indexing of pensions. As reported at page 3622 of *Hansard*, he said the following:

Mr. Speaker, I want to take this occasion to announce the government's intention to introduce legislation to amend several features of the public service pension program with respect to the indexing of pensions to changes in the cost of living.

This is what the railway pensioners were asking for. He continued as follows:

The amendments that will be proposed will apply to members of parliament, public servants, military and RCMP personnel, and all other individuals who are subject to the Supplementary Retirement Benefits Act.

Something should be done for these pensioners to ensure that their pensions are indexed. CNR pensioners are former public servants, and there is no reason in the world why a similar program cannot be implemented for them.

● (2022)

In addition, the President of the Treasury Board went on to say:

Second, that the first indexing adjustment received by pensioners to be pro-rated monthly so that it only reflects the inflation that occurs after retirement.

This is very similar to what the railway pensioners are asking for, Mr. Speaker. The minister went on to say:

Third, that the current continuing commitment to index pensions fully with changes in the consumer price index be replaced by an arrangement under which cost of living adjustments would be determined on an ad hoc basis, three years at a time.

Railways pensioners are asking for similar arrangements, and this is recommended in the Hall report. That was the purpose of the Hall commission, to do something for pensioners, but nothing has been done. The President of the Treasury Board went on to state:

I want to say, Mr. Speaker, that the decision to propose that public service pensions be adjusted for changes in the cost of living on an ad hoc basis was only reached after considerable thought and soul searching on my part and that of the government.

The source of the dilemma—and that is what it is, a dilemma—centers around the responsibility the government has to both pensioners and taxpayers.

I can understand the dilemma of railway pensioners who receive $100 a month in the form of a pension which is not indexed. They have a real dilemma. The minister went on to state:

On the one hand, it is the government's view that the measures that have been adopted to protect the purchasing value of public service pensions are based on a sound principle. In the government's view, it is unjust and unfair to allow the rate of inflation to determine arbitrarily the real value of pensions, and that is exactly what happens when pensions are not adjusted for changes in the cost of living.

This is exactly the problem we have with the railway pension fund. The minister went on to state:

In short, the principle of maintaining the purchasing value of pensions so that pensioners can maintain their access to the same basket of goods and services is a principle to which the government is committed, and remains committed.

If the President of the Treasury Board can say that about pensions of retired civil servants he should certainly include railway pensioners, and that is why we must take some decisive action and stop giving them the run-around. The minister went on to say:

The government, however, is also committed to the principle that public service pension arrangements must also be just and fair in terms of their impact on taxpayers.

The railway pensioners are not asking for anything more than that to which they are entitled. The minister went on:

There are experts who feel we can count on seeing a long-term situation in which interest rates, on average, will be 3 per cent to 4 per cent ahead of the rate of inflation, and 1 per cent ahead of salary increases.

My motion calls for the appointment of independent auditors, as recommended in the Hall report, who could start investing the money more wisely, and not as it has been invested over the last 43 years. In addition, the President of the Treasury Board stated:

In recent years, of course, interest rates have not maintained a 3 per cent to 4 per cent margin over inflation and a 1 per cent margin over salary increases.

The minister then stated:

To achieve this goal, the legislation which will be introduced will require the President of the Treasury Board to carry out a triennial review of public service pension arrangements with advice from the chief actuary and in consultation with representatives of interested parties.

At the present time the CNR handles the total pension fund, and this is why we say it is unsatisfactory. The President of the Treasury Board also stated on March 9:

In developing the proposals which would be included in the proposed legislation I shall be consulting with my colleague, the Minister of National Defence (Mr. Danson)—because of the armed forces pension program—with the Solicitor General (Mr. Blais) having the pension interest of the RCMP in mind, and with my own Public Service Superannuation Advisory Committee as well as with other interested parties.

How can we leave railway pensioners out of these discussions about appropriate pensions, Mr. Speaker? They are entitled to have their pensions reviewed and properly indexed. The minister then said:

Finally, I should like to assure hon. members that the whole public service pension program will be up for review upon the completion of the current actuarial evaluation of the program now being carried out by the department of insurance and upon the completion of the government's comprehensive review of the retirement income situation of all Canadians. The review will also take into account all the findings of the consultants, as tabled today, and the detailed analysis of the Treasury Board secretariat.

We made the request at the Standing Committee on Transport and Communications in respect of railway pension programs that the government through the Auditor General conduct a full scale inquiry into the handling of the CNR pension fund. We found it very strange at the committee that the Liberal members organized to defeat our motions calling for the Auditor General to appear before the committee and to conduct a full scale audit of, and an inquiry into, CNR pension funds. Recent statements by the government that it is going to strengthen the Auditor General's department, and that there is to be more scrutiny of Crown corporations and government agencies, is apparently all window dressing. This was one of the first occasions that we put this to the test in the committee and they ganged up to vote this motion down. This gives a clear indication that this is nothing but window dressing.

It was also stated at the committee that the CPR pension fund should be investigated, and this was referred to in the Noel A. Hall report on railway pensions. I understand it is in a worse financial condition than the CNR pension fund.

I should like to quote from some of the statements made at the committee meeting of April 5 when we had the president of the pension union before us. I asked him the following question, and we were talking about investment of pension funds:

These investments you mentioned, have they been paying off? Have you considered them good investments, these mortgages and bonds? Also, it appears that the way we are going, and with inflation the way it is, a pensioner will not be able to survive on his particular pension. This 2 per cent a year they talk about is nowhere going to cover them for inflation.

Mr. Earl White, president of the railway pension union, answered me by stating:

I have something on that particular subject and it is the Hall report. Dr. Noel A. Hall on page 48 refers to Table II of the report.

. . . Dr. Hall has published CNR Pension Trust Fund Investments as at December 31, 1974. The book value and the market value of bonds of the CNR is respectively, $358.8 millions and $281.2 millions . . .

These are round figures. I am just quoting the millions. Three hundred and fifty-eight million is the book value and two hundred and eighty-one million is the market value, which means that there was a loss position on that date of $77,600,000.

I certainly would not want the CNR investing my money, Mr. Speaker. This type of loss is very strange in this day and age of investing money. Mr. White went on to quote from the Hall report as follows:

The book value and the market value of stocks is respectively, $445.9 millions and $344.9 millions, a loss position of $101 millions on common stocks. The board of directors of CNR has appointed Investment Specialists . . .

This is not Dr. Hall speaking, this is me . . .

. . . to invest our pension trust funds. As at December 31, 1974, the loss position on these two types of investments was $178,600,000.

● (2032)

I am sure you must understand, Mr. Speaker, why we requested the Auditor General to do a complete audit as to what the CNR is doing with this pension fund. I find it very strange that the Liberal members of the transport committee could overlook something like this and vote against having the Auditor General examine this fund. It is very strange indeed. Mr. White went on to say:

No disrespect is intended or implied, but to paraphrase Dr. Noel A. Hall's statement quoted in item number 11 it is equally proper and reasonable for me to say . . .

First I would like to read his quotation above. In regard to the $371 million removed from the CNR pension trust fund in 1969, Dr. Hall stated on page 132:

". . . It is also true that changes in actuarial assumptions led to a reduction in the unfunded liability of approximately $371 million. I can only state to those who would believe otherwise that these changes do not in any way reduce the company's obligations under the pension plan . . ."

This is quite true. The company was committed to pay pensions based on service and based on earnings. It does not matter how much money is taken out of the plan; the pensions are guaranteed by CNR. So CNR lost $178 million and I stated in our last annual report:

"I can only state to those who believe otherwise that these losses do not in any way reduce the company's obligations under the pension plan."

If the CNR cannot handle the pension fund properly, then my motion must be accepted. I hope the government will take action as recommended in the Hall report, that it be placed in the hands of independent auditors, people that we hope will act in a more responsible manner. Mr. White went on to say:

Dr. Noel Hall recommended in his report that the pension funds for CNR and CPR should be transferred to an independent Canadian trust company.

I pointed this out earlier, but that is just further evidence as to why we need an independent actuary. We also had minor support from the hon. member for Fort William (Mr. McRae), when he stated:

Which would indicate to me that they do not possess a great deal of competence in terms of investment management.

That, of course, is an understatement, Mr. Speaker.

I would now like to quote briefly from a document presented to me by the Canadian Railways Employees' Pension Association:

The CNR statement of assets and liabilities for the year 1976, and Note 4 the statement of long term debt seem to reveal the financial position of the company, however they fall short of doing so. As of December 31, 1976, CNR owes much more than one billion dollars to the pension funds for employees and pensioners, merely to ensure that these will have sufficient assets to meet the actuarial liabilities for accrued benefits.

The unfunded accrued actuarial liability which was not included in the statement of assets and liabilities of the company as at December 31, 1976 was $1,073,062,000. If it has been included the total of the liabilities would have been $5,471,113,000 instead of $4,398,051,000 as shown in the annual report of 1976. The annual report for the year 1977 is not yet available to our association.

You can see how it has been handled, Mr. Speaker.

I just want to read from another document that was presented to me on April 25. Mr. White stated:

"For the year 1976 the president of the company has reported that CNR made a profit of $10,000,000. The suggestion has been made that consideration should be given to changing the corporation from a Crown company to a public company so that shares in CNR could be sold to the public."

"If now you will examine Note. 8 appended to the CNR annual report for 1976, you will find that the increase in the "unfunded liability" recorded during the year 1976 is $264,042,000."

Their handling of this fund has been disastrous and independent auditors should examine the fund to take it right out of the hands of the CNR. I would like to point out what the CNR railway pensioners requested:

That all retired members have their pension benefits increased effective immediately to the level, such pensions would have equalled (including any post retirement increases) had the pension been computed at retirement on the same 2 per cent formula in effect for current retirees.

Of course, the independent auditor could examine this request and see if it is feasible. Most certainly, there has to be some kind of an increase and some formula for indexing the railway pensions. In point two they go on to say:

After making the foregoing benefit increases, there would be created with respect to each of these employer's retirement plans a separate retired life trust fund. This trust fund to be operated by a board of trustees having significant representation (preferably 50 per cent of total board) by retired members under each plan.

They are not being greedy and demanding. In the final paragraph of this letter I received they say that they are not asking for fully indexed cost of living pensions. They are being fair. The letter continues:

We are asking, however, that if inflation continues and this results in higher investment earnings on assets put aside for retired members then these be used to provide such retired employees' higher pensions to the extent possible. Whether such higher pensions will be adequate to offset inflation is another question.

The foregoing arrangement would end the present highly inequitable arrangement whereby retired members are subsidizing active employees and the employers (as a result of inflation). We ask not to be treated overly-generously, merely in a fair and equitable fashion.

They are not making unreasonable demands. This is a problem that has been with us for almost ten years.

The government has seen fit to have very extensive studies, reports and inquiries done, but after they are completed absolutely nothing happens. They deserve better treatment than what they have been receiving. I would ask the government members to look at the March 9 statement by the President of Treasury Board where he is prepared to see that all civil servants are going to be treated fairly and squarely. This is a legitimate request. I hope the government will see fit to act on the Noel Hall report and appoint an independent auditor to audit and manage the CNR pension fund.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I do not find any particular difficulty in supporting the hon. member's amendment at the report stage. Not that it does any good. All it does is cloud the auditor's report on the pension plan with the auditor's report on the company and the company's annual report to parliament.

The tragedy is that hon. members from all sides of this House have been trying for years to find legal and parliamen-

tary mechanisms to do something once and for all about railway pensions. Over the ten years that I have been here reading debates, and during the years which I was on the railway and listening to my father in the years that he was on the railway, the tragedy is that all of us are to blame for this. I blame railway management, railway employees, railway unions, and I blame successive governments.

I can remember as a member of the order of railway telegraphers in 1950 arguing at several union meetings that rather than striking and shutting down the country over the 40 hour week we should do it over the pension plan. I argued that every two years when we were bargaining with both major railways. I said that we should down tools until something significant, important and equitable was done about the pension plans. Some of the same employees and junior management people who now write to me as a member of parliament telling me how insufficient the railway pension is are the same people who disagreed with me in union meetings in 1952, 1954, 1956, 1958 and 1960. I suppose that is understandable. They were older than I and were more concerned about take-home pay than what was going to happen when they reached age 65. Of course, that is all water under the bridge.

● (2042)

I hope that in current and future negotiations the railway brotherhoods strike the railroads of this country, if necessary, on the issue of adequate, equitable and fair pensions for those who are already retired as well as those yet to be retired.

I am a third generation member of the railway brotherhood. After 32 years' service my father had to retire from the railway two years early because of illness. The company was very good about leave of absence and protecting his seniority. His pension was $44 per month. When he died at age 64 my mother received a pension of $30 a month, but when she reached the age of 70 the pension ceased. I will never forget her saying that when she was 70 was when she needed it most, not when she was 65. However, it was cancelled as soon as she reached 70. Bless her heart, she worked until she was 74 and that $30 per month from the CPR did not matter. How many hundreds and thousands of people, widowers and pensioners, across this country have had to go through that, Mr. Speaker?

The hon. member's amendment would provide only a better check on the bookkeeping of the railways. It would not do anything fundamental about a change in the direction and equity of railway pension plans.

Each year in this House and at the Standing Committee on Transport and Communications we have been able to pound and hound railway management and the government as a result of what appeared in the auditor's report. All the auditor can do, however, is check the books and say that everything is in order, but no auditor has the authority and probably not even the inclination to make recommendations on changes or improvements to pension plans. That is not within his mandate.

There is no harm in the hon. member's amendment and we can support it. I suspect that the Minister of Transport (Mr. Lang) will not feel uncomfortable with it mainly because it will not accomplish very much. At least it will provide another avenue for us to continue the battle about railway pensions year after year.

In committee I asked Dr. Bandeen, president of Canadian National Railways—and I think I asked the Minister of Transport as well—why we did not amend this to add $1,063 million of transfer of provision of capital or cash by the people of Canada to Canadian National Railways and that way immediately fully fund the pension plan. Instead of Canadian National Railways taking until the year 2027 to pay in the money that they owe to retired and working employees, they would owe the money to the Government of Canada and have to pay it on the same scale as they are paying to the pension fund. They would have to pay it back to the government. This would immediately fully fund the CNR pension plan. As I recall, Dr. Bandeen said he did not think it would make any difference whether this is fully funded now or in the year 2027.

I do not think he is right, Mr. Speaker, but even if he is, it is none of his business. That money belongs to the pensioners and the employees of Canadian National Railways and to nobody else. In fact, if the pension fund were fully funded now and Canadian National found that it needed capital for expansion or improvement of the system, they could borrow from it. That might reduce the amount they would have to borrow in other markets and they could pay the same return to the pension plan.

The other thing that must happen with the fully funded pension plan is that there be a majority representation of employees and pensioners on the board of directors. That must come about, Mr. Speaker.

When the railways deduct the 6 per cent or 7 per cent of whatever it is from each employee's pay cheque every month, that amount is set aside in trust in the fund. The company's equal contribution is not deducted, however. The railways show that as part of their costs of labour; it is shown as a deduction in the cost of operation and as a deduction for income tax purposes, but they do not put the money into the pension plan. Each year they obtain at least a tax benefit on their legal, contractual obligation—their share of the employees' pension plan which they keep. In less polite circles that is called stealing.

This legislation should pass quickly and allow the CNR an additional $1,063 million to fully fund the pension plan. In fact, perhaps we should throw in another billion dollars for the CPR unfunded liability in their pension plan. Then the railways could repay the government immediately rather than taking 60 years to repay the pensioners and employees. Surely that would be far more sensible and equitable and even common justice.

If this amendment is accepted we will get a good report on the pension plan from the auditors, but they will not be inclined to make improvements on the benefits for pensioners. They are not hired to do that. At least it would provide an opening for members on both sides of the House to make their annual representations about railway pensions.

I understand that the railway brotherhoods have been negotiating in the past year not only on their own behalf as employees but that they are also endeavouring to negotiate improvements in pensions of retired employees to the extent they are prepared to contribute a small percentage out of their pay. I wish members other than members of the Privy Council could make amendments under the rules. That would make the House sit up and take notice and maybe do something about a problem that has been around since the middle of the 1930s.

● (2052)

The problems for those who are on railway pensions are more severe now than they were in the 1960s. A $200 pension that a pensioner received on his retirement ten years ago is worth about $40 now after he has been on retirement for ten years. Whatever the ills or errors in the 1930s and the 1940s, surely it is within our power to correct them now, if for no other reason than common decency. Surely this parliament could say to CNR that for the next X number of years we will forgo the legislative requirement that 20 per cent of their net earnings shall be returned to the national treasury and that money will go to fully fund the CNR pension plan. Surely we can say also to the shareholders of Canadian Pacific that if their dividend is $2 a share this year, they will get only $1 and that the other $1 will go to fully fund the Canadian Pacific pension plan.

Surely there is something immoral about a corporation, be it public or private, capitalizing itself by taking income tax deductions off the backs of its pensioners and out of money that does not belong to them. The money belongs to the pensioners; it is their money and they have a right to administer it, invest it, to have a majority on the board of directors and to make their decisions through the board of directors, through their pension associations, and through the railway brotherhoods. I do not know of any other kind of fund the money of which is kept by someone else, invested and spent by someone else, and over which you have little or no say. I am sure, Mr. Speaker, that if you were to try that in other financial operations, you would be called to court and sued out of town. Yet we allow this to go on.

Let us accept the hon. member's amendment and we will hear the auditor's reports on the pension plan, but what the hell will that do to enable us to make a fundamental change in the funding, the direction and the control of pension funds which belong to the pensioners and the employees? They do not belong to anybody else.

I remember one time at a meeting of the transport committee in 1971 when I asked an actuary what would happen if we gathered up all the public and private pension plans in Canada and put the money into one fund, thus ending all the duplication and red tape, all the computer set-ups, and insurance arrangements. I asked him what kind of a pension would people then have out of such a fund. This was eight years ago at least. He told me that, off the top of his head, this would provide, generally speaking, a pension of about $1,000 a month at the age of 60.

If there is any kind of social endeavour which all hon. members agree to and support, it is the matter of adequate and equitable pensions, and yet it has been so misused, betrayed and undermined. We could have indexing of pensions also if we placed our priority on people, not profits. This parliament, like many before it, will pass up another opportunity to do something once and for all about pensions for our railroaders. One could pick a lot of other occupations and institutions in this country where the matter of increasing pensions is long overdue as well, but pensions for railroaders is the best subject to debate because the debate about it has been going on for so long.

I hope the minister will accept this amendment and that we will go on to third reading of the bill, but I also hope that my friends, particularly my friend who has moved this amendment, will think beyond an auditor's report and realize that an auditor's report in itself will not be sufficient to bring about these fundamental changes. It may be helpful and will at least provide a vehicle for us to confront once again the management of both railroads, the boards of directors and the minister of transport, whoever he might be. We have been confronting them for 25 or 30 years, and where did it get us?

We did get some changes when the Standing Committee on Transport and Communications held hearings from coast to coast in 1970 and 1971. Finally, we got a 2 per cent escalation back for 20 years, and we raised some railway pensions from $20 to $40 a month. Big deal! It took one year or more of hearings, then it took another year of pushing and forcing the railroads to accept the report which was unanimously approved in this parliament, before they finally made those modest improvements for those already on pension.

We can all sit around here in comfort, but let us not forget the ones who retired ten years ago with $180 a month, which is now worth only about $40 or $50 a month in terms of purchasing power. They are the ones to whom we owe that money. They earned a decent wage and they need this money to live out their last years. They have made their contribution to this country. Why is it that we cannot get through to whoever is the government? I will not be partisan about this and try to pick on any one party; we are all to blame. We mess around with nitpicking amendments about auditors which will not change anything. It will enable the hon. member who moved the amendment, myself and others—if we are all still here next year—to raise a little more hell next time this issue comes up in the transport committee, but will it really change anything? I do not think so. But let us accept the amendment anyway.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the case has been very well made by the two hon. members who have spoken for the passing of this amendment and for doing a great deal more for railway pensioners than has yet been done. It is a case, of course, that I have made a great many times, and perhaps in anything I say tonight I shall be repeating what I have said on other occasions; but it is a battle that, in my view, must go on until we win it.

When my colleague the hon. member for Regina-Lake Centre (Mr. Benjamin) was speaking rather personally about his own father and mother and the small amount of pension that his father had and the smaller amount that his mother had until even it was taken away from her, I was wondering whether I would follow suit. Having gone this far, that is what I shall do.

It just so happens that it is precisely because of a raw deal to a certain railway worker many years ago that I have spent most of my life in parliament. That certain railway machinist was my father. At a time when I was quite deeply involved in my work as a minister of the United Church of Canada, I got word that at the age of 58 he had lost his job. This was because of the depression of the 1930's. Not only did he lose his job, but there was no pension of any kind.

● (2102)

I well remember the feeling I had at the time, that maybe it was not enough for me, whatever others might feel, to confine my advocacy of a better life to the pulpit, but that it was time I tried to do something to change the society that was ruining the lives of so many people, particularly the older ones of that decade. I made up my mind that, although there was nothing I could do in so far as my own father's economic position was concerned, down through the years I would try to get a better deal for railway workers when they reached the age of retirement and that I would try to get a better deal for all of our senior citizens. The loss of his job had not only been an economic blow to my father but a physical blow: three years later he was dead.

I am proud of what we have achieved since the year I made that decision. However, it is a black mark on our society that we have still done so little to improve the pensions of our railway workers, both Canadian National and Canadian Pacific.

I welcome the amendment that has been put forward by my next door neighbour in our home city, the hon. member for Winnipeg South Centre (Mr. McKenzie). As my colleague pointed out, it will make it possible for the accounts of the Canadian National pension fund to be brought before this House and the standing committee so we can hammer away at them. I am sure my friend from Winnipeg South Centre will agree that is all than can be accomplished by this amendment. However, it is something. I hope to goodness the Minister of Transport (Mr. Lang) will not turn it down.

Having been given a chance to look more closely at the Canadian National pension fund and railway pension funds in general, I hope we will make up our minds that things very substantial have got to be done. For one thing, the basic amount of the pension ought to be increased substantially. For another, indexing of railway pensions, at least to the extent of the rise in the cost of living, should be built into the scheme.

It is not good enough for Canadian National once in a while to grant an ad hoc escalation. It is not good enough for Canadian Pacific even less often than Canadian National to grant an ad hoc escalation. That provision ought to be there in the scheme, in the pension plan itself.

My friend the hon. member for Winnipeg South Centre was quite right in drawing on the recommendations of Dr. Noel Hall. He was also quite right in drawing on some of the things said by the President of the Treasury Board (Mr. Andras) when he made his statement on the indexing of public service pensions in this House on Thursday, March 9 of this year.

In addition to what the President of the Treasury Board said on that occasion to which my hon. friend has referred, there was also a very interesting paragraph in which the President of the Treasury Board pointed out that about 30 per cent of the money in the public service superannuation account, including the employees' contributions and the employer's contributions, belongs to those now retired, the other 70 per cent beloning to those still working. The President of the Treasury Board stated that that 30 per cent which belongs to those already retired is actually earning enough interest, and indeed surplus interest beyond what was expected, to cover in full complete escalation.

I contend that if that fact applies to the public service superannuation account, it applies also to the pension accounts of Canadian National Railways and Canadian Pacific Railway. I suggest the moneys in those funds which belong to those already retired is earning more than enough interest to provide escalation fully equal to the rise in the cost of living. This parliament should not stand for nothing being done on this matter.

It is not good enough to say that Canadian National is a separate Crown corporation and that Canadian Pacific is a separate private corporation. They are both creations of the Parliament of Canada. They both exist on the basis of needs that have to be met in this country and on the basis of the work of Canadians. We have the right to say to them that, even apart from the morality and ethics and rightness of it, there is enough money there to make it possible for full escalation of the pensions of all retired railway workers. Some of us insist that this is a battle which must be won. I just hope it does not take as many more decades as some of us have spent fighting pension battles in this House.

The hon. member for Regina-Lake Centre referred to his parents' experience and to the report of Dr. Noel Hall. When I spoke of that in an earlier speech, I drew attention to the fact there was a reference in that report to the miserably small pension then being paid to the father of a former president of the Canadian Pacific Railway. There was a slight escalation by the CPR of those pensions. The late Mr. Emmerson, the father of the former president, received that slight escalation but died a few months later.

I am putting these things in personal terms. I mentioned the late Mr. Emmerson. My colleague mentioned his father and mother. I mentioned my father. This is the kind of society in which we live. It is made up of people who experienced rough times in industry. I see the Minister of National Health and Welfare (Miss Bégin) across the way. Sometimes I love her and sometimes I don't.

Mr. Baker (Grenville-Carleton): No confessions, Stanley!

Mr. Benjamin: Sometimes is better than not at all.

Mr. Knowles (Winnipeg North Centre): Yesterday was not one of the times I loved her. She complained that I should not continue to argue for the lowering of the pension age to 60 because conditions have changed and people now want to work longer rather than retire early. She must not be aware of the struggle it is for those who work in railway shops, steel mills, packing plants and clothing establishments. She may not meet these people, but I do. There are men 55 and 58 who look older than I do. They feel they simply cannot maintain the struggle to age 65. I did not have time to say that yesterday when we were speaking on that other motion. I got it in now.

The point I am making is that it is real people who work for these railways. They are human beings. They have their rights, their hopes and their entitlement. This parliament should be doing something for those people. It is not enough just to debate niceties, techniques and so on, and I am glad the hon. member for Winnipeg South Centre has put down this motion which gives us the right to talk tonight about problems faced by the real people who work for the railways of this country. Not only should there be a better basic pension and built in guaranteed escalation, but there should also be an opportunity for earlier retirement without penalty. There must also be an improvement in the position of the widows of retired railway workers.

• (2112)

I know that what I am about to say now I have said so often that other members could probably quote it back to me. By what rule of decency or common sense or humanity do we stand for the proposition that if a man and wife live and work together and build up their home and their assets and obtain a pension we then provide that if she dies first his pension is 100 per cent, but if he dies first her pension is only 50 per cent? I know it stems from the day when we thought it was a man's world and it was very nice for those who ran this man's world to provide for 50 per cent pensions for widows. It does not stand up. It does not wash to make that type of discrimination. It is not only the Canadian National and the Canadian Pacific which practises that discrimination; the federal government does it and the public service and private industry do it everywhere.

But tonight we are talking about railway pensions and, in particular, we are talking about the Canadian National. The hon. member for Winnipeg South Centre, quite appropriately, is asking that we have an audit of their pension plan and pension operation so that we can look at these things every year. My plea, Mr. Speaker, is that we not only look at these things but that we do something about them. I say again, better pensions in terms of the basic amount, capacity for early retirement without penalty, escalation or indexing of railway pensions to the fullest extent of the cost of living, and equal pensions on retirement or death for the husband or the wife. These are things we must achieve. If we do not, then let us not have all this bragging about all the good social legislation we have brought in. Let us not have all this bragging about equal rights for men and women. Men and women, particularly older women, do not enjoy equal rights and this matter brings it to a head tonight.

I have no doubt my hon. friend from Winnipeg South Centre feels as I do and that he wants to go a lot further than this amendment, but under the rules affecting a private member, this is all he can do. He has performed a service by bringing this issue before us. He is trying to find an arrangement under which we can look more closely every year at the pension operations of the Canadian National Railways and, in an ancillary way, at the pension operations of Canadian Pacific as well. It is to be hoped that, having done so, we will one day become sufficiently human and decent in our treatment of our railway workers, particularly when their working days are over, when they become retired railway workers or leave their wives as widows, to provide better pensions for these people.

Mr. Speaker, I support the amendment and I know the hon. member who moved it will support me in my determination that we still have a lot further to go.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I would like very briefly to reiterate the commitment made by the minister at the beginning of the sitting tonight when he said that the government intends to support the motion introduced by the hon. member for Winnipeg South Centre (Mr. McKenzie).

After listening to all the comments on the problems facing CN pensioners and the pension fund at the present time, including the delays on the part of the CN to put up the money it must pay into the pension fund, I think all members of this House will agree that those problems are extremely important. Indeed the Hall Commission was set up in the early 1960's to study that problem which, unfortunately, has not yet been completely solved. However I think that progress has been made in the right direction. For example, during this year's negotiations between the CN and the various unions representing CN employees, an agreement was reached on the heritage fund that had been recommended in the Hall report, but there remains a lot to be done. That is why we welcome the motion of the hon. member from Winnipeg South Centre. In fact, each year parliamentarians now will be able to deal specifically with this problem at the Committee on Transport and Communications since the report of the auditors on the pension fund will now be referred to it. I believe this is a commendable initiative but we should also keep in mind, Mr. Speaker, that we parliamentarians are here to exert pressure on that Crown corporation to find solutions to this urgent problem. But on the other hand we must realize that all the responsibility does not rest with us but also and mostly with the management of the CN and its unions. So, Mr. Speaker, we will be happy to support the hon. member's motion.

[*English*]

Motion (Mr. McKenzie) agreed to.

Hon. A. C. Abbott (for the Minister of Transport) moved that the bill be concurred in.

Motion agreed to.

The Acting Speaker (Mr. Ethier): When shall the bill be read the third time? By leave, now?

Some hon. Members: By leave, now.

Hon. A. C. Abbott (for the Minister of Transport) moved that the bill be read the third time and do pass.

Mr. Jack Murta (Lisgar): Mr. Speaker, at the outset of my remarks I should like to join other members of the House in congratulating the hon. member for Winnipeg South Centre (Mr. McKenzie) on the acceptance of his important amendment this evening. His first motion was not accepted, although he took the occasion to express the main thrust of his argument particularly as it related to the financial needs of those concerned. My hon. friend has worked very hard and single mindedly for pensioners in Canada and he certainly deserves the credit he has been given.

This is not the first occasion on which the CNR has been before parliament in connection with the reorganization of its capital structure or for the purpose of debt revision. Admittedly, this legislation is quite complicated, and it spent approximately one month at the committee stage. Witnesses brought excellent testimony to the committee. The evidence we received reveals some very deep concerns among some sectors of the transportation industry, especially the trucking industry, in spite of the verbal assurances of the minister and of the president of the CNR that this bill will in no way give the CNR leverage to abuse its powers in terms of affecting the balance of competition. This is one of the main concerns of the Canadian Trucking Association.

● (2122)

We on this side of the House have a great deal of sympathy for the trucking industry in connection with this legislation. The industry made a series of recommendations, which I will not bother reading into the record tonight because of the shortness of time. In any event, the concerns of the industry were expressed eloquently, and those concerns seemed to run through the general course of our committee study of this bill.

The committee meetings brought out the fact that there are still many unknowns about the impact of this legislation. We on this side of the House are concerned about government involvement and participation in the transportation sector. It is important that there be equal treatment for all modes of transportation. That question was never dealt with to our satisfaction during the committee proceedings. In our view this bill could distort the competitive balance which exists in the transportation industry. A paramount rule to which we should adhere is that participation must be on the basis of equality for all modes of transportation. We see in this legislation a possible violation of that basic, fundamental policy.

To date the hearings have failed to convince members of the Conservative party of the need for this bill in terms of the public interest. It seems to us that this bill is an exercise in financial manipulation. In our attempts to tighten up control and accountability from a parliamentary point of view we have basically failed. There was an amendment, however, which was accepted and which would have the effect of ensuring that annual reports of the CNR would be automatically referred to the Standing Committee on Transport and Communications.

It seems to us that it would have been advisable to wait for the legislative package with respect to Crown corporations which will, presumably, be introduced, before proceeding with a bill of this magnitude which would have the impact of restructuring the capital arrangements of one of our biggest Crown corporations.

The bill sets out to do a number of things. First, it would eliminate the necessity of the government to purchase the 4 per cent preferred shares which amount to roughly $80 million based upon 3 per cent of the gross revenue of the national system. Second, it would eliminate the necessity of the federal treasury having to meet the deficits which arise from time to time. The third point is that the bill would bring about a reduction in the debt, which is now in the neighbourhood of 62 per cent in terms of the company itself. The passage of this bill would adjust that debt somewhere near the level of 42 per cent, which would be precisely the same level as that of Canadian Pacific. The conversion of the $808 million of debt into equity would then place the CNR on a par with the average of the industry. On the other hand, $808 million worth of public money is being written off.

Of the profits after deductions, 20 per cent will go to the treasury, and we are told that over the next five years the government or the federal treasury will be roughly $135 million better off than it is at the present time.

We have also been told that this bill will improve management morale. That is questionable, especially when one views the CNR in relation to VIA Rail, which is just in the process of getting started. Hon. members are beginning to hear about employee concern regarding the transition which is taking place from the passenger services of Canadian National to the VIA Rail corporation.

Many issues have been raised during the rather lengthy debate on Bill C-17. My colleague, the hon. member for Winnipeg South Centre, has raised an issue regarding pensions. He is deeply concerned about that, but that is only one issue.

In order to follow some of the history of the recapitalization of this corporation one has to go back and look at the financial system of the CNR which was outlined before the recapitalization in 1952. If we go back and look at that outline we find the main purpose for recapitalization. That outline shows very clearly and categorically the position of the CNR before recapitalization and after recapitalization.

For the information of the House, it has to be noted that after recapitalization in 1952 the CNR had a debt equity ratio of some 32.7 per cent to 67.3 per cent, precisely the same as the CPR at that particular time. We are now doing the same thing again. We are adjusting the debt equity ratio of the CNR to correspond with the debt equity ratio of the CPR, and the debt equity ratio of the CPR is in the neighbourhood of 42 per cent.

In the committee it was revealed that if the CNR had been taking depreciation over the intervening years, its losses would have been about $24 million per year over 30 years, if we amortize over that many years. Had the CNR actually been claiming that depreciation, the government would have been reimbursing those amounts annually. Therefore, the equity position of the company would have been that much better. The central point here is that if the CNR had come to the government or to parliament for $24 million additional dollars every year, that naturally would have enlarged its total deficit for each particular year. The main point is that the company would have had to come every year for that amount of money, and it would have had to account for the money. Hence, there would have been some control and parliamentary accountability. Instead we are giving the company $808 million at this one time.

Perhaps in its wisdom at that time parliament would have said to the CNR, "Just a minute." Perhaps we would not have had to have the CN tower. Perhaps we do not need to spend the money which is presently being spent on shopping centres and other allied ventures not directly related to the operations of a transportation system. If we had had parliamentary control on a yearly basis, I think the CNR would not have been so far removed from the public, and the large deficit we are talking about writting off today possibly would not have had to be written off in this year, 1978.

I want to review and place on the record the CNR profit figures because I think it is important to keep these figures in perspective. We have been told—and this has been confirmed—that without recapitalization in 1977 there was a profit of $28 million. In 1978, after some adjustments and after new factors have been taken into consideration with respect to a very successful first quarter, the CNR will probably show a profit of some $28 million. That is without recapitalization. In 1979 the CN has projected a profit of $6.2 million. Incidentally, these are CN's own figures. In 1980 it has projected a profit of $117.6 million; in 1981, a profit of $113.1 million; and in 1982, a profit of $141.3 million. All of these figures are based on the present financial structure of the CNR.

• (2132)

With recapitalization, the 1978 profit figures could reach $68.3 million; the 1979 profit figures could reach $136.7 million; the 1980 profit figures, $192.6 million; the 1981 profit figures, $215.5 million; and in 1982, we could see a projected profit of $267.8 million. Once again, these are the CN's own profit projections.

If we take into consideration that there will be a possible adjustment to the statutory rate, some adjustment in respect of Newfoundland transportation problems, which is the subject of a royal commission study at this time, and the impact of an adjustment in the Crow rate, the 1978 profit figures with recapitalization would reach $130.1 million, as compared to $68.3 million. In 1979 the figure would reach $193.8 million, and it moves up to a figure of $294.2 million in 1982, at which time the CN would be in a tax bracket that would subject it to $116 million of federal income tax. This would be because by that point all the deferred income tax would be exhausted. With that payment of $116 million in taxes, it would still be showing a profit of $238.1 million. Based on CN's figures, it will be a very, very profitable corporation.

There is nothing wrong with a Crown corporation being very profitable, but the fact is that the corporation would be in a good financial position without this recapitalization bill. At the present time, the CNR seems to have a great deal going for it. In fact, before the Standing Committee on Transport and Communications, some people indicated that CN had too much going for it. We talk about the fact that CN is getting out of passenger service, which will have a direct effect on its earning capacity. Because of pressure brought to bear by the House of Commons, we are continuing to purchase hopper cars for the movement of grain by both CN and CP. There is a continuing consolidation and rationalization process ongoing in western Canada regarding grain handling systems.

This process has the effect of reducing the costs of doing business. We have the potential of some adjustment to the Crowsnest Pass rate. There is the impact of the provisions of the budget, an additional 6 per cent depreciation for the purchase of equipment. All in all, the CNR, with or without this bill, appears to have a rather bright economic future, provided the management of the company remains intact and is constantly on top of all phases of its operations.

We must take the position as a party that this bill is not really needed at this time. At least, it should be postponed until some of the proposed government measures are more widely known. There are many variables at the present time that should have a considerable impact on the total consideration of this piece of legislation. Until such a time as the full impact of these other developments are felt, it would be sheer irresponsibility on our part to pass this bill and give it our full support. Therefore, we recommend that the bill not be proceeded with. Because of CN's financial recovery, the prospect of its moving out from under passenger deficits and the grain handling deficits, another recapitalization should be delayed until such time as the impact of these factors can be assessed properly.

As representatives of Canadians, we must ask ourselves a number of questions. What benefit will accrue to the Canadian public from the passage of this bill? What guarantees do we have that we will not have more CN towers, shopping centres and investment in ventures not necessarily related to the transportation system? What guarantees do we have that we will have a better service? What assurance is there that the

service will be more efficient and effective, particularly in those areas where there is a great need for improvement? What assurance do we have that the passage of this bill and the giving of this $808 million bonanza to the CNR will improve grain transportation and maritime rail services, just to name two? Furthermore, what guarantee do we have that additional funds will not distort and disrupt the competitive balance which was such a prominent issue during committee proceedings?

In conclusion, let me point out that we have had extensive hearings on this matter. Questions have arisen which have not been answered fully, in our opinion. Essentially we are concerned about the long term impact of this bill. We genuinely believe that it is not required at this time. We believe the bill should be delayed. My colleagues and I cannot support Bill C-17 at this time.

Because of this, I should like to move:

That Bill C-17, an act to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes in consequence thereof, be not now read a third time but that it be read a third time this day six months hence.

Some hon. Members: Hear, hear!

Mr. Ron Huntington (Capilano): Mr. Speaker, I am pleased to have an opportunity to speak to the amendment submitted by the hon. member for Lisgar (Mr. Murta). In my opening remarks, I should like to compliment the incumbent president of the CNR on the very complete job which he has done. He has managed to take what historically has been a very costly Crown corporation and turn it around. I guess the CNR is the grand-daddy of all Crown corporations.

Back in 1975, the CN had a loss of $16 million. It was brought from that point to a profit position of $11.7 million in 1976 and $28 million in 1977.

The hon. member for Lisgar put an analysis of a five-year profit projection on the record. That is a valid projection which must be considered by all hon. members of the House in order for them to understand our reasons for feeling that this matter should be hoisted for six months. In fact, there is no immediate need for it.

● (2142)

The incumbent president has done a very creditable job when one considers what he started with. He has shown abilities that exist in few men. I might also say that now that the annual income of the president of the competing organization, the CPR, is known, it is obvious the president of the CNR is very badly underpaid. The House and the Minister of Transport (Mr. Lang) should bring his salary up to the level of those few men we see in our lives who have the ability and the capability of directing large organizations such as this.

Since being a member I have been quite active on the Standing Committee on Transport and Communications, and on behalf of my party I have done quite a bit of study. I have had the opportunity of getting to know many of the aspects of both our major railroads. I have been very pleased with the spirit of technology and excitement which appears to exist within the research section, management, the freight section and the people involved in the new technology the CNR is putting in place.

The point was ably made by my colleague the hon. member for Lisgar that the railroad has been turned around. It is showing a potential, with its present balance sheet structure and its present management, to earn a profit and become the pride not only of management and the employees of that Crown corporation but of the shareholders of the Corporation, the people of Canada, whose spokesmen sit in this House.

Historically, for each dollar of revenue the Canadian Pacific Railway has it operates at a cost of 91 cents. Historically, prior to the incumbent management of the CNR, for each dollar of revenue it has operated at a cost of $1.01. We have seen a tremendous improvement, to the credit of Dr. Bandeen.

One of the other reasons for this improvement, and I want to emphasize them, is that the government is in the process of removing substantial burdens, probably political burdens, which the CNR has historically carried. The Newfoundland railroad system would appear to be under study and potentially is to be removed as a burden of cost on the CNR. The Crowsnest rates referred to in the Hall report appear to be under study.

To me it seems quite obsolete to carry on with that kind of pressure on the proprietary operations of a Crown corporation such as the CNR. There will be direct subsidy payments involved there, instead of the operating loss being against the railroad, requiring further subsidy. The government is also involved in underwriting the capital for the hopper cars for this railroad, thus removing that burden. The passenger aspect of the railroad is being removed and put into VIA. That should remove $50 million in costs from its operations. There have been massive appropriations, something like $600 million, for roadbed improvements, and the government is attempting through this bill to remove something like $60 million in interest from the company's operating cost. With these aids the CNR has not only turned around, but is showing potential for substantial profits commensurate with its gross earnings.

I now have to raise a number of prime questions. What is the level of profit we should expect from a Crown corporation, a proprietary corporation that is turning the corner and is moving into a very exciting new area of modernization and technology? How much profit is too much profit in a Crown corporation? Where will the earnings be applied and to what aspect of that operation will they be used? Who makes these decisions? Now that there are no appropriations of funds, and by reducing debt and giving it a ratio that allows it to go into money markets, what control do the shareholders, the people of Canada, or the Parliament of Canada, have over the decisions by its board, its chairman and its officers? These are serious questions today because we have had a whole series of examples in the last four years involving Crown corporations that appear to be operating out of control.

This is the third recapitalization the CNR has undergone. We just have to go back to the statement of the then minister

of transport in June of 1952 when he was opening the debate on Bill C-308. Let me quote him as follows:

> ... in this measure we have gone a great distance to grant the CNR relief from the fixed charges and to bring them to a position not on a parallel with that of Class I railways of the U.S. or with that of the CPR for that matter, but to bring them to a more comparable basis.

In other words, back in 1952 we were talking about bringing the CNR to a more comparable basis, rather than about a class I railway, or even one comparable with that of the CPR. In the same speech the minister said:

> The intention of this formula is to lessen charges, to give more incentive to railway management and railway employees and to encourage the railway to earn greater gross revenues. If that can be done, a position should be arrived at which would free the Canadian National Railways from these large deficit operations.

That was back in June of 1952. Another aspect of the minister's opening statement was as follows:

> The interest which will be forgone on converted debt will be more than offset by the elimination of the requirement for the government to purchase CNR preferred shares.

Yet we heard the hon. member for Lisgar state that from 1952 to 1960 we had the obligation to purchase these shares, on a formula based on gross revenues, at 4 per cent. However, for some reason or other the government saw fit to carry on with the $80 million appropriation to the CNR. From 1960 onward there was no obligation at all to do so.

I would also like to remind the House that the CNR has received by way of capital revisions or other contributions from government in excess of $6 billion since the 1923 recapitalization. The CNR has been able to borrow from the federal treasury for both short and long term debt at interest rates at least 2 per cent cheaper than anybody else can borrow in Canada. It has had an awful lot of advantage from the businessman's point of view. It has really not been capitalized, and I really have to question whether the leverage it has been given of three recapitalizations, and the appropriations it has received, has been used with frugality.

A very important member of my family to me spent his whole lifetime serving the CNR. I can remember the time when the Gordon philosophy was: "Borrow all you can because you never have to pay it back." Yet if we go back to the 1972 Benson tax act we get into this stupid philosophy of "a buck is a buck is a buck," trying to get at those in the private sector who have to work under some degree of frugality. Please excuse me if I get a little uptight when I see this type of resource managed loosely, abused or not managed in a true business sense, because every time there is a dollar of waste in the system it is at the expense of distributing that which is available for everybody.

I criticize Crown corporations and the government system for waste, which I think is costing the Canadian people about one million man-years of work. Although this cost of waste within this system and within the discretionary aspect of the system is serious, it is infinitesimal compared to the waste which exists at large within the country. We are not going to start getting at that waste until we start calling on our Crown corporations and our government departments for some measure of financial management control and for some accountability. We must keep parliament in the position of continually reviewing and demanding performance from our departments, agencies and Crown corporations. This is why I feel privileged to speak to the motion of my colleague the hon. member for Lisgar.

● (2152)

If you look at the CNR statement, Mr. Speaker, you will find that it refers to a string of subsidiary companies. How effective are all these companies? I can remember when they were putting them together as a result of the 1952 recapitalization and they got their ratios in line with the CPR so that they could operate in the financial money markets of the country and the world. They immediately went on the wildest spending binge you could imagine. They got themselves into an expenditure of something like $1.8 billion; they ran their debt to something like $900 million in 1961, and by 1977 the debt of the CNR was $2.02 billion.

These figures are hard to comprehend, yet here we are getting into the same thing again of not having carefully put in place measures whereby we could control and put in place overviews on the financial management control systems of a Crown corporation such as this, measures where that Crown corporation is made accountable to parliament through one of the committees that is equipped with research staff to handle it. Are we back into a repeat of the 1952 recapitalization by cancelling this calculated, mysterious $808 million that was found in a depreciation account and which should have been cancelled but was not? Now they want it cancelled to give that Crown corporation debt ratios that are the same as the CPR once again. Are we not going to call for some measure of accountability so that we do not get into another runaway mess where they buy everything in town?

If we start to review what they did following that recapitalization, pretty well overnight, and in at least half the time taken by the Canadian Pacific Railway, they converted their steam plant and all of their steam engines to diesel. The problems they had on their balance sheets during that period were unbelievable. On the other hand, the Canadian Pacific Railway phased out their steam engines as they were depreciated, just as Canadian Pacific phases out its flying equipment—it is depreciated and then they bring on stream and put into its plant new equipment, thereby using a proper depreciation method.

I am very nervous at what the government is doing in this bill, and I think that I have good reason to be. This recapitalization in 1978 is bringing about ratios again that will open up the doors of the private financial institutions, and then what is going to happen? We are going to go in with a briefcase and we are going to come out with a truckload of money. What kind of pressure is this going to put on the private sector? It is going to increase interest rates and reduce the over-all credit that is available.

We already have the Export Development Corporation talking about borrowing billions of dollars, and there does not

seem to be an understanding of what costs will be incurred in the future, what speculative risks we are getting into with corporations like CNR and EDC when they have unlimited borrowing capacity in the private sector market. How much speculation is involved in borrowing in Arabia, Switzerland or in the United States with the variable exchange rate that we have? Is there to be no accountability to parliament or to the committees that are trained to oversee these things? Are we just going to give carte blanche approval and authority to a corporation whose management could change and then we have another runaway situation to be debated 10 or 20 years down the road on another recapitalization? That would be to our everlasting shame.

The company is in good shape now. It has overcome its problems and is earning a profit. It does not need this cancellation of a phony $808 million debt in order to get back to ratios that allow it to sweep up the closets of the banks. Apparently CN is not prepared to earn its ratios. It wants big daddy, this government, to keep giving it ratios, as it will do now for the third time.

What is going to be the rate at which they indulge in new capital expenditures? I have not seen anywhere in this booklet current budgets, medium-term budgets, five-year budgets and long-term budgets to show its spending projections. Is the government, on behalf of the people of Canada, asking this corporation in this 1978 recapitalization to give us some projections and some commitment that this is where we are going and what we are going to do? They have already had a big stimulus to their cash flow in the recent budget by having the depreciation allowance increased from 6 per cent to 14 per cent. This is all working capital that is available to them now out of earnings. Why are they rushing for this? Could it be there is some kind of a deal with the CPR that we are going to put the CNR in a position where its profits are going to be so big it has no choice but to cut rates? Is it going to be possible for trucking lines and subsidiary companies in the marketplace to be able to compete with the CNR under this new structure?

These are questions that we have to sit down and talk about, think about and get back into committee where we can get some answers. Let us have some five-year, medium-term budget projections and find out what the long-term goals are. Let us see what the new objectives are for the CNR. Without that we are on a very dangerous wicket tonight if we allow this bill to go through, instead of waiting another six months to have some of these questions answered.

Nothing is going to change for the CNR. They are in good shape; they are doing a good job and they have things going for them right now. They do not need this bill right now. When we did the same thing for Air Canada, they immediately turned around and bought up another airline, or tried to. I hope they do not get it. They cry about the burden on their operating system by having feeder lines out that they have to operate in too lavish a manner, with all this most expensive equipment and staffing in outlying airports; but independent lines get along with farm tractors and wagons and do not get involved in all this malarkey of high overhead and everything else.

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

PROCEEDINGS ON ADJOURNMENT DEBATE

[*English*]

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

EXTERNAL AFFAIRS—NEGOTIATIONS ON PROPOSED FLOODING OF SKAGIT VALLEY, B.C.

Mr. John A. Fraser (Vancouver South): Mr. Speaker, it is too bad that I have to be raising this issue again tonight. The issue that I raise is the potential flooding of the Skagit River valley in British Columbia by the raising of a dam on the American side by Seattle City Light. It is regrettable that I have to raise this matter in the House of Commons of Canada because, despite the fact that hardly any Canadian would for one minute tolerate the flooding of this valley to supply power for the city of Seattle—which is in the state of Washington, United States of America—this issue is not yet resolved.

On November 2, 1973 this House very graciously co-operated with me as an opposition member and unanimously endorsed the following motion:

● (2202)

That the House of Commons of Canada is unalterably and unanimously opposed to the flooding of the Canadian Skagit River valley which will result from the proposed city of Seattle project to raise the height of the present Ross dam situated in the state of Washington and downstream from the Canada-United States border; and

That this House further resolves that the government of Canada deliver the text of this resolution forthwith to the government of the United States of America, the government of the state of Washington, and the council of the city of Seattle.

I want to make it abundantly clear that the issues which have led to this complex and difficult situation, so far as the relations between this country and the United States of America are concerned, are not easy to comprehend. They stem from an order made by the International Joint Commission in 1941 which purported to give to the city of Seattle the right to raise the water on the United States side, which would flood the Canadian side.

There are many serious difficulties which arise when one considers whether that order was valid, but we are in the dilemma of not having a court to which we can take those difficulties. As a consequence, and to make a long and complicated story shorter, the issue now is how we can stop the flooding and at the same time try to provide to our friends in the United States some of the power they say they need in the Pacific Northwest.

That has been the dilemma until reports started to come from the British Columbia Hydro Corporation—which is a publicly owned utility—indicating that we may very well have in British Columbia a significant surplus of power. We know now that certainly the state of Idaho is interested in some of that surplus power. As good neighbours we should consider whether we can provide some of it to them.

The committee that has opposed the flooding of the Skagit River has written to the Secretary of State for External Affairs (Mr. Jamieson) asking, in view of the fact we are now going to be in a surplus power position in the province of British Columbia, what co-operation the federal government will offer through the National Energy Board if British Columbia sells this surplus power to our American friends—and they are our friends. The committee suggested that some attempt should be made by the federal authorities in Canada to exercise pressure on the state of Washington and the city of Seattle for a reasonable and fair resolution of the dispute between Canada, the province of British Columbia, the state of Washington and the city of Seattle over this river valley flooding.

Keeping in mind that this House has stated that we are unalterably opposed to the flooding of the river valley, in all fairness and decency perhaps we should make some attempt to provide our American friends—and we who live in British Columbia and are very close to them consider them our friends—with some of the power they need.

● (2207)

The question which I put to the Secretary of State for External Affairs a couple of weeks ago was as follows: What steps is the government of Canada prepared to take in terms of its ongoing negotiations with the government of the United States to make sure that its position is made clear to the officials of Seattle City Power and Light Company? Because—and I say this through you, Mr. Speaker, to all members of the House—there is no way that British Columbia will accept the flooding of this river valley and there is no way that Canada, our proud country, should accept that flooding.

[*Translation*]

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, the current controversy over the flooding of the Skagit valley results from the fact that in 1942, over thirty years ago, the International Joint Commission approved the application submitted by the Seattle City Power and Light Company to raise the height of the Ross dam in the state of Washington, which would have resulted in the flooding of some 5,000 acres of land on the Canadian side. The commission approved this application, provided the city of Seattle and British Columbia agreed on the compensation to be paid to the province, which they did in 1967. Since then, efforts to block this project have been made by people concerned about the environment. Of course, the possibility exists that this project may be blocked or delayed by U.S. administrative red tape, but we remain convinced that the best way to solve this problem is through direct negotiations between the parties involved, namely British Columbia and the city of Seattle. Besides, the American government is also of that opinion. Over a year ago British Columbia started negotiating directly, offering electricity produced by the province in exchange for cancellation of the project. Those negotiations were interrupted last fall for the Seattle mayoralty election, but it would seems that they will soon resume.

Twice, my hon. colleague from Vancouver South alluded to it a while ago, in November 1973 and in 1977, the House voted unanimously against the destruction of that important part of our natural heritage. That threat has been the subject of lengthy discussions between representatives of both countries, as well as between Prime Minister Trudeau and President Ford at the end of 1974, our government trying to create an atmosphere conducive to a negotiated settlement.

The Secretary of State of External Affairs (Mr. Jamieson) recently received a letter from the Ross committee advising him of its suggestions with regard to current negotiations. The latter are now being looked into very seriously. Generally speaking, we are quite pleased with the events mentioned by the hon. member because they improve chances of reaching a negotiated settlement, and we are willing to do everything in our power to achieve that objective. We are convinced, on the other hand, that as in all our relations with the United States, those negotiations must go on in an atmosphere of confidence and harmony, and rest on a sound understanding of the mutual interests of our two countries.

[*English*]

NATIONAL RESEARCH COUNCIL—PROPOSED REMOVAL OF EMPLOYEES FROM CHURCHILL, MAN.

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise tonight to speak about the National Research Council pulling 18 families out of Churchill, Manitoba. I brought up this matter first under Standing Order 43 on April 3, and again in the question period on April 24 in a question to the minister responsible.

What has happened is that over a period of some 30 years we have seen the building up of Churchill, which started in 1946 with the coming of the armed services to Churchill, and then the building of Fort Churchill. After a period of some 30 years, the government decided to dismantle Fort Churchill and to help redevelop the town of Churchill. The redevelopment cost some $50 million which was shared by the provincial and federal governments. Following the completion of the redevelopment, the federal government withdrew its services from Churchill. The CBC will be leaving Churchill in the month of June. The corporation has 12 people working at that station.

Now the National Research Council, which has 22 families in Churchill, and is responsible for the space research program there, is also partly moving out. Of the 22 NRC families, 18 will be moving to Gimli, Manitoba, probably this fall. That is the plan of the department. They are going to move the 18

families to Gimli, Manitoba. They can no longer afford to keep them in Churchill.

• (2212)

I asked the department why they could no longer afford to keep them there. It is because of the housing subsidy that the National Research Council and space program must pay to Treasury Board, $10,000 per family. With 22 families, that equals $220,000 a year. They say that the money being spent on the housing subsidy can be used in the space research program. However, I feel the federal government has an obligation to keep these families in Churchill. I do not believe the federal government should be able to go into a community, spend $50 million redeveloping and rebuilding it, and then slowly withdraw all of the federal government services.

With regard to the armed services, it has been clarified that 35 families will remain in Churchill. However, many of them will be transferred this summer. I suspect they will be replaced by single people. Therefore, the community will shrink that much more.

Part of the redevelopment in Churchill was a complex which cost $11 million. There are only 1,500 people left in Churchill. I am really concerned for these people who now have an albatross hanging around their necks. It costs $1 million per year to maintain this $11 million recreation complex. Those 1,500 people cannot afford to keep up that facility. Therefore, I feel the National Research Council and the federal government have an obligation to continue their services and to keep the 22 families connected with the space program in Churchill.

What will this do to the town of Churchill? When the business people there saw the redevelopment take place, they thought that if the government had enough interest in Churchill to put in $50 million, there must be some future for that town. Many businessmen expanded their facilities. They now see the slow withdrawal of government services from their town.

What will happen to the government housing that the National Research Council now occupies? Eighty per cent of the housing in Churchill belongs to the federal government. This is almost new housing, built some two and a half years ago. There are no other federal government agencies to fill these quarters. Are they to remain empty?

At the present time, the federal government will not transfer any of this housing to the province. Many provincial people in Churchill are in need of housing now. Health and welfare are in need of accommodation for their clients, but they cannot touch this housing in Churchill.

The removal of these 18 families does not mean the space program will not continue. The plan is that when there are rocket launches to be conducted, the men and women involved will be flown to Churchill and they will stay in motels or hotels while the rocket launching is going on.

It is a well known fact that when these rocket launches take place, ideal weather conditions are required. Sometimes it is necessary to wait up to three weeks before launching one of the particular types of rockets they use. The National Research Council say they will save $220,000. I would like a breakdown of exactly what they will save. I do not believe they will save $220,000 by transferring these families out of Churchill.

I repeat, the federal government has an obligation to keep government services in Churchill and not hang this albatross of $1 million required to maintain the recreation complex around the necks of the few who are left.

• (2217)

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, the National Research Council operates the Churchill research range for the prime purpose of launching scientific sounding rockets. Since taking over the operation of the range in 1965, NRC has adjusted the level of manning for operations and maintenance to fit changing circumstances. The resident range staff, which is provided under contract, has been reduced in stages from 220 in 1965 to the present small staff of 22. The main reason for staff reductions has been a steadily declining scientific interest in launching rockets in the auroral zone. The decline in the scientific use of Churchill is attributable to an increased emphasis on the use of scientific satellites, a shift in scientific interest to locations outside the auroral zone, and to curtailed budgets.

The trend in scientific programs brought about by these factors continues to be evident. The Canadian space science program will require so few rockets to be launched from Churchill, in comparison to the number of launches from temporary sites in other locations in Canada, that NRC can no longer justify retaining the launching staff permanently in Churchill. It is therefore planned to make the operation of NRC's facilities 25 per cent more cost effective by relocating the contractor's Churchill staff in Gimli. In addition, the same staff will take over the launching of scientific balloons, most of which are used in the southern part of the prairie provinces. It is thus even more important to have the technical staff located further south. However, Churchill will still be used and after 1979 there will be a small resident caretaking staff retained in Churchill. Scientists and technicians will visit the community for varying periods each year.

Under the circumstances, NRC considers the movement of up to 18 families out of Churchill to be unavoidable. The alternative of leaving the staff in Churchill would have the effect of making the operation of NRC's space research facility in western Canada unduly cumbersome and consequently inefficient and too expensive. The extra cost of retaining an all-year-round facility at Churchill would result in an even smaller scientific program, and the discontinuance of Canada's space science projects using rockets and balloons would be a real possibility. It is in the face of these considerations that NRC is planning the reconfiguration of facilities which regrettably involves the movement of families out of the town of Churchill.

Mr. Speaker, I find it strange that the party opposite, which so often criticizes us for overspending and employing too many people, should, when the government tries to be cost-effective in spending the taxpayers', money, turn around and criticize us for doing that, too.

FISHERIES—REPAIR OF FOREIGN VESSELS IN CANADIAN SHIPYARDS—GOVERNMENT POLICY

Mr. John C. Crosbie (St. John's West): Mr. Speaker, on February 1, I asked the Minister of Fisheries and the Environment (Mr. LeBlanc) the question whether the government intended to change its policy with respect to permitting fishing vessels to be repaired in Canadian ports. I want to say a few words of praise for the minister in this regard because on April 6 he issued a statement to the effect that the government had changed its policy, which formerly prohibited foreign vessels from using Canadian ports to purchase supplies, exchange crews and undertake major repairs. That policy was changed as a result of the extension of the coastal fishing limit to 200 miles.

Ever since I was elected 20 months ago I have been trying to get the Newfoundland dry dock in St. John's put on a sound basis. This is a very important industry in St. John's. It employs 200 men and women and it used to suffer a loss every year. It is owned by the government but operated by Canadian National for the Government of Canada. They have been losing money there but last year, under the inspired managership of Mr. Albert Burgess and with the co-operation of the employees, they broke even.

One of their problems is that they have only one graving dock and once that dock has vessels on it you cannot take the vessels off and put other vessels on it until that vessel is finished, which means having to turn away business. Last year they turned away, I think it was, 12 vessels because the dock was occupied. They could not wait for the vessels on the dock to be finished. Now the Minister of Fisheries has agreed that foreign fishing trawlers can be repaired in Canadian ports.

● (2222)

At my urging and working with the minister he did agree for the Newfoundland dockyard people to go to Russia several months ago to renew negotiations with the Russians that had started in 1974, because the U.S.S.R. wanted to have their vessels repaired in St. John's, Newfoundland. If this deal goes through, there will be 60 Russian fishing vessels a year being repaired in the dockyard at St. John's, a tremendous boost in employment. It will require 200 more men, bringing the labour force there up to at least 500. It would, of course, mean a lot of new business. It would bring gross revenue up to $13 million—that is the estimate—from $7.2 million last year, and it will be a great thing not just for the CN dock but for ancillary industries in St. John's, and even as far as Marystown where the shipyard there will get additional work. I visualize St. John's, Mr. Speaker, and Newfoundland as being a marine service centre for the North Atlantic, which is what it can and should be with hundreds of fishing trawlers out there from foreign nations needing work done.

So I am pleased with the Minister of Fisheries and the Environment. He has been very co-operative. He has changed the policy now. He has permitted our dockyard to enter these negotiations, which look promising. Two Russian vessels are today in the dockyard at St. John's on a trial basis to see what the costs would be as part of this negotiation, and I am very hopeful.

But for this to go through and succeed, Mr. Speaker, something else is needed. This dockyard needs what is called a syncro-lift. Anyone who has visited a dockyard in the modern age, in the last 10 or 15 years, will know what that means. That is a piece of equipment that can lift ships out of the water, and they can be repaired and moved on this syncro-lift. It is not like a graving dock. The ships can be moved and left, and then the lift can be used again to take another ship from the water. What is needed to make it possible for this Russian contract to go through is a synchro-lift to be able to carry a 4,000 ton vessel. In that way all the work on these trawlers can be done on the syncro-lift. Larger vessels can be done on the graving dock, and they will then be equipped to handle the Russian contract; but they cannot handle this prospective Russian contract and other foreign trawlers without first acquiring a syncro-lift, which is going to cost $8 million.

On March 21 the dockyard wrote the Minister of Industry, Trade and Commerce (Mr. Horner) requesting that the government finance the $8 million syncro-lift extension. It will take 18 months to complete the work. The work should start this spring—certainly by July—because the Russian contract could then start the beginning of 1980. We have been waiting since March 21 for the Minister of Industry, Trade and Commerce to get the okay from the government to spend this $8 million.

Now, it is a government-owned shipyard. It is situated in an area of heavy unemployment. The only way we can get these Russian contracts and other contracts is through this syncro-lift. It is a natural, and I am sure the minister is going to come through and give his approval. I am sure because earlier this year the federal government approved $5 million to be spent on the Esquimalt graving dock in British Columbia. It was $12 million all together; $5 million on craneage and $7 million to refurbish existing dock services. The minister approved a million and a half for the design of a floating dock for the Port of Vancouver. He approved $1.7 million for a drydock now under construction at Les Mechins in Quebec. He approved new craneage valued at $5 million at the federally-owned Champlain Dock in Lauzon, Quebec. Of course, there is no reason why the minister wouldn't do in Newfoundland what he is doing in Quebec and what he is doing in British Columbia, particularly when it makes good economic sense.

Now, if the minister didn't do it, if somehow or other this decision is not made to go ahead, then, Mr. Speaker, you will not be hearing tones of sweet reasonableness from the hon. member for St. John's West. There will be such a berserk and vicious attack on the government that the government will fall

because of the volume of that alone. But I know that is not going to happen. The Minister of Fisheries has been very co-operative. I have no reason to believe that the Minister of Industry, Trade and Commerce will not be because it makes good economic sense; and in an area of high unemployment, Mr. Speaker, we want a successful dockyard that will employ 200 additional people directly. This will have ripple effects throughout the Avalon area, even down to Marystown.

So, Mr. Speaker, tonight I am calling on the government to make a quick decision. It is going to take 18 months to do the work, so we should start now.

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): Mr. Speaker, I always enjoy listening to the hon. member from the east coast. You never know when you come in whether he is carrying a shotgun loaded for bear or a shotgun loaded for duck. Having come prepared for a shotgun loaded for bear I suppose I now have to change around and shoot for ducks!

● (2227)

First of all, I should like to thank the hon. member for his very kind praise of the Minister of Fisheries and the Environment (Mr. LeBlanc). At the present time our minister is very efficient and very excellent. That praise is well deserved. This indicates to the House and to the people of the east coast the type of approach the government takes in honouring its commitments to those citizens.

As Your Honour and the hon. member knows, prior to the implementation of the 200-mile limit, foreign fleets were in direct and very strong competition with Canadian fishermen for the stocks off Canada's coasts. One of the few competitive advantages our fishermen had at that time was the geographical advantage of being close to those fishing banks. Our port policy was intended to protect this advantage and to minimize the assistance given to foreign fleets off our coast.

With the advent of the 200-mile limit, it has been found that the fleets are fishing now only for the surplus within our zone. Of course, they are being closely licensed and controlled. Accordingly, the need for a restrictive port policy disappeared with the advent of the 200-mile limit. Since the expansion of port privileges is a major bargaining lever with foreign fishing fleets, it can be used to our advantage.

Under the terms of our bilateral agreements with those nations fishing within Canada's fisheries zone, we have agreed to examine the possibility of extending co-operation in various areas. This co-operation includes the question of transfer and exchange of crews while vessels are in port. That was mentioned by the hon. member tonight.

Recently the Minister of Fisheries and the Environment announced that he would be prepared to permit the exchange of crews. I might add that the minister's decision has been communicated to the minister of industrial and rural development of Newfoundland, with very delightful results. Currently the minister is reviewing the entire question of the use of Canadian ports by foreign vessels, fishing vessels in particular. We must ensure that the increased use of Canadian facilities does not proceed at the expense of our fishermen.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his time has expired.

The motion to adjourn the House is now deemed to have been adopted. Accordingly the House stands adjourned until tomorrow at eleven o'clock.

Motion agreed to and the House adjourned at 10.29 p.m.

HOUSE OF COMMONS

Friday, May 5, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

FINANCE

REQUESTED WITHDRAWAL OF SALES TAX ON SMOKE DETECTION EQUIPMENT—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Over the past week, in Toronto, we have been told that 12 people lost their lives due to fire. I do not feel we should stand idly by without taking some positive action. Therefore, I move, seconded by the hon. member for Okanagan Boundary (Mr. Whittaker):

That the Government of Canada withdraw the federal sales tax on smoke detectors and smoke detection equipment.

Mr. Speaker: Presentation of such a motion for debate, pursuant to Standing Order 43, can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

EXTERNAL AFFAIRS

REPORTED INCURSION INTO ANGOLA BY SOUTH AFRICAN TROOPS

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, in the absence of the Secretary of State for External Affairs, I address my question to the acting secretary of state: it concerns the situation in Angola, the overnight developments. While the reports of the operation differ, there seems to be little doubt now that South African troops did cross the border into Angola. Would the minister, first of all, clarify the nature of this operation? Also, in light of the strong criticism which the United States has levelled against South Africa, can the minister say what the Canadian reaction is?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I am not in a position to add very much detail, except to tell the hon. member that we have asked our embassy in Capetown to tell the government of South Africa that Canada is deeply concerned about this military incursion into the territory of a neighbouring sovereign state. We are particularly concerned that this activity should have occurred at a time when negotiations are taking place with the object in mind of achieving a peaceful solution in Namibia.

Mr. Roche: Mr. Speaker, the negotiations concerning Namibia have been described as reasonable middle-ground for both parties to seek. What is the effect on the negotiations which have been advanced by Canada, along with its partners on the Security Council representing the western nations? What is the effect of those proposals now, in light of the overnight developments of South Africa invading Angola?

Mr. MacEachen: Mr. Speaker, it is a little premature to assess the certainty of the effect on these negotiations, but it can only be unsettling. It is a time when restraint ought to be exercised, rather than military activity of this kind, in order to achieve the success of the negotiations.

Mr. Roche: Mr. Speaker, the time has come for Canada to clarify the meaning of the announcement made by the Secretary of State for External Affairs on December 19, to the effect that "Canada is going to withdraw government-sponsored, commercially-supported activities in South Africa." What has been the effect of that announcement?

I ask this question in light of the meeting of the external affairs committee yesterday during which the committee was told that Canada, with respect to the code of conduct which was one part of the follow-up to the announcement of December 19, has no way of knowing what the conditions are for the black workers employed by Canadian companies in South Africa. There is no way of knowing what those conditions are, so there is no way of knowing whether the code is effective. Can the acting secretary of state clarify the real effect of the step Canada took on December 19 to cut commercial relations with South Africa?

Mr. MacEachen: Mr. Speaker, the action taken by the government speaks for itself. Its effect is clear. I cannot add any further detail to the announcement made by the Secretary of State for External Affairs.

● (1112)

FINANCE

STANDBY CREDIT THROUGH CITIBANK—SUGGESTION SOUTH AFRICAN BANKS INVOLVED

Mr. James Gillies (Don Valley): Mr. Speaker, my question to the Minister of Finance follows directly on the questions of my colleague. Given the statement by the Secretary of State for External Affairs on December 19, that Canada is phasing out all its government-sponsored activities in South Africa, why is it possible for part of the standby credit the government is negotiating through Citibank to go to South African banks? Why did the minister say yesterday in committee that he did not put any restrictions whatsoever on where the money should come from?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, this question was raised yesterday in committee. I said at that time that we are negotiating with a lead bank, that is, Citibank of New York. Of course, they have to gather the credit. I said I was going to look into this question. I am not in a position to answer at the moment. When the question was put to me in the House yesterday, I did not realize the meaning of the question. I am looking into that matter now and will report to the House.

TRADE WITH SOUTH AFRICA—ALLEGED CONTRADICTION IN GOVERNMENT POLICY

Mr. James Gillies (Don Valley): Mr. Speaker, I will put my supplementary question to the right hon. Prime Minister. It seems to me there is a direct contradiction here in government policy. On one hand, the Secretary of State for External Affairs said that the government is phasing out, and will not have, any operations with South Africa of a commercial nature. Yesterday, in committee, the Minister of Finance said, "We do not put any restriction on the people who should participate in the extension of credit."

Is it the policy of the government to have one set of standards for the private sector, and another set of standards for the government in its dealings with South Africa?

Right Hon. P. E. Trudeau (Prime Minister): No. Mr. Speaker, we do not want to have two sets of standards. I think the Minister of Finance is correct in saying that he will investigate this matter. I must say that as an uninformed amateur in what is being borrowed and the way it is being done, I cannot particularly see that a man who is going to borrow from somebody else and asks him to lend him money worries where that person is getting the money. This is in the nature, I would think, of a tertiary boycott: we are going to borrow from some people, then we are going to find out where they got the money from, who lent it to them, and so on.

It seems to me that in the nature of a commercial operation, you borrow money from a respectable lender and that should settle the matter, as far as I am concerned. However, I am prepared to be informed further by the inquiry that the Minister of Finance says he is going to embark upon.

Mr. Gillies: Mr. Speaker, with respect, I cannot follow that reasoning at all. Either the Government of Canada has a policy of not dealing in commercial transactions with South Africa, or it has not. The fact that the government is going out to borrow money would indicate to me that it has an obligation to make very clear whether it is dealing with South African commercial transactions or not. It seems to me that the fact the government needs the money should make no difference either way: we either have that policy, or we do not.

I ask if Citibank, the lead bank, is negotiating with South Africa or, to put it the other way, will the government instruct the lead bank in this standby credit not to deal with South African banks in the development of the resources?

Mr. Trudeau: Mr. Speaker, it seems to me that the hon. member is making a case that the government should not be borrowing money from South Africa. In fact, the government is not borrowing from South Africa, if I understand it. I see the Leader of the Opposition has some thinking on this matter. I would be glad to hear from him, too; but for the moment I am speaking to his colleague on his left, through you, Mr. Speaker.

We are not borrowing from South Africa; we are borrowing from Citibank. Where Citibank gets the money is not an immediate problem to me. If it is to the hon. member, I would be interested in hearing argument. The Minister of Finance said he is going to look into that. I have risen in this House against the idea of tertiary boycotts. Maybe this is a case where the hon. member is suggesting this is the way we should proceed. We are borrowing from somebody who wants to lend to us. Do we have a right to say to this lender, "You should not be borrowing from such and such other people"?

Mr. Lawrence: You are telling the private sector that.

Mr. Trudeau: We are not telling the private sector that they cannot deal with companies dealing with South Africa. We never said that. We do not withdraw our trade services from a company that is dealing with a company in Brazil because it is discovered that the company in Brazil has dealings with South Africa. It seems to me that if we want to deal with both sectors in the same way, my reasoning is good.

* * *

● (1117)

INDUSTRY

CANADA-U.S. AUTO PACT—SHARED BENEFITS THEREUNDER

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Prime Minister. The Prime Minister has just said that in terms of international borrowing he would describe himself as an uninformed amateur. Concerning the letter that he tabled yesterday which was sent to Premier Davis of Ontario on April 10, I can only say that in terms of

automotive trade and his knowledge of the Canada-U.S. automotive agreement, the Prime Minister is also an uninformed amateur.

Considering that in the letter which was tabled yesterday he said, "The automotive agreement does not include a provision respecting 'fair shares' ", in terms of investment in jobs in the auto industry, and considering that clause (b) of article I of the Canada-U.S. automotive agreement reads as follows, "Both countries to participate on a fair and equitable basis in the expanding total market of the two countries", will the Prime Minister now admit that he misinformed and misled Premier Davis, because this clause which was put in at Canada's insistence in 1965 was put in to clearly state that the Government of Canada did not accept the free trade interpretation of the pact? Will the Prime Minister now admit he was clearly wrong?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member suggests that I misinformed Premier Davis. Surely that is one of the most ridiculous statements we have heard this Friday morning, and we have not heard too many yet. I wrote a letter to Premier Davis based on information that my officials gave me on the auto pact. The hon. member brings in the question of article I, subsection (a) about fair markets—

Mr. Broadbent: Fair shares.

Mr. Trudeau: —fair shares of markets. My letter, if I recall, refers to investment and development of the industry. I do not see any contradiction, but I agree with the hon. member that I am not an expert in the automobile trade. I know the agreement was put together by a Liberal government with the United States. I know that the former hon. member for Westmount was the minister at the time.

I know that it brought great benefit to the Canadian industry and to Canadian workers, I know that we have repeatedly tried to improve it, and I believe that the workers rely on this government to get the best possible deal out of the pact. As far as the wording of the letter is concerned, I defer to the hon. member's interpretation, but I just want to check whether he is right.

Mr. Broadbent: Mr. Speaker, the Prime Minister's disarming modesty at this point surely cannot stand as an acceptable answer. I remind the Prime Minister of the words he used in the letter tabled yesterday, "The automotive agreement does not include a provision respecting 'fair shares' ". Then the Prime Minister went on to talk about free trade. I just quoted to the Prime Minister a section of the pact that, if it means anything—I remind him that it was put in there at Canada's insistence—refers to sharing, " . . . participate on a fair and equitable basis in the expanding total market . . ." That is, both countries are to participate on a fair and equitable basis in the expansion of the total market in the future.

I would ask the Prime Minister, considering he just said that he sees no contradiction between these two points, what could that mean in the auto pact? What could the Canadian negotiators have intended when they insisted that that clause be put in the pact, if they did not mean that it should pertain to future investment and future job-sharing so that Canadian workers would not end up being shortchanged by some 25,000 jobs as they now are?

Mr. Trudeau: Mr. Speaker, I appreciate the hon. member's argument. "Fair share" can mean a fair share of the workers in the industry; it can mean a fair share of the sales; it can mean a fair share of the trade; it can mean a fair share of the revenue to the working population or to governments through taxation. I accept the hon. member's point, and I will look into it. I do not know, quite frankly, what the details of the auto pact are. Certainly, I do not think Premier Davis will take such a high-horse attitude about my trying to mislead him. I think he will read the letter, and if he has an argument, he will put it. I do not think the premier needs the hon. member to get indignant about my trying to mislead him.

● (1122)

Mr. Broadbent: Mr. Speaker, I am prepared to accept, without any exaggeration at all, what the Prime Minister is saying. He may well have been mistaken: that is fair enough. When he checks into the matter with the officials of the Department of Industry, Trade and Commerce and finds, as I think he will, that he was misinformed about what the pact actually says, will he do what Prime Minister Pearson did in 1965 when the pact was first signed between him and President Johnson? The Government of Canada followed the signing of this pact by getting from the three principal automotive manufacturers letters of commitment which pertained to investment in Canada for the following three years. During that three-year period we got our share of investment.

Will the Prime Minister now take steps to ensure that the Government of Canada gets from the automotive industry a commitment for the next three years, so that we will once again get our share of investment which will produce the jobs we ought to get on this side of the border?

Mr. Trudeau: Mr. Speaker, the hon. member knows, or ought to know, that the government is constantly attempting to get a better deal in our trade with other countries, in all areas, including the automotive area. There is a pact: we have gone through successive phases in the application of this pact. I remember a time in this House not too many years ago when the Americans were complaining the Canadians were getting more then their fair share of the pact; I think it was when Mr. Connally was Secretary of the Treasury. They were talking about reopening the pact. The hon. member who was just speaking rose at that time and said, "How dare the government even talk about reopening the pact. We do not want to reopen it. It is working for us. We do not want it to be touched at all." Now that it is not working for us, he says we should touch it.

You cannot argue at one time that the pact is sacrosanct, as that party was doing, and at another time say we should seek to improve it all the time. A Liberal government brought in

the auto pact, and we are constantly trying to get a better deal for Canadians through it. The Americans are trying to do the same for themselves. Obviously, the interests of Mr. Davis, the Premier of Ontario, and his government are the same. We want to get a better deal for Canadians. I will hear any reasonable argument from the hon. member indicating how that can be done. I just do not think it is sufficient to stand up and say we should get more than the Americans. The problem is, how can you get it in a better fashion?

Some hon. Members: Hear, hear!

* * *

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

COMPENSATION TO QUEBEC FOR LOSS OF SALES TAX REVENUE—GOVERNMENT POSITION

Mr. Gérard Laprise (Abitibi): Mr. Speaker, my question is directed to the right hon. Prime Minister and concerns the Ottawa-Quebec conflict over the sales tax reimbursement.

As there is more and more agreement with the fact that Ottawa should respect the provincial jurisdiction over the sales tax and that it should therefore reimburse the province of Quebec the $186 million which is at the base of the present discussion which is going on through the media, is the right hon. Prime Minister or the Minister of Finance prepared to meet the premier or the minister of finance of Quebec to come to an agreement which would be in the spirit of the constitution, rather than trying to buy votes in Quebec by reimbursing each individual, as the latest rumours would have it?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member speaks of respecting the constitution and adds that the sales tax comes under provincial jurisdiction. We wholeheartedly agree. That is why the Minister of Finance went to all provincial finance ministers saying: You have this tax, would you be willing to cut it if we reimbursed you? Nine provinces said yes. We never said that this tax came under our jurisdiction. We offered the provinces money to do something. Nine said yes, the tenth one, Quebec, gave no reply.

We never maintained and we do not maintain now that we have the power to lower the sales tax in Quebec. We only said that if Quebec agreed to do certain things, like the other provinces, we would give it money. If it does not want to go along, we certainly will not interfere in its jurisdiction. We will arrange for this money to go to Quebeckers through some other means. The hon. member seems to object to the fact that this money would go to individual Quebeckers, I do not know why; perhaps he could indicate it in a supplementary question.

Mr. Laprise: Mr. Speaker, I should like to put a supplementary question.

[Mr. Trudeau.]

In his reply, the Prime Minister stated that he does not interfere in the provincial administration or in the provincial jurisdiction, but by laying down to the provinces a condition which is explicitly rejected by Quebec he is compelling Quebec and the other provinces to meet the requirements of the federal government. This is the central issue of all current discussions and disputes between Quebec and the federal government. It is a bad approach for future discussions on a new Canadian constitution. Now I am concerned about the dangers of giving directly all those funds to Quebec and this is the question which the Prime Minister asked me—

Mr. Speaker: Order.

Mr. Laprise: —he asked me to make myself clear on how to give those $186 million directly to Quebeckers. I say the federal government should give that money to Quebec in an envelope, for the province to manage as it is entitled to do.

Mr. Speaker: Order.

Mr. Trudeau: Mr. Speaker, that is a new version of social credit. I thought their theory advocated giving money to the people but not to the government.

The hon. member spoke of the conditions or demands the federal government imposed. He did not understand what happened. We imposed no conditions. The Minister of Finance (Mr. Chrétien), met his provincial counterparts. They all agreed that it would be a good idea to cut the sales tax, and I think the taxpayers agree with it too.

Now, Mr. Chrétien said to the provincial ministers: If you reduce your sales tax, that falls within your jurisdiction. We are not imposing any conditions nor making any demands. We say: How would you go about it? Let us discuss the matter. And seven provinces agreed with the formula suggested by Mr. Chrétien. Two others said: No, we do not agree with that formula, we will change it. Mr. Chrétien agreed with that. So the formula was changed for Saskatchewan and British Columbia.

The tenth province, always "*La belle province*", Quebec, replied: No, we have no answer to give to you. Go ahead with your budget, and we will let you know after. Mr. Chrétien brought down his budget, then Mr. Parizeau started "shadow boxing". He was going to hit in the mouth the guy who was no longer there. That is no way to negotiate.

● (1127)

[*English*]

FISHERIES

RESTRICTIONS ON FISHERMEN IN BAY OF FUNDY

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Prime Minister. Last week the Liberal Premier of Nova Scotia forwarded the right hon. gentleman a telegram protesting the arbitrary action of the federal government with regard to the imposition of federal restrictions on fishermen in the Bay of Fundy area. He has asked that all restrictions be lifted until settlement is reached between Canada and the United States over fishing rights on Georges Bank.

In view of the economic hardship created by what the premier has called high-handed and arbitrary tactics by the Minister of Fisheries, I ask the Prime Minister what action he proposes to take to rectify this unfortunate situation.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have been notified that the Minister of Fisheries is presently meeting with the directors general of fisheries for Newfoundland and the maritimes; he is meeting with them in Halifax. Perhaps the hon. member should make his concern known to the meeting there. I see the hon. lady from Kingston has something to say about fisheries, too. I shall be hearing her question as a supplementary, but for the time being I am answering her colleague, and maybe she could let me finish that answer.

I was telling the hon. member that the meeting is taking place now. Perhaps he was not informed of it. But I think the officials at the meeting should be told of the concerns of the hon. member. I am sure Mr. Regan's officials who are there will be able to express their point of view, but I am also sure they would be thankful to have the hon. member's help.

Mr. Crouse: I thank the Prime Minister for that answer, but I would point out, Mr. Speaker, that he mentioned consultations which I think he said were being held in Newfoundland, whereas the area in question concerns the fishermen in Digby, Nova Scotia. There is quite a bit of difference between the two provinces.

● (1132)

I raised this matter with the Minister of Fisheries and the Environment in this House on April 28. His reply was very brief and I will read it to the Prime Minister for background. He stated, "As for the complaint of the minister from Nova Scotia", that is, the minister of fisheries—

Mr. Speaker: Order, please. The hon. member is on a supplementary question and I wonder if he would come to the question.

Mr. Crouse: Thank you, Mr. Speaker. The Minister of Fisheries and the Environment implied that he was not interested in consultation with the minister of fisheries of Nova Scotia or with the Premier of Nova Scotia. Therefore, I am asking the Prime Minister whether he will undertake to discuss this very urgent matter with his Minister of Fisheries and the Environment, and will he do so in the hope that the minister will consult, rather than confront, Nova Scotia's fishermen on a matter which could have direct and very important economic effects upon them and their livelihood?

Mr. Trudeau: Mr. Speaker, I really have some difficulty understanding why the hon. member is making these representations to me when I have just said that the Minister of Fisheries and the Environment is meeting in Halifax with representatives from Newfoundland and the other maritime provinces. I think possibly the hon. member did not understand because the hon. member for Kingston and the Islands was making a lot of noise during my answer. However, I am now repeating it. The Minister of Fisheries and the Environment is meeting in Halifax with ministers and officials of the Nova Scotia government. Therefore, it seems to me that the hon. member is perhaps jumping on the minister's bandwagon by telling me that I should tell the minister what the minister is already telling people in Halifax.

* * *

UNEMPLOYMENT INSURANCE

REPORTED OVERPAYMENT OF BENEFITS

Mr. John A. Fraser (Vancouver South): Mr. Speaker, I have a question for the Minister of Employment and Immigration. It has been reported in the press that about 15,000 Canadians have received unemployment insurance overpayments. These people are in the provinces of British Columbia, Quebec and Nova Scotia. The overpayments amount to about $4.3 million. Have figures regarding further overpayments come to the attention of the minister and, if so, were they directed to persons in provinces other than those I have named?

Hon. Bud Cullen (Minister of Employment and Immigration): No, Mr. Speaker, the hon. member has the figures correct and the overpayments took place in the areas he has suggested.

Mr. Fraser: Mr. Speaker, can the minister tell the House upon what basis these overpayments were made? Can the minister assure the House that the overpayments were not the result of cheating or ripping off the system on the part of the recipients of those overpayments?

Mr. Cullen: Mr. Speaker, I thank the hon. member for his question. No, it was not the result of cheating or ripping off. It was a mistake, a human error made by an official in my department. We have found it out and we are taking action to correct it. It had to do with the extended benefit phase structure of the program but nothing to do with the individuals themselves. There was no ripping off; there was no cheating.

Mr. Fraser: Mr. Speaker, if my information is correct, most of these overpayments go back to the year 1977. When the minister says the situation is being corrected, is it the intention of the government to collect this money back from the recipients who were overpaid and, if it is, what means is the government using, keeping in mind that some of these recipients are not in a position economically to meet a claim for overpayment which, as the minister has said, was certainly not their fault?

Mr. Cullen: Yes, Mr. Speaker, we are going to collect the money because it was an overpayment. We will do so imposing as little hardship as possible, given the fact that it was our mistake. We have written letters to the individual claimants informing them of our error, that we have to get the money back and that we will make whatever arrangements are necessary in order to impose as little hardship as possible.

* * *

NATIONAL REVENUE

CIRCULAR TO CHARITABLE INSTITUTIONS RESPECTING POLITICAL ACTIVITY

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, my question is for the Acting Minister of National Revenue who I believe is the Minister of National Health and Welfare. With respect to the information circular of February 27, published under the authority of the Deputy Minister of National Revenue, dealing with the political activities of charities, has the minister had a chance to give consideration to this question?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I can inform the House that the minister, Senator Guay, has withdrawn circular 78-3—

Some hon. Members: Hear, hear!

Miss Bégin: —and that it is going to be clarified after consultations with the various parties involved.

INSTRUCTIONS TO DEPARTMENTAL OFFICIALS RESPECTING CIRCULAR

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my supplementary is to the minister who initiated this circular, the Minister of National Health and Welfare. In view of the testimony in committee this morning by the Minister of National Revenue to the effect that the circular put out was not the kind of circular he wanted and was, in fact, not even the kind of circular that the former minister wanted, would the minister say exactly what she had in mind when she instructed her officials to bring forward a circular outlining the political activities of charitable organizations in this country?

[Mr. Cullen.]

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I do not know whether or not I must account for the portfolio I held previously, but I already—Do not get excited, keep quite!

I already said Wednesday afternoon in the House of Commons, as reported in *Hansard*, that when I was Minister of National Revenue, I received numerous representations from movements, mostly women's associations, pointing out to me that the legal interpretation did not allow social, cultural, educational and other movements which promote social change in our society to be registered for tax deduction purposes. So, I asked departmental officials to refer to foreign laws and practices in order to define what was acceptable in 1977 or 1978 as regards political activities and what was not for charitable purposes.

[*English*]

Miss MacDonald: Mr. Speaker, my supplementary question is directed to the Acting Minister of National Revenue. I would like to ask the acting minister, exactly what were the instructions given to the department which resulted in a circular being sent out which was not in accordance with the wishes of the current minister and which he says was not in accordance with the wishes of the former minister?

Miss Bégin: Mr. Speaker, I am not sure the hon. person opposite understands the way administration works—

An hon. Member: Do you understand it?

Miss Bégin: —when we update an interpretation bulletin. I do not recall in what month this happened, but I do not think this is a trial or that I have to give the exact date. It was during the time I was minister of national revenue. This circular is dated February, 1978, if my memory serves me well. I do not have a copy of it with me, but I had not been minister of national revenue for a few months. I gather that when the work of the small internal task force which worked on that was ready, it was presented for the approval of the deputy minister at the time who, by the way, has also changed.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker—

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): The noisy ones over there should quieten down.

Mr. Clark: The minister has suggested that perhaps my colleague, the hon. member for Kingston and the Islands, does not understand administrative practices. What is clear from the minister's reply is one more indication that she and her colleagues do not understand the concept of ministerial responsibility. What she is trying to do is blame anonymous public servants for giving effect to an order which was given by a minister. What the hon. member for Kingston and the Islands has asked, and what I ask now—

Some hon. Members: Order.

Mr. Speaker: Order, please. I must ask the Leader of the Opposition to put a question.

Mr. Clark: I was putting a question, sir, but Your Honour was not able to hear me because of the shouting from across the way. The question put by the hon. member for Kingston and the Islands is of very real importance to this House. What, precisely, were the instructions of the minister which gave rise to the preparation by public servants of this circular?

● (1142)

Miss Bégin: The question, sir, was to update the circular in light of what Canadians want these days and what they have voted through this parliament as being charitable donations. We know so well what responsible government is that the circular has been withdrawn for clarification, after consultation with the parties concerned.

Mr. Clark: I wonder, just so we might be very clear as to what instructions were given, if the minister would agree to table in the House of Commons any written record or any transcript of a verbal instruction from her or from her successor to officials which gave rise to the preparation of this circular. May we have something more concrete than the word of the minister in this House?

Some hon. Members: Oh, oh!

Mr. Clark: May we have the words which the minister gave to the public servants upon whom she is now proposing to settle the blame for this circular?

Miss Bégin: Mr. Speaker, I do not know why the Leader of the Opposition keeps talking of blame. There is no blame in this matter.

Some hon. Members: Oh, oh!

Miss Bégin: We are talking of satisfying the Income Tax Act and recognizing what are appropriate charitable donations in the interface of political activities. I repeat that he is not very familiar with the administration, but everybody in this chamber who is an accountant by training would know that an interpretation bulletin is a bulletin sent to the trade for reaction, and we had plenty of reaction on this one—

Some hon. Members: Oh, oh!

Miss Bégin: —and readjustment. We are now in the readjustment phase. We have not changed the text of the law without coming to the House, and we have not blamed any civil servants: they did their work very well. It seems to me that we, the politicians, are the specialists in political activity, and we are in the process of defining acceptable political activity.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, what we want the minister to do, and what she is apparently reluctant to do, is table in the House of Commons and make available for the scrutiny of parliament and the public of Canada the precise instructions she gave to her public servants. I would like her to do that. But my question now is the following. The minister has said that this document was withdrawn, or that they are withdrawing the circular. Is the policy stated in that circular still in effect, as her successor, the unavailable Minister of National Revenue, said it was when he appeared before the committee today?

Miss Bégin: The Income Tax Act is in effect and the jurisprudence behind it is in effect. The previous circular, if it has not been withdrawn—that, I do not know—is, of course, the one prevailing. The newer circular defining political activities has been withdrawn. The law stands the way it is. We will produce a new circular defining acceptable political activities and giving examples of non-acceptable political activities. May I repeat what I said about the administration, that a working session is a session around a table with some officials, the minister and eventually people of her staff, discussing ways of improving things for Canadians.

Some hon. Members: Oh, oh!

Miss Bégin: We are not blaming people here; that is the job of the opposition.

Some hon. Members: Hear, hear!

* * *

EXTERNAL AFFAIRS

BELL CANADA CONTRACT WITH SAUDI ARABIA

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to direct my question to the Prime Minister: it is in connection with the Bell Canada contract with Saudi Arabia about which questions were asked several days ago. Is the Prime Minister aware that the statement of a non-business relationship with the State of Israel in the contract which Bell Canada signed would be completely prohibited in the United States under that country's anti-boycott laws, and would he undertake to see that the Government of Canada will at least direct that a similar course of action be followed by Canadian companies?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I take that as a representation and I will attempt to answer the question about what happens in the United States.

Mr. Orlikow: Is the Prime Minister aware of the fact that the United States government, having made repeated representations to the Saudi Arabian government regarding that government's policy of religious discrimination in the granting of visas, has now succeeded in establishing a situation in which all Americans applying for visas to Saudi Arabia do not answer questions in the application form with regard to their religion, and would the Prime Minister consider arranging for a similar policy regarding visas for Canada?

Mr. Trudeau: Mr. Speaker, I think that, too, is a representation. It seems to me that the United States, which sells arms and a lot of important things to Saudi Arabia, is perhaps in a stronger bargaining position than is Canada in some of these matters. We are not selling arms to Saudi Arabia, the United States is, and from the point of view of the interests of the hon. member, this should be a relevant element in the equation.

* * *

ADMINISTRATION OF JUSTICE

REPORT OF LAW REFORM COMMISSION ON SEXUAL OFFENCES

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Minister of Justice. Last year it came to my attention that a working paper was being produced by the Law Reform Commission on the subject of rape and other sexual offences. We attempted to obtain copies of that working paper late last fall but it seemed to be unavailable, yet there was a meeting some time in December with selected women's groups to discuss the working paper. We were told that the report would be published early this spring on the whole area of rape and other sexual offences and amendments to the Criminal Code.

Can the minister indicate why it seems to be taking so long for the Law Reform Commission to produce that report, in light of the tabled amendments which the minister brought forward this week?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, the chairman has not explained to me the length of time, except that I know they have been working on it for quite some time. As I indicated in my press release on Monday, I hoped that the working paper of the Law Reform Commission would be made available to the public and to all of us as quickly as possible, and that the views expressed therein could become part of the general debate on this whole subject. I understand that it is in the course of being printed.

Mr. MacDonald (Egmont): Mr. Speaker, it now appears from direct contacts with the Law Reform Commission that they deny that any working paper was ever produced; but I have a copy here in my hand. In addition, the final, or the major report of the Law Reform Commission in this area, according to the commission, has been either in printing or under translation for the last three months. There are many groups in this country who are concerned with this legislation who feel that the report may, in fact, never be published.

Can the minister give us an assurance that this report will be published, so that we can look at the report in concert with the amendments proposed before the final legislation is put before parliament?

Mr. Basford: I am sure that that fear is totally unfounded. I am not sure that legally I can give that assurance, because whether the report is published or not is up to the chairman of the commission. Let me say that I have no indication that there is no intention to publish it and I will do all in my power, as minister, to ensure that it is published.

* * *

ELECTIONS

DATE OF NEXT ELECTION

Mr. Allan Lawrence (Northumberland-Durham): My question is for the right hon. Prime Minister, Mr. Speaker. Because of the needless expense in both the public and private sectors, the uncertainty caused in the whole country due to the inability of the Prime Minister to make up his mind about whether or not we are going to have an election, and because it is somewhat of an implied insult to members of the House that they have to read in the press that in his magnanimous way he will be good enough within one week to tell, at least the press, whether or not we are going to have an election in July, I wonder if the Prime Minister could tell members of the House of Commons now, today in the House, whether or not we are going to have an election in July—of 1978.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it seems to me this is not an urgent question. I can reassure the hon. member by telling him that I am not having any trouble making up my mind, particularly when I hear the hon. member ask such silly questions.

Some hon. Members: Hear, hear!

Mr. Lawrence: My supplementary question is also to the rather touchy and grouchy Prime Minister. I wonder what bolt of clairvoyance from the blue, or what further information or inspiration is going to strike the Prime Minister within the next seven days that he will be able to tell us this next week, rather than this week—

Some hon. Members: Order.

Mr. Speaker: Order, please.

* * *

● (1152)

TRANSPORT

REPLACEMENT FOR "SIR ROBERT BOND" RAIL CAR FERRY

Mr. Robert Muir (Cape Breton-The Sydneys): My question is to the Minister of Transport. I have not had an opportunity to advise him of the subject matter, but it is current and I am sure he is familiar with it. Now that the *Sir Robert Bond* rail car ferry that has been operating between North Sydney and Newfoundland has been taken out of service on that run and sent to Quebec for renovations to operate on the Labrador coast, can the minister advise the House what steps he has taken to find a replacement or another rail car ferry to operate between the port of North Sydney and Newfoundland?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the analysis which was provided to me indicated that the existing rail car ferry capacity without the *Sir Robert Bond* would ordinarily be adequate to deal with the movement of cars. It has been made clear that the refitted *Sir Robert Bond*, while normally serving other routes, would be available as a standby vessel in case there is a clearcut need where it is now serving. In other words, it would be brought back if there was a problem with one of the vessels. Indeed, we would examine as well the situation of a rapid increase in the number of rail cars offering to move across that particular route.

Mr. Muir: Mr. Speaker, I appreciate the minister's reply, although it is not too encouraging. As he is aware, there is a backlog of railway cars at the port of North Sydney. Since the *Frederick Carter* is the only remaining rail car ferry left to operate between North Sydney and Newfoundland to carry goods to that province, and despite the fact that he says the *Sir Robert Bond* would be available in an emergency, or as a contingency plan, how could that work when they have welded-over the railway tracks, leaving no means of putting rail cars on the *Sir Robert Bond*?

Mr. Lang: Mr. Speaker, the hon. member has a different plan for the *Sir Robert Bond* than I have in mind. My plan, as it was shown to me, certainly left the *Sir Robert Bond* available to carry rail cars when needed.

* * *

THE CANADIAN ECONOMY

VALUE OF DOLLAR—EFFECT ON CANADIAN ENTREPRENEURS

Mr. Paul E. McRae (Fort William): Mr. Speaker, one aspect of the 88-cent dollar that seems to have eluded this House is that the higher cost of imports confers a competitive advantage on Canadian entrepreneurs selling in the Canadian market. Have we any indication of how much advantage has been gained and to what degree Canadian entrepreneurs have taken advantage of this aspect of the Canadian dollar? Also, are we encouraging movement in this direction on the part of Canadian business?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, obviously, the answer is in the figures that were released last Friday. From March to March the increase in exports went from $40 billion to $50 billion and imports did not increase from last year. Thus, we had a year-average $10 billion surplus from March to March. What is happening is that we have increased our exports by 25 per cent from last March and we have not increased our imports because Canadian entrepreneurs have been able to supply the Canadian market with Canadian goods as foreign goods are more expensive.

Mr. Hnatyshyn: Let's have a 50-cent dollar.

AIR TRANSPORT

PATRICIA AIRWAYS—CHARGES UNDER AERONAUTICS ACT

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is to the Minister of Transport. Last February, in Dryden, Ontario, three charges under the Aeronautics Act were dismissed against Patricia Airways because the Department of Justice attorney did not make it to court. I also raised this matter in the transport committee in February and the minister informed me that charges would be laid again. I was informed this week that the federal prosecutor in Thunder Bay, Mr. Paul Gordon, is going to drop the charges because Patricia Airways is now bankrupt. Could the minister confirm that statement?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, that is the information I received. It had been our intention to lay the charges again, but obviously that is simply and practically not possible with the disappearance of the proposed defendant.

Mr. McKenzie: Mr. Speaker, I am not aware that the owners of Patricia Airways have disappeared. There have been 24 deaths in the north since 1975 and during some of the earlier investigations into these fatal crashes there were very startling revelations. I would suggest to the minister that he reconsider the matter and have the owners of Patricia Airways appear before the courts on these three charges.

Mr. Lang: Mr. Speaker, the hon. member is getting bad legal advice, or none at all, in assuming that the defendant could be other than the airline company in question, as the operator of the airline. That is certainly the advice I have before me. I do not think that he helps the situation by once again referring to statistics relating to accidents or deaths. That simply causes people to worry. We have gone over these facts many times before and the hon. member knows that the over-all safety record in northern Ontario, while of concern because we want to improve it, compares favourably with that of equivalent areas. Canadian safety records are very sound and would stand up against any in the world. I wish the hon. member would not continue to indict the companies and worry people with his statistics.

* * *

MEDICAL RESEARCH COUNCIL

REDUCTION IN RESEARCH BUDGET

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, my question is to the Minister of National Health and Welfare. In view of the devasting effect that the reduction in the Medical Research Council budget has had on research in this country this year, I ask the minister whether she has any plans to rearrange her department's budget in order to come up with an extra $4 million or $5 million to at least keep the level of last year's medical research going this year.

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, three witnesses appeared this morning before the Standing Committee on Health, Welfare and Social Affairs regarding medical research and I understand that the request of the hon. member for an additional $4 million or $5 million was a point they raised. I would like to read the record regarding the testimony that was given. In any event, I am well aware of the fact that the Medical Research Council received a 5.6 per cent increase in their budget this year, which is—

An hon. Member: That is not true.

Miss Bégin: I beg your pardon; it is, of course, true. This is less than the rate of inflation, but far more than the vast majority of our departments and agencies have received. As I said earlier this week in the House, there is a problem in that field with regard to equipment, 80 per cent of which comes from the United States. I am waiting for the medical research community to provide me with facts and figures on that; then we will see what we can do.

Mr. Yewchuk: Mr. Speaker, the minister's figure of 5.6 per cent seems to be at variance with that indicated in the letter signed by the Prime Minister in which he said it was 7.8 per cent. Of course, both those percentages are wrong. I ask the minister whether she has consulted with her colleague, the Minister of Transport, to determine whether he would be willing to rearrange his travel plans for this year so that at least $700,000 or $800,000 might be reallocated to medical research?

Mr. Speaker: The hon. member for Huron-Middlesex.

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, my question is for the minister of DREE responsible for ARDA. He has left the House, so perhaps I could be recognized on Monday.

Mr. Speaker: The hon. member for Winnipeg North Centre.

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VETERANS AFFAIRS

LEGISLATION TO IMPROVE VETERANS' PENSIONS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wanted to put a question to the Minister of Veterans Affairs, but I understand that he had to leave so I shall put it to the Deputy Prime Minister. Yesterday the Prime Minister indicated, in respect of a certain piece of legislation, that if there could be a guarantee that it would be put through all stages in one day, the government would proceed with it. May I ask the Deputy Prime Minister if he will consult with the representatives of the parties as to the possibility, which I am sure exists, of putting through in one day a bill to improve veterans pensions? If so, will he do his best to get that legislation through next week?

[Mr. Yewchuk.]

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, when the decision has been taken to give effect to the suggestion, I will be glad to consult with hon. members.

* * *

● (1202)

REGIONAL ECONOMIC EXPANSION

ARDA—REQUEST FOR PROGRESS REPORT ON NEGOTIATIONS WITH ONTARIO

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion who is responsible for ARDA. In view of the fact that the federal government's agreement with the province of Ontario concerning ARDA ran out in 1975 and has been extended twice since because a new five-year agreement could not be reached, could the minister advise as to the status of current negotiations with the government of Ontario, so that another short extension will not be necessary and that the regular agreement for five years can be set up? More specifically, can he assure us that the province of Ontario will be offered agreements that are as advantageous as those which other provinces have received?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, the benefits which will be offered to the province of Ontario will certainly be consistent with those we have negotiated in the past with that province as well as with the others. We have extended the ARDA agreement and we are now discussing the future of ARDA on a longer term basis. We are also considering the proposals made by the province concerning the development of a number of areas in southern and south-eastern Ontario, and I hope that the current discussions will be concluded within the next few weeks or months and result in the ratification of agreements and the setting up of structures to complete a number of projects already under way.

As to concluding a new long term ARDA agreement, I cannot say that it will materialize. It is quite possible, but we are now considering a number of proposals which the government has put forward recently, and this may, of course, affect the future decision on this matter.

[*English*]

Mr. McKinley: A supplementary question, Mr. Speaker. Will the minister agree to fund some special projects in Ontario to well over the 50 per cent share, as he has done for other provinces? I am sure it is common knowledge that more money comes to the federal government from Ontario than any other province. Surely that province should be entitled to equal treatment.

[*Translation*]

Mr. Lessard: Mr. Speaker, I would like to correct the statement that some provinces benefit more from the ARDA program. As far as I know, it is not the case. The ARDA agreement still provides that cost-sharing is on a 50 per cent basis, and it is only under the special ARDA act which deals rather with projects concerning Indians or native groups throughout Canada that we contribute a large amount. Under the ARDA program, sharing is always on a 50 per cent basis.

* * *

[*English*]

PRIVILEGE

MR. BASFORD—UNDERTAKINGS GIVEN TO HON. MEMBER FOR PALLISER FULFILLED

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I wonder if I might rise on a question of privilege. Yesterday I rose on a question of privilege because the hon. member for Palliser (Mr. Schumacher) alleged that I had breached some undertakings I had given him with respect to certain sections of the Criminal Code. I indicated that my recollection was I had performed the undertakings given him. I have checked the record of the Standing Committee on Justice and Legal Affairs for November 27, 1975, on this matter. I gave the hon. member two undertakings, and the record indicates that they had been fulfilled. It also indicates that he asked for a third undertaking which I specifically refused to give him.

ROUTINE PROCEEDINGS

[*English*]

TRANSPORTATION OF DANGEROUS GOODS ACT

MEASURE TO PROTECT PUBLIC SAFETY AND THE ENVIRONMENT

Hon. Otto E. Lang (Minister of Transport) moved for leave to introduce Bill C-53, to promote public safety and the protection of the environment in the transportation of dangerous goods.

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

* * *

[*Translation*]

QUESTION ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following question will be answered today: 1,149.

Order Paper Questions

[*Text*]

WINTER COLD

Question No. 1,149—**Mr. Yewchuk:**

1. How many fatalities in Canada were related to exposure to winter cold in (a) 1972 (b) 1973 (c) 1974 (d) 1975 (e) 1976?

2. How many serious cases of frostbite were reported in Canada in (a) 1972 (b) 1973 (c) 1974 (d) 1975 (e) 1976?

3. To which common illnesses in Canada can the winter cold be considered to be a significant contributing or complicating factor?

4. What studies have been carried out by the government into the risks offered to the health of Canadians by styles of clothing affording adequate protection from winter cold?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of National Health and Welfare and National Defence as follows: 1. According to Statistics Canada data, the numbers of deaths reported due to excessive cold (code E901, ICDA-8 revised) in these years were: (a) 1972, 111; (b) 1973, 122; (c) 1974, 123; (d) 1975, 104. (e) Data for 1976 are not yet available.

2. According to Statistics Canada data, the numbers of admissions to general and allied special hospitals in Canada for frostbite, excessive cold and freezing (codes 991.0, 991.1, 991.2, 991.3 and 991.9, ICDA-8 revised) in these years were: (a) 1972, 1,059; (b) 1973, 559; (c) 1974, 672; (d) 1975, 590; (e) 1976,—Data for this year are not yet available.

3. It is a common observation that an increase in the frequency of colds occurs in the winter. Sometimes this has been correlated with sharp changes in the temperature, humidity or pollution of the air, but the popular belief that cold weather causes common colds cannot be substantiated from epidemiologic observations in the arctic or tropics or from studies in volunteers. Exposure of volunteer subjects to cold did not activate latent respiratory viruses. The reason for the apparent relation between the season and common colds remains unclear. However, winter cold is recognized to be a contributing factor in the syndrome of hypothermia. This condition is not common in Canada. Winter cold is also a predisposing factor in a number of unrelated accidents and illnesses. For example: unusual exercise (shovelling snow) is responsible for precipitating numerous myocardial infarctions, and icy roads and sidewalks cause people to slip and fall, resulting in broken bones, strains and sprains.

4. With respect to the National Health Research and Development Program, no projects have been funded relating to clothing affording adequate protection from winter cold. The Department of National Defence has carried out long term studies on the research, development, testing and evaluation of winter clothing systems designed to provide optimum protection for Canadian Forces personnel operating in the cold. DND also instructs and trains servicemen on the proper use and care of this equipment and related materiel to ensure that correct and safe cold weather procedures are employed to minimize risks and hazards to health which may result from exposure to winter cold.

Order Paper Questions

[*Translation*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if questions Nos. 916 and 1,434 could be made orders for returns, these returns would be tabled immediately.

[*English*]

Mr. Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Is it the pleasure of the House that questions Nos. 916 and 1,434 be deemed to have been made orders for returns?

Some hon. Members: Agreed.

[*Text*]

TEMPORARY ASSIGNMENT PROGRAM

Question No. 916—**Mr. Alexander:**

1. Since the establishment of the Temporary Assignment Programme, who has worked for this Programme and what assignments did they undertake?

2. Of all Programme assignments, which ones were internal Treasury Board Secretariat and which ones were in response to external (departmental or agency) demands?

3. For each fiscal year since the Programme was established (a) what has been the expenditure on salaries for Programme employees (b) how much of the expenditure, in each fiscal year, was recovered from departments and agencies (c) how much of the expenditure, in each fiscal year, was paid by the Treasury Board Secretariat?

4. What is the average length of time between assignments?

5. Who was working for the Programme as of December 12, 1977 and, in each case, what was their assignment on December 12, 1977?

6. Which employees on December 12, 1977 were working on (a) internal Treasury Board Secretariat assignments (b) external (departmental or agency) assignments?

7. Was responsibility for administration of the Programme shifted to the Program Branch, Treasury Board Secretariat and, if so, for what reason?

Return tabled.

ELECTORAL REDISTRIBUTION

Question No. 1,434—**Mr. Lambert (Bellechasse):**

Since the redistribution of constituencies, what is the (a) total population (b) number of voters, in each constituency in the Province of Quebec?

Return tabled.

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

[Mr. Pinard.]

GOVERNMENT ORDERS

[*English*]

RAILWAY ACT

MEASURE TO AMEND AND REPEAL CERTAIN STATUTES

The House resumed, from Thursday, May 4, consideration of the motion of Mr. Abbott (for Mr. Lang) that Bill C-17, to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes in consequence thereof, be read the third time and do pass, and of the amendment (Mr. Murta) (p. 5176).

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I am pleased to take part in the debate on this bill. I am glad to see that the Minister of Transport (Mr. Lang) is here and I hope he will remain because I want to leave some thoughts with him. I know that as he is going out west he will in any event read *Hansard* carefully to see what I have said today on some matters of considerable importance to western Canada, particularly the area he now represents.

This bill has received a fair amount of scrutiny and attention. Many of my colleagues have indicated a number of reservations, in this House and in committee, with respect to the content of the bill. It is an important piece of legislation in one sense as it deals with an important Crown corporation, the CNR. It is also part of a proposition to review the transportation policy of this country, so it gives each of us an opportunity to make suggestions and recommendations on that subject.

It is in this way that I want to approach this bill. If I am critical of some provisions of the bill it is not merely that I want to be negative but rather that I sincerely believe that some of these considerations must be and ought to be in the minds of government if we are to have a truly effective transportation policy and to have the CNR function as an integral and important part of our transportation system.

One of the things that surprised me about the bill when it was brought before the House was the reaction of the Prime Minister (Mr. Trudeau). During question period he seemed to indicate that it would involve a very substantial saving of public money. I think that should be put in perspective. This bill merely involves a process of financial manipulation and will not mean any saving to the people of Canada. The bill purports to convert $808 million of debt owing to the government by the CNR to an equity position. Of course a mere bill cannot do away with that debt. It is clear that the burden of the debt remains and will not be dismissed by the passing of this legislation.

There are other aspects of this bill that require our serious attention before it is passed. It has been suggested in committee that the bill is necessary if the CNR is to be allowed to borrow money on the private markets. It seems to me that we are deluding ourselves if we think any one involved in lending money to the CNR is not going to understand completely the financial basis on which this Crown corporation operates. It is a rather specious argument, in my estimation for the govern-

ment to come forward and to say that by transferring this debt the CNR will be in a better position to go out to the private markets and acquire money for its operations and capital expenditures.

● (1212)

In respect to this particular bill I am concerned about the failure of the government to respond positively to suggestions made by my colleagues at different times during the course of debate and during the course of committee hearings. These suggestions were for a stronger and more thorough process of accountability as far as this Crown corporation is concerned, and generally with respect to Crown corporations.

We have experienced some dreadful horror stories of spending within Crown corporations during the course of this parliament. There is one lesson that should have been learned by all members of this House, that we must all come to grips with the concept of accountability as far as Crown corporations are concerned. I say this in the context of the CNR. Of course I am not suggesting by my remarks today that a finger should be pointed to the CNR particularly, but that there should be some system set up to strengthen the accountability of Crown corporations to parliament. We have many examples, and I do not want to stray too far from this particular legislation. But I am sure an exasperating feeling comes on a member of parliament when he starts to ask questions about Crown corporations.

I remember asking a question once about the CBC. I had heard a rumour—my questions are only sometimes based on rumours—but I will put it this way that I had heard a story that the CBC had spent considerable amounts of money for the creation of a new logo. As a parliamentarian, due to inquiries I had received from constituents about this expenditure, I felt it was my duty to inquire into how much was spent for the production of this new logo for the CBC. In response to a question on the order paper I was told that it was not in the interests of the corporation to give this information to parliamentarians, let alone to the public, that somehow this was a matter of internal financial management and concern, and therefore was not available to me as a member of parliament. Commercial considerations notwithstanding, that kind of approach is all too prevalent with respect to questions relating to financial operations of Crown corporations.

If we are to create these Crown corporations and have them go into public markets and into business of one sort or another, and if we are expected to fund and pay for these Crown corporations, the very minimum we should expect is to have some reasonable ability through parliament to examine and scrutinize the legitimacy of expenditures and the advisability of spending, not just in the past, but also in the future.

The committee, in this particular instance, dealt in an unfortunate way with the suggestions that I made about strengthening the accountability of the CNR. The committee, dominated as it is by government members, used the flimsy excuse that this request was an attempt to stall passage of the bill. As a result it refused to allow the Auditor General or a representative from his office to appear before the committee respecting suggestions that might be coming from that office relating to the examination of expenditures, policies, and procedures within the CNR.

I want to deal at this point with the CNR in terms of rail transportation and in particular with an aspect of vital interest to me and, I am sure, to all members from western Canada. This concerns a theme I have been bringing forward in parliament from time to time with the government and particularly with the Minister of Transport, without much success, I am sorry to say. This relates to the effect of the recommendations of the Hall commission. In my view, in the terms of the efficiency of the operation of the CNR, and indeed the operation of the other railway system in Canada, and the implications as far as western Canada and the Hall commission are concerned, these recommendations are of the utmost importance. As parliamentarians representing not only the interests of western Canada but looking at the situation in the national context we should be most interested in and supportive of these recommendations.

What brings me to talk about the Hall commission as it relates to the CNR and the other railway is the attitude which the minister has been taking regarding the recommendations of the Hall commission. Reluctant is maybe too soft a term to use about the attitude which I have detected coming from the Minister of Transport concerning the total package of the Hall commission.

Yesterday, Mr. Speaker, I asked a question of the minister with respect to the proposal in the report of the Hall commission concerning the extension of the Crowsnest rates relating to livestock, meat, and finished products. I received a negative answer. The gist of the minister's answer was that this would somehow involve an enormous amount of money. He could not see his way clear, I suppose, to recommend to his colleagues in cabinet that the amount of money required to put into effect the recommendations set out in the Hall commission report would be legitimate expenditures for western Canada. I was sorry to hear that negative response from the minister, coming as he does from western Canada.

I get the impression more and more that the minister in his own mind thinks these proposals will mean a large amount of money, which he indicates, but he does not specify what the amount is. He talks about vast amounts of money. The fact of the matter is, in my opinion, that the amount of money involved is not in the first place an increase in the expenditure that we are now facing respecting transportation facilities in western Canada as it relates to rail, but indeed they are nominal expenditures to place western Canada more in a position of equity concerning freight rates paid on the products to which I have referred.

I do not think there is any question the railways should be adequately and properly compensated for the goods which they carry, as a general principle. However, if one examines the record and looks over the past financial statements of the railway, the years in which the profits were greatest were the years in which the railway carried a large tonnage of grain.

That is a very important comparison. When the railways carried a lot of grain, that was the time when profits were the highest. Somehow I think the people in Canada believe that the moneys expended through Crowsnest and other methods are being poured into western Canada particularly as some sort of unrecoverable subsidy. Nothing could be farther from the truth.

The expenditure for transportation of grain is an expenditure and investment by the people of Canada in their own interest. I made this point in the last debate we had on transportation policy on the last allotted day. It concerned the motion of my colleague, the hon. member for Vegreville (Mr. Mazankowski). I tried to demonstrate that payments which are being made for the delivery of grain, and payments with respect to grain generally, in the final analysis accrue to the benefit of people in central Canada. This relates to the cost of bread as well as in other ways in which the western farmer, out of his own pocket, subsidizes the consumer in central Canada. That should be understood. The fact is the government has a very peculiar concept of the way in which subsidies with regard to grain delivery ought to be handled.

● (1222)

When I first came to this House I was confronted with a speech made by the minister responsible for the Canadian Wheat Board, in Edmonton. At that time he cast some doubt on this government's determination to retain the statutory Crownsnest Pass rates within Canada. That caused me the greatest of concern. Since that time the minister has wriggled and wriggled to avoid coming down and getting away from the original statement. However, there is still suspicion in the mind of every western Canadian as to his dedication to the retention of the statutory Crowsnest Pass rates.

By subsequent statements the minister has merely exacerbated that concern in western Canada. Although he has not yet articulated it fully, it appears he has some idea of changing the whole basis of payment of any compensation to western Canadians. Rather than the proposition of payments to the railways for the short haul, payments will be made directly by cheque, I take it signed by the minister, to farmers across western Canada, on a cultivated acreage basis. The minister has the idea of individualizing these payments. While that proposition may be politically attractive in the mind of the minister, it is a waste of the taxpayers' money. It is an inefficient and wrong attitude to take toward the payment of the subsidy.

An hon. Member: Shades of Jimmy Gardiner.

Mr. Hnatyshyn: My colleague says "shades of Jimmy Gardiner." One reason people in western Canada are so adamant about retaining the statutory Crowsnest Pass rates is that it takes away any sense of arbitrariness, either on the part of this government or the Conservatives when they form the government after the next election, with regard to the basis upon which payments will be made with respect to Crowsnest.

There is a built-in advantage now with Crowsnest as far as international trade is concerned. It helps us remain competitive in the sale of grain. It assists in maintaining some reasonable balance of trade. However, once it is left at the discretion of any government, whether Liberal or Conservative, an arbitrary aspect comes into the matter. This makes western Canadians very nervous. It should be left in the statute. In that way, any changes are made by act of parliament and public discussion, not by order in council or some order taken by cabinet in the dead of night without the fullest discussion and public participation.

From what I can gather, the minister responsible for the Canadian Wheat Board feels that the farmer should pay the full shot, that is to say, the compensatory rate for carrying grain, and the difference between the Crow rates and the compensatory rates would be paid to the farmer by the government. I suggest that on this basis the farmer would be without the use of his money for a period of 12 to 18 months. This is another suggestion put forward by the minister.

I want to deal with another aspect before terminating my remarks, that is, the concept of extending the Crowsnest Pass rates which I raised in the House yesterday. The Hall commission recommended that rates on livestock and meat products be set at levels which do not discriminate against the national locational advantage of prairie livestock producers and processors. Presently the compensatory level of rates on meat and meat products and the low statutory level of grain rates distort the locational advantage.

The Hall commission further recommended that the present statutory levels of grain rates remain in force. Therefore, a subsidy would be required to remove the current rate distortion on livestock and meat products. What does this amount to?

The Hall commission recommendations must be construed to mean that livestock and meat rates are to be "Crow related" or subsidized to the extent of grain consumed by the animal unit concerned. The often stated belief that the Hall Commission advocated the extension of Crow rates to livestock and meat is just not correct.

In the case of beef, a 1,050 pound live steer will have consumed 4,120 pounds of barley to reach that marketable weight. If you look at Volume I of that report, table 9-6 at page 306, that is the basis of the contention and point that I am now making.

Second, a 1,050 pound live steer will dress out at 550 pounds of beef as meat and meat products. Assuming that the costs of moving grain are 2.6 times the Crow rate, the movement of grain is subsidized to the extent of 35 cents per 100 pounds. The Crow subsidy of 35.2 cents per hundredweight equals $14.50 per steer. This is based on the assumption that a steer consumes 4,120 pounds of barley times 35.2. That would equal $14.50.

The $14.50 per steer subsidy equals $1.38 per one hundred pounds subsidy on live cattle, or $2.63 per hundred pounds on dressed meat and meat products. In 1974, the last year the commission had before it, the movement of live beef from west to east totalled 160,000 tons, and the movement of meat and

meat products totalled 157,000 tons. This is verified at page 294 of the report. The subsidy "Crow related" rates on beef and meat products totals, live beef 160,000 tons times (1.38 x 20), $4,416,000, and dressed beef 157,000 tons times (2.63 x 20), $8,258,200, for a total of $12,674,200.

I now move on to deal with hogs. I want to document this because I know the minister responsible for the Canadian Wheat Board will read this speech very carefully. I do not think he understands the recommendations of the Hall commission. The hon. member for Battleford-Kindersley (Mr. McIsaac) is often in the House. I know he listens. He will pass on the basis of my remarks to the minister and aid him in understanding the recommendations of the Hall commission.

Notwithstanding this very important report, the minister unfortunately has not taken upon himself to see its author and architect in order to get an explanation so that he can fully understand what is going on as far as the report is concerned. A 200-pound live hog consumes 600 pounds of barley and dresses out at 160 pounds of pork products. In 1975, the flow of pork west to east equalled 6.5 per cent of Canadian production of 7.5 million head, or 490,000 head. A Crow subsidy of 35.2 per hundredweight on grain would be the equivalent of $2.11 per head of hogs on the basis of their consuming 600 pounds of barley. The total subsidy necessary to equalize hog rates to Crow grain rates totals $1,033,900 per year.

● (1232)

I put forward these statistics to show that any increase in livestock production as a result of equalization of rates through the extension of the Crow subsidy to livestock would not result in an increase in total subsidy expenditures, since the difference would be made up from increased grain shipments. This is a point which seems to have escaped the minister.

In his answers to questions put to him from this side of the House the minister shrugs off suggestions we make to improve the transportation system in western Canada. He tells us the government is already making large sums available for transportation and that, in a period of restraint, it is not possible to consider further large expenditures. However, he knows that the effect of rail line abandonment as recommended by the commission—I believe some 2,160 miles of branch line are involved—will be a saving to the federal treasury of roughly $400 million annually.

What happens when we come forward and ask that maybe $30 million extra a year be considered with respect to extending the Crow rate in such a way as to help the livestock producers of western Canada? The minister says he cannot afford the money. How can the minister justify this parsimonious attitude? Does he not have sufficient influence in cabinet to persuade his colleagues to accept the reasonable proposition I have put forward? The minister always puts his case in terms of spending money in western Canada, though he must realize that we in western Canada are losing money which has been forthcoming directly or indirectly through the subsidy program.

If we consider the Crow rates on cattle and hogs, if we include rapeseed and payment upon an equalization basis on rapeseed and on other products, even with an inflationary factor of 10 per cent based on the figures I have quoted for 1974 on an annual basis—I have been a little generous; I did not want to understate it yesterday in my question to the minister when I mentioned $35 million, because I think the figure would be in the neighbourhood of $30 million—

An hon. Member: Is that $30 million?

Mr. Hnatyshyn: Yes, $30 million. That would be required to give western Canadians a small indication that Ottawa understands and is sympathetic to the hopes and aspirations of western Canada and our desire to take advantage of our location as the breadbasket of the world and the centre of the livestock industry in Canada.

The minister's attitude mystifies me. After all, only a week or so ago we were asked to agree to extend the scope of the EDC to $25 billion. Here is a request from western Canadians for an expenditure of something like $30 million. If it were accepted, the gesture would go a long way to making westerners feel that there is at least some concern being shown by the federal government about the way in which rates have been treated in the past, and some desire to encourage farmers and processors. It is not asking for the world, by any means, especially in the light of the savings which will be made by the closing down of branch lines and the cutting off of certain subsidies.

It is not hard to see where the government's priorities lie. Its interest is, as ever, political: win the two central provinces and forget the hinterland. That is what the government thinks and talks about.

My hon. friend from Carleton-Charlotte was misquoted by the Minister of Transport (Mr. Lang). He is a spokesman for the interests of Atlantic Canada and the maritime provinces, and he expressed a natural concern about the situation there. What he said was not that western Canada was getting all the attention but that eastern Canada was getting no attention with respect to its serious transportation problems. He got up on a question of privilege to correct the record, and I can understand his exasperation. The government is concerned only with keeping its power base, regardless of the consequences for western Canada and the maritimes. The hinterlands are a low priority when it comes to transportation policy.

An hon. Member: Nonsense!

Mr. Hnatyshyn: Mr. Speaker, we can always tell when our arguments are cogent and accurate because, all of a sudden, there is squealing from the back benches opposite. They try to shout us down, they try to make a noise, because they know what we are saying is completely accurate. People in western Canada and Atlantic Canada understand this too, as they will demonstrate when the Prime Minister screws up his courage and makes the trip to see the Governor General. They will express their opinion in no uncertain terms of this kind of manipulative approach—

The Acting Speaker (Mr. Turner): Order. I suggest we all squeal back to the subject under discussion, Bill C-17.

Mr. Hnatyshyn: Thank you, Mr. Speaker. I am encouraged that you are stopping the squealing from the other side, and I know you are as repulsed as I am by the interjections. As far as transportation policy is concerned, we on this side are interested and extend our congratulations to the president of the CNR. As I say, he has taken hold of this Crown corporation, and I congratulate him on the admirable job he has done. I have no quarrel with Mr. Bandeen. Every once in a while I write to him about a particular grievance I have.

We all know in western Canada that CN transport is "out" as far as Saskatchewan is concerned. Many of the towns in my constituency have suffered a loss of services. It is my duty, as it is the duty of every member representing a Saskatchewan constituency, to attempt to resist what we consider to be a short term and misguided policy. But as to the operation of the railway there seems to be a new sense of enthusiasm and optimism. I repeat that I do not take issue with management in a serious way. I do object to the attitude of the government with respect to transportation and the constraints within which the government places the operations of our railways.

● (1242)

I want to allude just briefly to another grievance we in western Canada have about the way in which rail passenger service is developing. I realize that support for rail passenger policy is sometimes based upon a rather romantic view many of us have with respect to railways, but for a long time we have heard the argument that rail passenger service is on the way out. I am concerned that rail passenger service is not being given a serious chance. I hope that VIA Rail will do something to change my mind in that regard.

As we look at what is happening to trans-continental rail passenger service, there is nothing but apprehension and concern on the part of western Canadians. My colleague, the hon. member for Lisgar (Mr. Murta), has pointed out some of the ludicrous scheduling propositions which are being laid down for transcontinental passenger service. It is not the kind of scheduling which will encourage people to travel on trains.

I took my family on a train east from Saskatoon last summer when we had a chance to take a little holiday. It was a superb trip. The service was excellent. There was a fine staff and fine food. I do not think we are doing enough to encourage patronage at this very crucial time, in view of energy consumption forecasts and energy costs, to retain the basis of our rail passenger service, especially in terms of trans-Canada service and passenger service. I support policies which encourage continuation and expansion of fast, efficient, and enjoyable rail passenger service. I think that point of view is shared by members of my party generally.

I have indicated my concern about accountability of Crown corporations and the necessity of having a serious look at that, especially in terms of legislation such as this which deals with refinancing the CNR. We had an excellent opportunity to have the Auditor General come before the committee to give us his views on the expenditures and the control of expenditures within the corporation, but the government backed away from that on very flimsy grounds.

As pointed out by my colleagues, this bill should have been deferred until the Royal Commission on Government Management handed down its recommendations, or at least until the government produced the legislation promised by the Minister of Transport for the next session regarding Crown corporations.

In my opinion this bill is premature. I do not want to speak much longer, but I want to express as strongly as I am able to do some of my concerns and some of the concerns which have been expressed to me by western Canadians generally with respect to the direction in which transportation policy in this country has taken us. The most important aspect of that in western Canada relates to rail transportation.

I want to leave with the House and with the minister some of the concerns of hon. members on his side of the House with respect to the way in which this government and the Minister of Transport have failed to deal with the key recommendations of the Hall commission. As I said before, it is our view that the chief commissioner, the Hon. Emmett Hall, should be consulted. He is the architect and chief spokesman of the Hall commission, and his expertise with respect to the implementation of the recommendations contained in his report ought to be used. If the government persists in refusing to do this, we can only assume that it has no interest in putting into effect the key recommendations of the commission. The Prairie Rail Action Committee was set up by the minister rather than by the prairie rail authority which was recommended by the Hall commission.

There is every appearance of a stall, and this will put us right back to where we were before the commission handed down its recommendations. We are going to be under the control of the eastern-dominated Canadian Transport Commission. The people of western Canada are concerned that they will not have enough input as far as transportation policy is concerned in western Canada. They do not feel that they are getting a fair hearing. I am simply reporting that the people of western Canada do not feel a sense of participation in the development of transportation policy in western Canada. There is an opportunity to have consultation on the Hall commission recommendations.

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired.

Mr. Hnatyshyn: So soon? May I finish a few sentences?

The Acting Speaker (Mr. Turner): Does the hon. member have unanimous consent to continue?

Some hon. Members: Agreed.

Mr. Hnatyshyn: Mr. Speaker, the development of transportation policy in western Canada is of great concern and the subject of much debate. We are surprised to find out that the

the railways themselves, because they are their most lucrative lines in the main. Those are the secondary main lines and the most heavily used branch lines on which the railways do not railways in the past have been receiving too much taxpayers' money without having to account for the way it is spent as it relates to western Canada. I am not sure whether any of the subsidy for branch lines was ever put into rehabilitation or into maintaining branch lines in western Canada. I think it went to the general fund.

Mr. Munro (Esquimalt-Saanich): To build the CN Tower.

Mr. Hnatyshyn: The hon. member for Esquimalt-Saanich (Mr. Munro) points out that the money was probably used to build something like the CN Tower in Toronto instead of being used in western Canada.

Mr. Lang: Mr. Speaker, may I ask the hon. member a question?

Mr. Hnatyshyn: I see that the minister is back. I want to finish my remarks. The House wants me to finish my remarks as well. I want to leave these things in a logical manner so that even the minister can understand and comprehend the points I am making.

We in western Canada are concerned about the fact that there is no government policy to assist the prairie livestock feed industry or oil seed crushers by offsetting the low statutory freight rates for grain.

I think there are some fundamental things which have to be done, and I have tried to point them out in the course of my remarks. We on this side of the House stand behind the statutory Crowsnest Pass rates. We will not tolerate any tinkering whatsoever with that concept for the reasons I have mentioned in the course of my remarks. We think that the government must pick up the difference between the Crow rate and the compensatory rate and pay it directly to the railways. There should not be some other method of payment directed to farmers, which I am sure the minister would like to see.

We on this side of the House are in favour of the concept of having a subsidy to remove the current freight rate distortion on livestock, meat products, and oil seed products.

● (1252)

The railroads must be responsible for maintaining and upgrading their prairie rail network on the basis of the recommendations contained within the commission report without further subsidy from the taxpayers. That is a position which I think is well taken.

I appreciate the fact that this House has given me an extension of time, and I want to thank you again for your attention in this particular matter, Mr. Speaker. I hope my remarks will have some therapeutic effect on the attitude the government is taking in respect of transportation matters, particularly relating to western Canada. I would simply terminate my remarks by saying that as far as this bill is concerned some very legitimate concerns have been expressed by my colleagues, not only in the course of this debate but also in the course of committee hearings. These are concerns to which the government might well pay attention in the interests of a more efficient transportation system.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I want to take part in the third reading debate on this bill in order to refer to some ramifications, such as further public and private action in respect of transportation, particularly rail transportation in this country, and I hope this action will be taken with some measure of urgency.

At the outset let me say that in our caucus we approved of the passage of this legislation. We have been asking in this party for recapitalization of the CNR both long before and ever since I came to this House in 1968. In fact, sir, we could make some arguments in favour of greater recapitalization than is proposed in this bill.

I have difficulty understanding the reasoning of the official opposition in moving a six months hoist. We spent many days on this bill, and colleagues in the Conservative party seized many opportunities to go into detailed questioning of the management of Canadian National, of the minister, and other witnesses. Members of the committee obtained the passage of one amendment to the bill which was approved of by members on all sides. We obtained the passage of another amendment yesterday at the report stage. All members agreed to that, but now members of that party want to hoist the bill for six months. I had thought they might now be happier with the bill and that, other than a few hours of debate at third reading, we could proceed to let it pass. In spite of that inconsistency on their part, I hope this legislation receives approval over the next few sitting days so that we can get on with the job that needs to be done in this country, particularly in respect of rail transportation.

If the passage of this legislation makes it easier for the CNR to do a better job in respect of its cash flow and in terms of capital expenditures for the needed improvements to the system, then it seems to me this is a worth-while bill. It seems to me also that additional public investment and direction by this parliament and the Ministry of Transport are required both in respect of the investment of monies and the priorities on the part of the railroads regarding improvements to be made to the system over the next five or six years.

There is also a need for a change of heart on the part of the Minister of Transport (Mr. Lang) in terms of the activities of that group in the prairie provinces which is in some respects subverting and perverting the recommendations of the Hall commission. I refer to the Prairie Rail Action Committee which should at this point be disbanded. The minister should ask for the resignations of its members. In fact I would even suggest a reconstitution of the Hall commission to carry out the decision-making over the next year or two regarding the two thousand and more miles of track to be considered for improvement and inclusion in the basic rail network.

This PRAC group has made three recommendations recently that I suggest are horrendous. They fly in the face of the

demands of the people in the areas affected; they fly in the face of the wishes of the railway companies as well as the elevator companies, and are contrary to the submissions to the commission and the recommendations of the Hall commission itself.

Surely when the Prairie Rail Action Committee makes recommendations concerning certain branch lines or parts of branch lines, which fly in the face of all these things, the Minister of Transport should make a journey out west to sit down with these boys and have a heart to heart talk, or get their resignations. As a minimum, the minister should reject these three recommendations out of hand. I want to refer to them a little later in my remarks, but I hope he will reject them in that way.

Rather than spending another minute getting into that, Mr. Speaker, I wonder if you would allow me to call it one o'clock.

The Acting Speaker (Mr. Turner): Order, please. It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At one o'clock the House took recess.

● (1402)

AFTER RECESS

The House resumed at 2 p.m.

Mr. Benjamin: Mr. Speaker, when we adjourned for lunch, I was suggesting that this legislation deserves to be passed, even though I do not think it goes far enough, and I was in the process of illustrating one or two areas where I thought the railroads, parliament, and the Minister of Transport should be taking some urgent and top priority action. The item which I was discussing before we adjourned for lunch had to do with the Prairie Rail Action Committee, a creature of the Minister of Transport, despite what Mr. Justice Hall and his commissioners recommended, which has been making recommendations in recent weeks to the minister which fly in the face of the Hall commission's recommendations, of what the wheat pool wants, what the citizens and what the producers want.

I wish to mention specifically four items which are under the purview of this so-called Prairie Rail Action Committee—it is more of a destruction committee. The committee has recommended that the line from Shamrock to Courval be abandoned, in spite of and in the face of what the Saskatchewan Wheat Pool says, that is, that there are three primary elevator points on that line which they intend to upgrade or build new facilities. That is in the constituency of the hon. member for Assiniboia (Mr. Goodale), and I suspect the Minister of Transport will be hearing further representations on that.

Another one is in my own area, the Colonsay subdivision where, in spite of the fact the Hall commission recommends that the entire line is a heavy grain line and, to quote the Hall commission, must be maintained, the minister's committee recommends that the south end of the line from Liberty to Dilke be abandoned. That line moves 60,000 bushels per mile per year, and there are a couple of viable communities there, particularly Holdfast. I feel sorry for the poor Liberal candidate who runs around in that area. They will run him out of town, tarred and feathered, and send him back to the Minister of Transport.

Another line that is even more serious runs from Eston to Lacadena. That line moves 90,000 bushels of grain per mile of track and CNR wants to keep it, but the minister's committee recommends that it be abandoned. We do not need that kind of help in western Canada.

Members of the commission told me—I have already mentioned this on another occasion in the House, but I will remind the minister of it—that in the case of the Colonsay subdivision, for example, their reasoning for recommending that it be put under the proposed prairie rail authority was so that it would receive first priority for rehabilitation, rebuilding, and returning it to the basic rail network in western Canada. That was their reason; otherwise they would have put it in the basic network in the first place.

● (1412)

Hon. Otto E. Lang (Minister of Transport): Could I ask the hon. member a question?

Mr. Benjamin: Of course.

Mr. Lang: I would like to have the hon. member acknowledge that in fact many of the lines in the basic rail network are in very great need of upgrading and the upgrading work on them has already begun. I wonder if he will confirm that in fact what the Hall commission did was indicate it had doubt about the future of the lines it referred to the prairie rail authority, and very clearly said some of these may in fact be abandoned by that authority on further consideration, and in that sense the work of the Prairie Rail Action Committee is very much following the work of the prairie rail authority both in allocating certain parts of those lines for rehabilitation and dealing with some other lines for abandonment?

Mr. Benjamin: As I recall the Hall recommendations they did not say that, but said in actual words that it was too soon to judge whether some lines should be kept. The members of that commission made it very plain at a meeting of the Saskatchewan Wheat Pool or the National Farmers' Union, and it does not matter which, when I questioned them personally, that this was the case in respect of the Colonsay subdivision, which I specifically mentioned. I understand that in the case of many other subdivisions their reasoning for recommending they be under a prairie rail authority was in order that they receive priority.

The minister shakes his head, but I could call many witnesses to retell him what they heard when the commission was questioned about that particular subdivision and about other lines. It was my understanding, and I may have been wrong, that the basic rail network would be a major responsibility of the railways themselves, because they are their most lucrative lines in the main. Those are the secondary main lines and the most heavily used branch lines on which the railways do not

lose any money, or, if they do, lose very little. I just do not understand the priority the minister places on helping the railways to upgrade the lines in the basic network before looking after the ones in the network that need to be upgraded and added to the basic system.

There is another subdivision about which many people are waiting to hear what the Prairie Rail Action Committee has to say. I hope the minister will tell that committee ahead of time that it better not play around with that line which runs from Sturgis to Kelvington through Preeceville. That one had better be upgraded and put into the basic network very quickly. Kelvington is a community of over 1,000 people and Preeceville is a community of over 1,100 people; there are over 12 delivery points on that line with a ten year average of 8.3 million bushels of grain; 73,000 bushels per mile of line. We need a decision, and we need it quickly, for that line to be upgraded, rehabilitated, and placed in the basic rail network, and we do not need any playing around by the tame committee the minister appointed, in my opinion, to give the railways everything they asked for in the first place before the Hall commission was appointed.

Let me move to another area where there needs to be urgent and immediate action involving investment and capital allocation. Whether we recapitalize the CNR to the extent this bill allows, the direction of future capital investment, the direction of the investment of the Canadian Pacific and additional public investment voted by the Parliament of Canada, as well as drawing upon private investment to the tune of several billions of dollars, are a necessity in respect of transportation in this country.

Let me illustrate what I mean. In the area of electrification of rail lines in Canada—North America for that matter—we are lagging far behind other countries. More important, we are wasting energy and wasting an opportunity to move quickly. To do the right thing in the way of operating our rail system in this country would create employment and would be a remarkable investment in the assets of this nation in respect of rail transportation.

The Syncrude project is to cost about $3 billion. To electrify 5,000 miles of rail line in western Canada would cost in the order of $1 billion, including the cost of purchasing electric locomotives. The electrification of 1,000 miles of track a year over the next fives years would mean a total saving in crude oil equivalent of 43 million barrels. In terms of energy value, allowing about $1 billion per year for the electricity required, the savings would be some $400 million a year. With the price of oil being $11, $12 or $13 a barrel, the savings would be far more than enough to complete the entire electrification of the railway system.

I want to tell this House, and I know the minister and the people in his department already know this, that the saving of about 33 million barrels of oil per year, or a total of 43 million barrels of crude oil equivalent, is almost exactly the same as the output of the Syncrude development which is to cost about $3 billion. In other words, the electrification of 5,000 miles of railway track in western Canada would save more oil at a cost of $1 billion than Syncrude will produce at a cost of $3 billion. What kind of capital investment direction is that?

I suggest the government has gone at this backwards. We could electrify 9,000 miles of railway lines in Canada, including the cost of purchasing the electric locomotives, at a savings of crude oil equivalent equal to the amount of energy equivalent used by Air Canada each year, and at a cost lower than the cost of operations in the tar sands of Alberta. We have to develop the tar sands in Alberta, but it seems to me we have placed the priorities in the wrong order. Other countries have moved into electrification at a rate which we should be moving.

● (1422)

When you have a publicly owned railroad system which is in the process of recapitalizing its capital requirements that it uses out of its own earnings, that it borrows on the private market and that it obtains from the public through the Government of Canada, it has to be directed in an urgent priority manner into its transportation operations, the rehabilitation and updating of them. That means, aside from what will require financial capital assistance from the public on branch lines in the prairie provinces, that there needs to be a doubling of capital investment by Canadian National into its own plant that it considers to be commercially viable and profitable, excluding electrification.

Both Canadian National and Canadian Pacific have many hundreds of miles of railway lines that require hundreds of millions of dollars of investment. There is little purpose in recapitalizing Canadian National if all that is to be accomplished is to make Canadian National more like Canadian Pacific and then it is more profitable. If that is the objective, then I would be inclined to vote against this bill, which is why I said at second reading I could make just as good an argument against the legislation as I could for it. However, I am more of an optimist than I am a pessimist.

I worried about the motives of the government in terms of making Canadian National a private corporation. I received assurance from both the ministers and legal advice from the Department of Justice and others that there is no way they can sell off shares of Canadian National to the public without permission of parliament. Now I am worrying about the official opposition wanting to sell it off. The fact they do not want this bill to pass causes me to be suspicious about their motives regarding this legislation. When are we going to learn in this country that when you give priority to profits and profitability in a public utility, such as a transportation company, then the service that that public utility provides is going to suffer.

The hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) talked about statutory rates, not only for grain and grain products but for livestock and livestock products. That is the only thing you can do in a country with as large a geography and as thinly and widely scattered population as we have. If not only your primary production, but your processing of raw products and manufacturing of products are going to occur in

the prairies, the Atlantic region, northern Ontario or the Northwest Territories, then the nation as a whole must share the cost of moving the processed products and manufactured products to the markets of central Canada, the United States, and of other countries in the world.

The only way to share that cost is through statutory rates that apply to the processors and manufacturers of those products, and any deficit in the cost of moving those products is borne by the nationa as a whole. We have to move beyond just the Crow rates on grain. We have to move into livestock, livestock products, and the malting industry. In the Atlantic provinces we have to move into areas where they can process and manufacture because they know how to do it and are very good at it. These areas should not be discriminated against in transportation costs merely because of where they happen to live or be located.

If you have a transport policy and transport legislation that say profitability and competition shall be the criteria for your transportation costs, you will not be able to accomplish what I have suggested in terms of statutory rates. It would reverse the discrimination so that you would be discriminating in favour of, instead of against, areas of this nation and people who live in them. The nation as a whole shares the cost. It is called Confederation and such a policy would be a contribution to national unity.

Mr. Justice Emmett Hall and his commissioners were very wise in the recommendations they made regarding the extension of statutory freight rates to products other than grain and grain products. It is obvious that the principle should apply not only to the prairie provinces but to other outlying regions. It will be expensive, but why expect the industries and the populations of those regions to bear the cost by themselves? We could call it "co-operative federalism" or "renewed confederation," or whatever you like. We must share together if this country's unity is to mean anything at all.

Our nation has over one million people unemployed and yet there are several thousand miles of railway line that need rebuilding, 9,000 miles that should be electrified, plus we require approximately 25,000 to 30,000 new items of rolling stock. In the ten years I have been here it has come up every year—"not enough cars to haul potatoes out of New Brunswick and Prince Edward Island—not enough stock cars". The hon. member for Medicine Hat (Mr. Hargrave) will verify even better than I that that is the case. When I was a telegraph operator in 1948 there were not enough cars then, not enough locomotive power and not enough priority given by the government to rail passenger service. They are just playing around.

A good beginning for VIA Rail is ten sets of trains, but if you are not going to provide the finances and the policy backing, then it is doomed. In five years we will be writing it off as a dead loss unless it is given the kind of priority and opportunity that it deserves. Unless we reorganize transportation and quit the nonsense of flying multi-engine jet planes 200 or 300 miles when you can move passengers on the ground in a fast, efficient, comfortable, and reasonably priced system, unless that kind of attitude and state of mind take place in transportation management of privately and publicly owned companies, in governmental policy and legislation, we are going to continue with this patchwork, hodge-podge transportation mess that the minister's predecessor baptized.

In making a move to recapitalize our national railway system that is publicly owned—the other one is not publicly owned but it was publicly paid for—and a move to do something about the financial mess and the bookkeeping of that company, it is nothing more than a first step. It is a beginning.

● (1432)

When things are done in my part of Canada that fly in the face of reason, equity, and the proper treatment of people and communities, such as the three recommendations of the so-called Prairie Rail Action Committee, and when primary producers have no opportunity to process their products or convey them to markets in central Canada and the United States because of geographical or climatic considerations, then we know that the difficulties of decades past will remain with us. Transportation is such an essential tool of economic development and national unity, such an essential part of the foundation of any national economy, that it requires a greater priority and capital investment than are envisaged by this government.

A year and one half ago when the government announced the $100 million program for branch line rehabilitation I was very pleased. I think only $30 million was spent on branch lines, however, and the other $70 million was spent on equipment for the railroads—which would have had to be purchased in any case. The minister used the figure of $600 million that I had used many years ago that would be required for that operation. Over the next six or seven years $1 billion per year will be needed if we are to do something about our transportation system. That is not inflationary. I am not going to worry about how much the financial critic of the official opposition or even the minister will cry about it. It just has to be done, and it is something that increases the assets of the nation, increases and strengthens our nationhood. It is not some sentimental desire to have choo-choo trains running around the country. It is an essential reordering of the way we communicate and move around the country. We cannot continue in the way we have been operating since 1881.

This is not some socialistic dogma, Mr. Speaker. It is a priority. We must use transportation in a better manner—as it is used in nation after nation around the world of all political stripes, from the extreme left to the extreme right. Only in Canada and in the United States do we cling to theories and principles that were out of date 40 years ago. Some of these principles and theories in transportation are hangovers from the railroad barons of the 1880's.

Subsequent to this legislation, which I hope passes next week, this government and the next government, and the two or three after that, must give priority to transportation and come up with a provision for the directing of capital investment. When this nation allows the Canadian Pacific Railway

to use its capital resources to buy something called the Syracuse China Corporation in Syracuse, New York, that is a disgrace. I think it is time for parliament and the government to tell the CPR that it is not going to buy the Syracuse China Corporation but that it is going to fix up its transportation equipment, invest in improved rail lines, faster trains, and electrification.

We cannot allow the profit motive to take priority over the transportation needs of the country as a whole. We direct that investment, and those who invest should receive a reasonable return and should have reasonable security. That is not too much to guarantee. Surely the government should have some say about that investment. If it means that the shareholders of the CPR have to take 50 cents or $1 less per share for a while, that could be regarded as their contribution along with the rest of the country to the rebuilding and enlarging of a transportation system to serve the people.

I regret that the official opposition has proposed a six-month on this legislation. I think the legislation does not go far enough, but we in this party approve of it as far as it goes so we will vote against the motion for a six-month hoist. While we will agree to passage of the legislation, I hope the government will use some imagination in the direction and the amount of funding available for our transportation systems. We could proceed more sensibly and begin now on such projects as rail line rehabilitation, electrification, faster intercity trains and other such improvements.

Another area where we must use better sense is the environment, and energy consumption. The research of energy consumption experts shows that an investment of $3 billion in Syncrude will be required and that one third of that amount invested in the electrification of 5,000 miles of railway track would save the same amount of crude oil as will be produced by Syncrude. Sufficient crude oil would be saved to enable farmers in the three prairie provinces to seed their crops, summer fallow their fields, and harvest their crops.

What are we waiting for, Mr. Speaker? There are one million people out of work and yet we are indulging in financial nit-picking on this bill. Let us get it out of the way. We will not object to passage of the legislation, and indeed will insist upon a lot more from whichever government is in power in order to rebuild and enlarge our transportation system on a scale that has not been seen since the CPR was built, and in a manner that will put an end to discrimination in transportation and which will ensure Confederation and national unity much more than in the past.

[*Translation*]

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, we have noted that bills designed to make changes in the transportation system give rise to many comments, and that this is the case, of course, of the bill now under consideration since it concerns the transfer of a relatively large amount of money. Such a debate calls for many interventions. When we consider bill C-17, to amend Canadian National Railways Capital Revision Act and to amend and repeal certain of the statutes in consequence thereof, it is easy to see that it aims at solving a debt problem.

We often have the opportunity to discuss debt problems in today's topsy-turvy system. This is an area where Canadian legislators acquire some experience, since the administration is always faced with all types of debt problems. In March 1977, a way was found to convert the $842 million Seaway debt by providing a $625 million loan in shares held by the federal government for investment purposes and by converting $217 million into a loan which will gradually be cancelled by the 1 per cent profit that the Seaway will have to earn every fiscal year.

We have suggested at various times capital works financing methods by the Bank of Canada by means of which appropriate improvements could be made without getting the Canadian people constantly in debt. Unfortunately, the government does not find this procedure appropriate and prefers to remain deep in debt about which very few government members can say when it will be paid off. In the explanatory notes contained in Bill C-17, we find the following about clause 1:

> These amendments would provide for a revision of the capital structure of the Canadian National Railways.

The new section 6 allows the governor in council to cancel, and I quote:

> —not more than eight hundred and eight million dollars of the debt owed by the National Company to Her Majesty in right of Canada;

This includes the interest due after December 31, 1977. This section also provides for the consolidation of the remaining debts owed by the company to the Crown. Section 7 provides that the minister shall surrender to the company for cancellation all shares of the 4 per cent preferred stock of the company held by him on December 31, 1977. Section 8 provides for a new evaluation in the accounts of the company of its capital stock of no par value. Section 9 establishes the authorized and issued capital stock of the Canadian National at 6 million common shares of no par value and provides the value of these shares to be registered in the accounts of the company.

● (1442)

Under the amendments in clause 10, the company must pay to the Receiver General of Canada a dividend equal to 20 per cent of its annual earnings or to such higher percentage as determined by the governor in council. If we consider the terms of implementation of that financial amendment, we realize that a rather flexible accounting system should be established to adjust the expected variations, which shows that everything is controlled by money and that as usual Canadians will again have to pay high interest under that new debt readjustment plan. It is quite obvious that the difficulty in balancing a budget arises from accumulated debts and astronomical interest.

In 1972, the Canadian National long term debt was evaluated at $1,894 million. Interest paid over the last 25 years

amounted to $1,334 million. As concerns the St. Lawrence Seaway Authority in 1972, its long term debt was $845 million. Interest paid since 1954 totals $141 million and, unpaid interest reaches $122 million. We realize that they were not even able to pay that interest and it is shocking that that kind of administration and our politicians continue to splash and flounder in an utterly confused system; they have been looking for a solution for many years without any success and they are facing complex problems. This is probably why the government chose to convert the St. Lawrence Seaway debt, as I said earlier.

Important changes should be made to the rail service. I already mentioned in this House that for various reasons railways have a social role to play. First a well organized passenger service is the safest and most comfortable transportation means, but as I said it should be well organized, which means convenient schedules, enough work crews to ensure the maintenance of the lines to avoid accidents, and comfortable cars, not only from Montreal to Toronto, but for people of every area of the country. Everybody appreciates comfort.

I have had the opportunity to experience the conditions in which rail service operates between Montreal and Toronto, and between Montreal and the Gaspé area. These conditions are not the same, and the lack of comfort inside individual cars is not the same either; why not maintain a passenger service which is universally satisfactory, no matter the region, instead of discriminating among the regions?

Hon. members are certainly aware that the Transport Act which the House adopted in 1960 set up the Canadian Transport Commission, with Mr. Pickersgill as its first President. He had created a position he could fill after retiring from Parliament. It is under his administration that the railways were allowed to abandon a number of passenger service runs, while others were maintained with government subsidies. I understand that people must be allowed to travel as they please either by train, by bus, or by plane, but we must also take the energy problem into account. We hear quite often about energy shortage. I sincerely think that by using the best incentives to encourage people to travel by train, we could make this type of transportation more financially rewarding and possibly also reduce the amounts of subsidies.

● (1452)

Railways in Europe and Asia are still very popular thanks to the improvement made in passenger services. One has to take into account the continuous increase in the cost of gasoline. Today you pay as much tax on a gallon of gas as the gas itself is worth. That is a factor which cannot be ignored and which would tend to increase the preference for a means of transportation which is as cheap as possible. The issue of the day is not whether we need to have the choice of a passenger transportation railway service but rather whether we must start preparing right now for the needs of future transportation by improving existing facilities and railway equipment. If we do not start working towards that now, within 10 years we will have to bear the enormous cost of starting anew. This is a decision which must be taken right now.

The issue is no longer whether Canadians prefer driving their cars instead of riding trains, whether businessmen whose travel expenses are generally paid for prefer the comfort of a jet plane to that of a train. Truck and bus services should complement rail services but not replace them. Even for long distance trips, high speed trains are the most pleasant means of transportation. Modern trains could offer restaurant cars, movies and television. You can take a stroll on a train and have a drink with new acquaintances while looking at the landscape instead of the clouds.

Furthermore, with a greater number of passengers, fares should stop increasing. Besides, it would be quite interesting to know how many millions or billions of dollars are spent on the construction and especially the maintenance of freeways and highways. Snow removal, patch paving in the spring, salt and calcium spraying, accident tolls, all these may not be included in the cost of a bus fare but they are actually paid for through income tax. The maintenance of a rail line is ten times cheaper. It is false to say that the public prefers the road network. It is rather the poor service presently offered by a railway system which has not evolved since 1920 which is responsible for it and has compelled people to turn towards the road network.

At first, considerable investments would be required. Stations would have to be made attractive, heated in winter, equipped with stores, restaurants, free parking lots for cars and bikes. It would be healthy for many people to get there by foot; for others, a local bus service would have to be provided. Where would we get the money? Just go around Montreal and look at the mass of asphalt on the roads—I could have named other cities—bridges, overpasses and tunnel crossings, and they cannot seem to be able to find the necessary funds to eliminate railway crossings that kill every year.

The important thing is to improve the train service. This would require the introduction of ultra-rapid trains, the elimination of railway crossings and even the fencing of the track. Today track maintenance is being delayed, and I had an opportunity to talk about this very often. Fences are being neglected, and farmers near railway tracks are always concerned, wondering whether they will be able to keep their cattle on their land or if they will slip through the CN fences. But those investments could become viable with time. The main improvements would be in the quality of life, the ecology and passenger comfort. This reorganization would undoubtedly result in lay-offs but a lot less than in the implementation of the plans now being considered. It would be a matter of giving employees the opportunity of being rehired by the reorganized railway companies.

At present, the more we study the federal government transport policy the more confused it looks; its various organizations are working at cross purposes undertaking contradictory projects that have nothing in common except that they all cost the taxpayers millions of dollars. The Canadian Railway Labour Association mentioned in the brief it submitted to the Government of Canada on March 20, 1978, that it still believed strongly that the National Transportation Act and or the Railway Act should be amended so as to include provisions dealing with the protection of employees affected by the changes the government made to Canadian railways in the public interest and by the amalgamation of present railway companies with larger public or private corporations.

I shall quote, from a brief, an excerpt which I consider timely:

In past briefs and, in particular, in those recently presented to the government, the Canadian Railway Labour Association asked that railway employees unions be consulted, and that the government take steps to protect employees when it makes changes in the railway transportation system in Canada.

When we intervene in this regard, because many employees are worried about the future of their jobs, we are always told sweetly: We will protect those employees and transfer them to other services. But the fact remains that Canadian National or Canadian Pacific employees still worry in the face of coming changes. To go back to my quotation:

We are happy to point out the fact that the government has accepted that principle . . .

It has accepted the principle; it is now a matter of working towards achieving that goal.

. . . principle for changes it made in passenger services in Canada. Meaningful consultations were held with the government in 1977. One of the results of the consultations with the Minister of Transport and the officials of the Department of Labour and the Department of Transport was order in council P.C. 1977-2987, which was passed on October 20, 1977.

We congratulate the government on that initiative and we see in the provisions on the regulations dealing with the assistance to be given railway companies and employees who have to adjust to the changes in the railway passenger services a progressive step which should underlie all alterations made in the railway system in Canada, no matter what government brings them in, for the protection of the employees affected by those changes.

Special attention must be given the matter of employees transfers, bearing in mind their seniority in the service. I travel quite frequently by train. I meet a lot of employees who have 30, 32 or 35 years' seniority and who are really concerned about what may happen to them. Last night, I listened to those who, in this House, spoke intelligently about pensions. I know many railway employees who are deeply concerned about the poor allottment of pensions. As for those who feel still capable of working, they have given several years of their lives to maintening the transportation system.

Of course a great many factors cannot be ignored in the reorganization of those services. Members of the United Transportation Union (conductors and brakemen), local 415 Charny and 721 Quebec, and of the Brotherhood of Locomotive Engineers, local 558, Quebec and Charny, have brought to the attention of the minister the possible disadvantages of the proposed changes. They produced evidence based on statistics they had to indicate that some of these changes, particularly those related to the run along the CP tracks via Trois-Rivières, will be much less popular and profitable than the present CN route via Ste. Foy and Drummondville. I have here the text of a rather recent editorial dated February 27, 1978, of CJRP radio station which clearly indicates that some of the proposed changes are far from improving the services. And I think it will be useful to quote the text of this editorial prepared by people well aware of the situation. It is entitled: Where are our railway services going?, and I quote:

We have seldom dealt with the problem of local railway services in our editorials. The population probably thinks that the removal of railway tracks in St. Roch puts an end to the problem. The Gare du Palais was replaced by some kind of waiting room near St. Sacrement Avenue and the Ste. Foy station was renovated, but now we learn that it will be closed soon.

Of course, I heard many comments on this subject during my trips. The Gare du Palais will probably be reorganized because they will finally understand that this station in downtown Quebec City should be readily accessible to travellers. That is what it was designed for in the first place. The changes made do not satisfy the public. The quotation goes further:

The "Via Rail" service will soon be introduced between Quebec City and Montreal. It will use the Canadian Pacific tracks on the north shore, thereby condemning to oblivion the Ste. Foy station which is very frequently used by the CN rapido trains.

We find a little abnormal that only one station, badly located at that, should serve the localities of the north shore. It seems unthinkable to us that no plan has been devised to provide Quebec City with better installations. Services should originate from a more central point, say Limoilou, at the rear of the Colisee, in order to connect Montreal through Ste. Foy. As a matter of fact, it has been noted recently that the viaducts needed for the CN lines already exist: on Highway 2, at Saules, on Highway 175 towards Chicoutimi, on First Avenue, on 22nd street and on La Canardière. Consequently, the automobile traffic will not suffer. There is also another alternative, that is to use the maritime station of Foulons, which is already connected to the Ste. Foy station. Before, Quebec and Ste. Foy were well served by two stations, but soon there will be only one, and at a bad location.

Decisions such as those will not help the public see the advantages of train transportation. Moreover, millions are invested to upgrade the north shore lines, namely the CP line, while there is a sufficient number of good lines on the south shore. Besides, it should not be forgotten that it is the people of Ste. Foy who somehow filled the Rapidos. Perhaps that should be considered, instead of improving service by reducing it, in the hope that customers will also possibly decrease, which would be a pretext to discontinue the service altogether. That is a well known strategy of some North American carriers. Perhaps we should not consider Quebecers so dumb.

So, that is clear. I have had the opportunity to discuss it and we observe it regularly. Management tries to cut the staff down allegedly because that spells savings. Maintenance crews look after sections that are so long that they have a hard time doing their job, yet the number of office employees increases. Three or four $10,000 a year employees will be laid off so the company can put another $40,000 a year man behind a desk. That is definitely not the way to run a railroad, but it has been going on for a long time. The schedules are made up by those office people who know almost nothing of what a passenger service should be. I am certain of what I am saying; most of those who draw up the train schedules travel by car or plane. If they travelled more by train they would know what a well planned train schedule is.

Also, there is another thing those divisional office big shots forget, that is to consult the conductors and the train

employees. Some of them have 25, 30, 35 years of service and invaluable experience. Instead of consulting these people, our high salaried office big shots decide with pencils and maps where and when the train will stop.

That is the kind of decisions they take, with the result that people have deserted the train. People have tried other means of transportation, and this has created such deficits that the railways can no longer pay the interests and the government has to take over and assume the debt, which is exactly what they are doing. This morning I listened to the answer to a question put by my colleague about taxation, about tax transfer. For example, a new conception of the Social Credit Party of Canada was mentioned, that is not to give tax refunds directly to the citizens. I should say that when it comes to taxes, the government should try to reduce theirs. They have so many taxes in their own jurisdiction that they have no need to rummage in the jurisdiction of the provinces.

I have here a copy of the newspaper *Le Devoir*. It says it cost $100,000 a day to support the dollar. Is that the new idea of the government on how to maintain an adequate financial system? This is a strange conception, and I wonder where this is leading us. It is surely not the way to establish a just society and to distribute fairly among Canadians the opportunities to improve living conditions.

I will add in conclusion that it must be admitted that the rail service has not always received the necessary promotion. This is due to different factors, such as the schedule which I mentioned a while ago and which is often altered without any consideration for regional needs. As I said the officials of the CN passenger service should consult experts to establish their schedules. The conductors who have been travelling on the railroad for years are knowledgeable. They are acquainted with the problems. They have generally a well-disposed crew. I do not criticize the train service as such. The crew is generally well trained. They are nice people but they are under a team of individuals who know nothing about the needs of prospective passengers. I hope that those matters will be seriously studied and that effective decisions will be taken to improve appreciably passenger services in Canada.

● (1502)

[*English*]

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, first I would draw attention to a couple of the remarks I made in this House during an earlier stage of this debate. As reported at page 4860 on April 25 I said:

> The government has chosen to buy many rail cars for the west. I do not quarrel with that, if that is the right approach, but why has there not been a rationalized program to examine equipment shortages which exist across Canada and not just in the area of Canada in which the minister lives?

I would draw attention to one phrase I used in that quotation—the words "I do not quarrel with that".

[Mr. Dionne (Kamouraska).]

As reported later, I said: "I do not want to be misinterpreted by any member of this House." I would almost think the minister qualifies in that category. I went on to say:

> I do not begrudge the St. Lawrence Valley the policy that the Government of Canada is exercising, but I want the same policy in New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

I said I have no quarrel with the ports policy being exercised in the St. Lawrence Valley.

Now I should like to quote from the minister, as reported at page 5053. The minister stated:

> I find it extraordinary that a member of the Conservative Party can say that, when a colleague of his, a Conservative from New Brunswick, said in the debate the other day that we in this government are doing everything in transportation for the west.

Mr. Speaker, there is a sharp distinction of meaning between what I said and what the minister said, and he has pictured me in a mood which I did not express. I take umbrage at his accusation.

Mr. Lang: On a point of order, Mr. Speaker, since the hon. member has chosen to make that accusation against me I would ask him whether he would not also like on the record at the same time the words he used, as recorded at page 4860 of *Hansard*:

> The government is selecting its political plums and spending its money in an unjust fashion, which brings about disunity in this nation. That is discrimination of the rankest kind. We are talking about the CNR and its recapitalization. We are going to double track through the Rockies, fix tracks across the prairies and examine tracks from Quebec City to Windsor—

That sounds to me like an accusation, a suggestion we are being unfair.

● (1512)

Mr. Deputy Speaker: Order, please. I think we are actually getting into a debate. The minister is allowed to correct a declaration made by the hon. member but not to make another one. Otherwise, we would have a debate between two members.

Mr. McCain: Mr. Speaker, the purpose of this House is debate, and I assure Your Honour that I acknowledge having said precisely what I said. I do not retract it, nor do I qualify my statements in any way.

Some hon. Members: Hear, hear!

Mr. McCain: I do not quarrel with the expenditures in the west.

Mr. Lang: You call them unjust.

Mr. McCain: I do not quarrel with the expenditures in the west, and I made that extremely clear. The minister has chosen to refer to a single sentence from a speech of about 40 minutes. I said that I do not want anybody to misunderstand—and I quoted that for the record—that I do not quarrel with the expenditures which were being made, but that I do quarrel with the political plums which are being passed to some areas of Canada while the rest of Canada is ignored.

I repeat that the minister is responsible for policy and that he has not been capable of a rational transportation policy for all of Canada. Perhaps the minister would care to take note of the fact that at no time have I quarrelled with any recommendation in the Hall report which, among other things, encouraged the Government of Canada to spend more money to bring about a better grain transportation system in the west. The minister chooses to turn a deaf ear and to pay no heed to remarks which he does not care to hear, but I trust that in future he will be fair enough—if his past record does not show that—to quote the spirit of the remarks I make today and the remarks I have made earlier in this debate. I think a member of this House is entitled to fair play and to proper interpretation, not distortion. I submit that the remarks of the minister indicate that he is somewhat of a mental contortionist, and I wonder if his remarks could not be attributed to one who had malice aforethought in the expression of his opinion on the interpretation of my remarks.

The hon. member for Grand Falls-White Bay-Labrador (Mr. Rompkey) made a few remarks in this House about the wonderful transportation policy we presently have, but there were also things he did not say.

The spade which turns the sod at Charlo is almost worn out. There were promises in 1972, 1974 and in 1978, but we have nothing in Charlo yet. That was one of the political plums the hon. member was speaking about. It is needed. It is part of the government's policy. I have no quarrel with it, but I hope that the people in the area of Charlo and the hon. member who represents them will see to it this time that the government is held to its promises and that it does produce.

In his remarks the hon. member for Grand Falls-White Bay-Labrador did not ask the government for a replacement for the *Carson*. There has been little, if any, conversation about a replacement for the *Carson* and about the service which is no longer of the same calibre. I was surprised when he was discussing this that the hon. member said he hoped there might be money for the development of transportation in Labrador, a part of his constituency. The hon. member was not as brave as other Liberal politicians have been. He did not promise Labrador that there would be development, but after all these years of being part of this country Labrador should certainly be entitled to federal expenditures of money to facilitate the development of that part of Newfoundland which is so subject to unemployment.

Transportation could well have been the key if we had had a rational, over-all national transportation policy long ago. It is easy to ignore the things which a backbencher cannot correct, so I presume that is the philosophy upon which he based his speech.

The hon. member for Regina-Lake Centre (Mr. Benjamin) made some extremely pertinent remarks today, but he closed them of in a rather irresponsible way when he referred to financial nit-picking. When we are dealing with a multi-billion dollar concern, I am sorry, but I cannot agree with anyone that any discussion of money in connection with this bill can be properly termed nit-picking. You cannot nit-pick with billions, and those are the amounts with which this bill deals.

Perhaps the minister would better understand what I mean by rationalizing the policy if I become repetitive. It is imperative in some debates that one be repetitive. I want to refer to a paper entitled "Opening remarks before the House of Commons Standing Committee on Agriculture, Ottawa, April 11, 1978 re: Main Estimates 1978-79, Canadian Livestock Feed Board". At page 15 of that submission to the Standing Committee on Agriculture there is a chart indicating freight rates for grains to selected destinations, July 31, 1970-1977. That shows that the rate from Thunder Bay to Moncton in 1970 was about $14.25, to be as accurate as I can reading from this chart. As of July 31, 1977 the rate was $25.20 per ton, an increase of between 85 per cent and 90 per cent, in round figures. The rate from Thunder Bay to Woodstock in 1970 was about $9.75, and in 1977 it was about $15.75, an increase of about 60 per cent to 65 per cent. In 1970 the rate from Thunder Bay to Sherbrooke was about $10.60, but it increased to $18.75 in 1977, an increase of about 80 per cent. From Calgary to Vancouver the rate was approximately $14.25 in 1970 and about $18.60 in 1977, a rate of increase of about 30 per cent.

I fault the transportation policy of this government because there is no rationalization and no basis upon which one can make proper comparisons or justify rate changes and increases. When rates increase by 30 per cent to 80 per cent in a seven-year period, there is evidence that this government is negligent regarding Canada's transportation needs. The fact that the government has withdrawn subsidies for grain transportation compounds the issue. It has voted a fixed sum of money for subsidies for grain transportation. That has distorted the cost of production of that part of the agricultural industry which requires feed for its product, which is detrimental to its competitive position in eastern Canada relative to the rest of Canada. That never was the intention of that part of agricultural transportation policy, yet that is what in fact has happened.

We are just scratching the surface when we talk about the CNR and its recapitalization. We are talking about a Crown corporation, yet since 1972 the minister has not favoured the Standing Committee on Transport and Communications with a single financial report of that Crown corporation. As the bill was introduced, there was no measure by which the House would ever see the financial statement of CNR in a recapitalized structure, and only by virtue of the fact that an amendment has been introduced, which we hope will be accepted on third reading, is there any hope whatsoever that the House shall be responsible to the people and to the electorate for knowledge of what the CNR is going to do.

● (1522)

The government did not choose to have many witnesses present and it did not choose to put many statements, briefs or outlines of what CNR proposes to do after this act is passed; it was only by painful extraction that some facts came to light. For instance, among the subsidiaries of CNR is CN trucking.

The Trucking Association appeared before the committee. I do not know whether or not they had these figures at their disposal at the time they made their appearance, but the intention of CNR for this year, 1978, is to spend $8.4 million in capital expenditures for trucking. In 1979 they will spend $8.3 million; in 1980 they will spend $9.5 million; in 1981, $13.4 million; in 1982, $11.6 million.

The trucking industry came to the rescue of Canada when the railways failed to serve as they historically had served this nation in the field of transportation, and people were compelled to turn to trucks. Trucking is now controlled by the various provincial authorities and by an element of influence at the federal level. What I want to point out to the House is that CNR projected expenditures in the trucking industry are in excess of $51 million in the next five years, and $51 million far, far exceeds the capital investment of the trucking companies which may run fourth, fifth or sixth of the individual trucking companies in that range in Canada.

What CNR plans to do is to spend more in five years than most trucking companies in Canada have accumulated in their lifetime, and this is publicly guaranteed, borrowed money which will go into competition with every trucker, bigger or smaller than CNR, in the private enterprise field in Canada. The minister smirks; that is his defence, a smirk or a contortion of facts.

Mr. Lang: Mr. Speaker, I rise on point of order. Since the hon. member chooses to refer to the fact that I was smiling, I think it is only fair to say that I was smiling because he obviously missed the point that was made in the committee, that if at any time he is arguing that railway rates are too low, thereby causing an undue problem for trucks, he should let us know and we would be glad to deal with it.

Some hon. Members: Order.

Mr. Munro (Esquimalt-Saanich): Don't you know a point of order?

Mr. McCain: The minister is understandably touchy because he is on unstable and unpopular ground. My information is that this knowledge was not at the disposal of the trucking industry as it appeared before the committee. Whether it is right or wrong I have no way of proving, but I can tell him, as the trucking industry learned when this piece of paper was tabled in the committee, that although major capital expenditure is being authorized to enable CNR to compete with every other company in Canada, government guaranteed money is not available to their competitors, and this is unfair competition in the rankest sense of the word. They do not like it, Mr. Speaker, and I submit that if ever a motion for a six months' hoist of a bill was in order and was needed for the information of this House and for the public of Canada at large, it is on this subject matter.

Let us take a look at the communications investment which is anticipated. In 1978 they plan to spend $42 million; in 1979, $48 million; in 1980, $48 million; in 1981, $53 million; and in 1982, $58 million. In other words, every provincial telephone system, whether publicly or privately owned, will run into competition with government financed borrowing in excess of $200 million. I submit that this is pretty rough competition by a Crown corporation over which the House has no control. I think the telecommunications structure of Canada needs an opportunity to express itself on what impact $200 million of public money directly or indirectly invested in communications will have upon the systems which we presently have.

The government was made aware some years ago of the fact that telecommunications, the electronic transmission of messages, data, et cetera, were in competition with existing private companies, and they imposed upon every one of those companies in Canada a fee for the use of Telesat, which was premature and not required at that time. So whether it was a private corporation, such as NB Tel, or a public corporation, such as the provincial prairie-owned telephone structure, the subscribers, the taxpayers of Canada, paid extra money because of the almost compulsory subscription to the services of Telesat. Are we, in recapitalizing CNR and in authorizing, according to this sheet, $200 million of capital expenditure in the field of telecommunications again superimposing the investment of public money upon provincial and private money, to the detriment of the returns of either? I think we need to have the answers and the details as to how the $200 million are to be spent in this field.

I submit that the indication in this statement of capital intent by CNR shows that although we discussed the CN Tower in 1972, 1973 and 1974, public money is still going into that tower at the rate of $1.2 million in 1977 and $0.4 million in 1978; and I think this is perhaps one of the examples of how money can continue to be poured into publicly-owned structures or structures owned by Crown corporations.

We need six more months for a proper consideration of this bill and we need it in the worst possible way. We need it because the competition which will be generated through this Crown corporation will borrow all its money with the hidden guarantee of the Crown, because when a Crown corporation borrows money, it is implicit that the Crown is responsible for the repayment of the borrowings of its child. Yet these borrowings will go into competition with a lot of little people and some big people as expenditures are made down the line.

I suppose the greatest weakness in the bill can be found if one goes back and reads the story of the 1952 recapitalization of CNR. One finds that the arguments of CNR at that time were almost identical with those presented by the company today. But once they got rid of the debt which they then had, they went on a spending binge and in a ten-year period found they were further in debt than they had been in 1952 when the indebtedness was forgiven. The history of forgiveness of debt to CNR has been that it was merely a licence to embark upon the same program of indebtedness and obligation that it had practised prior to the time of its forgiveness. This has been the case in every instance.

If parliament, through this bill, can exercise any restraint over the operations of CNR, if it obliged the corporation to report to the House that it wishes to borrow $100 million to $500 million and to explain the purpose, it would be an entirely different kettle of fish; but by turning this creature

loose, are we not loosening another menace on the treasury of Canada? Why can we in this House not have an element of opportunity to examine what is going on? I repeat, we have not had the privilege of looking at a financial statement of the CNR since 1971, and that is too long. We are to get a financial statement now by virtue of an amendment introduced by opposition members. That will give us an opportunity to look at the statement, and that is better than nothing; but a statement is a record of the past performance of the company and does not include any of its functions.

● (1532)

It may not be in order, if the Chairman were to be very careful in his rulings, for one to ask of a corporation at a given moment in time what its operating intentions are, where it is going to invest what it borrows and where is it going to invest what it earns. Theoretically and in practice we might be able to ask those questions, but with a minister of the type we presently have I anticipate we would be ruled out of order and not allowed to inquire into items because it would be said they are none of our business. I suggest they also would involve a competitive position with others.

We, then, have utterly and totally lost control of another Crown corporation. When we think of the record which has been revealed by former Crown corporations, I shudder to think of this. Historically the CNR has not acted in a responsible fashion. Historically AECL has been a problem child. Historically Crown corporations have not been coming forward under the policies of this government so that Canada may know what their performance is and what they may cost us.

We are putting another chapter in history where again a Crown corporation may act in the same irresponsible fashion as the CNR has prior to its dire need at this moment in time for recapitalization.

When I take a look at the various business sectors of this country in which the CNR, as a Crown corporation, will be competing, and when I think of some of my friends in the trucking industry, I cannot help but wonder how David can compete with Goliath, which is precisely what we will be allowing.

Mr. Knowles (Winnipeg-North Centre): David won.

Mr. McCain: We are letting loose an economic Goliath which plans to spend $51 million to compete with the truckers of Canada, to compete with the communications system in Canada, to compete with the hotel system in Canada and to compete in every field that every one of the seventy odd subsidiaries of the CNR are engaged in now.

I wonder whether the government is prepared to give comparable income tax concessions to those companies which will be in competition, because this Goliath is not going to have to pay income tax as do the other corporations. Eventually, when its profits get massive enough, it has been decreed that it will pay a stipend to the Government of Canada. Are we then prepared to extend to all the competitors of the CNR in all its fields of endeavour the same income tax concessions? If we are not, we may be doing a favour to the CNR, but we may be doing a gross disfavour to those people in Canadan who depend upon other than the CNR for their transportation services and who find that those upon whom they depend are operating in a position of serious economic disadvantage.

This measure needs a six month hoist, and it needs input from all the fields of business in this country with which the CNR conglomerate will compete.

I think the public is entitled to know why this government would not allow the Standing Committee on Transport and Communications of this House to invite the Auditor General to put some of the facts of the accounting and management practices of the CNR before it. What was there to hide? There was something to hide. It seems there was something the government did not want known.

The next question which I think logically follows is, why would the government's power in that committee refuse to allow the committee to invite the Auditor General to come before it to lay a plan for its future accounting before the House and the people of Canada, to outline to people who are perhaps not the best in the accounting field, namely, the members of this House, what plan could be adopted, what plan the government might insist should be adopted, and what one might expect, on the basis of the Auditor General's record in examining the company, to look forward to down the line if the same practices were to be followed? The government has something to hide, but what is it? I cannot see why there has not been a broader consideration of transportation policy just as much as the recapitalization of the CNR.

One of the studies made in respect of transportation showed that it took 23 days in time cycle for a carload of grain bound for an export destination. No country, no company and no businessman can afford to tie up a piece of equipment for 23 days on one round trip. Why should we not be allowed as a committee to go into the reasons for such an extension of time? Some years ago the fact was placed before the Minister of Agriculture (Mr. Whelan) that it took 23 days for a potato car to make a complete cycle, and that the competitive line took 14 to 18 days, on rather short hauls.

What is needed is a rationalization or study of the management of the railways. Why are they functioning in this way? Do they need more rates? Do they need more equipment? Or do they need better management? What is the minister and the department doing to examine the use of the &equipment which is presently in place? This is what we need to know, but there is no such information available to us because no study has been made, to the best of my knowledge, of management capabilities in the rail transportation system, or, for that matter, in the trucking transportation system in Canada.

Until such time as an evaluation of management capabilities of the CNR can be placed before us, should we be asked to sever from the railway Air Canada, the ferry services, passenger services and express services—all those loss leaders they have claimed? We should not be asked to sever these until there is a measurement of the company's capability in the

management structure. That capability is not always measured by profit alone. It can be measured by degree of profit, but not by profit alone. When we find ourselves in a position of trying to determine what the traffic will bear, as the railways and the truckers do, without any knowledge of the cost of the operation, then we are being asked again to sign a blank cheque.

I should like to see a study of management capabilities and the utilization of equipment as it might relate to other transportation, and as we think it might relate to our own, because what such a study would show is that 50 years ago the time cycle for cars was better than it is today, and I am sure that would be the case based on the actual experience of people using the service at that point in time.

Let me repeat a statement I have made. Under this minister and this government the people of Canada have paid more to and received less from the transportation industry as the years have gone by, and that is something which does not apply to very many industries of a progressive nature in this nation.

● (1542)

Another thing that disturbs me is the fact that five years down the line the CNR will be at least as deeply in debt as it is on the days on which we are considering this bill. Something else that disturbs me is that they have announced this time that with recapitalization they are going on a massive expenditure program of capital investment, including equipment. When this was done in 1953 it was followed in a very short period of time by an expenditure of $751 million on equipment. The argument was, "Well, if we had the capital equipment we could move more stuff and make more money." History shows that they did not move more stock and they did not make more money but in fact had a debt which they never did pay off.

So here we go on another spending binge, another multi-billion dollar indebtedness program for a corporation which, by its record, has proven that it cannot make a profit. What we are doing is turning this Goliath loose and beyond our control where we will have nothing whatsoever to say about it. It is time we came back to what I call the discrimination of the transportation program as it relates to this government.

Do what the government must for transportation in British Columbia, the prairie area, Ontario, Quebec, the Yukon and the Northwest Territories, for I will not criticize. I repeat for the minister's advantage, I do not criticize what has been sent to other jurisdictions. But I notice that the provinces of British Columbia and Alberta are not asked to pay for the double tracking through the Rockies. However, to upgrade transportation in New Brunswick, P.E.I., Nova Scotia and Newfoundland the government is prepared to do away with certain transportation subsidies which have been paid there if the four Atlantic provinces, the four poorest provinces in Canada, will match that great Santa Claus, the Minister of Transport, dollar for dollar.

I have no complaint with any other expenditure, but let us not go on two different courses in different regions in Canada. I will draw to the minister's attention again that I do not quarrel with the expenditures in the port structures of the St. Lawrence Valley, but I do quarrel with the insistence of this government that the province of New Brunswick use its money to develop the port of Saint John, and that the municipality of Dartmouth-Halifax and the province of Nova Scotia use its money for the development in the port of Halifax to any degree whatsoever, unless the same stands are to be applied elsewhere.

I do not complain that equipment is bought for the CNR or the CPR for the moving of Canadian products, but I do complain when Canadian producers of Canadian materials must use American railroads to ship apples from British Columbia to Toronto because of exorbitant Canadian freight rates. I do complain because wood producers in New Brunswick haul wood to Maine to load it on American lines because of exorbitant Canadian rates. I do complain that the rate structure applied in Atlantic Canada does not give us access to Canadian markets. And I do complain that the rate structure of export products through the ports of Canada in the maritime provinces is virtually prohibitive and far in excess of those of our competitors. I also complain that the facilities through which these products must be shipped are not maintained, nor are they expanded as required for the service of Atlantic Canada.

One might say that there is political pressure being brought to bear by Nova Scotia because it is a sort of sympathetic government down there, but it was not enough pressure to get the province and its municipalities off the financial hook for the development of the Nova Scotia harbour. They do not have to spend as much as Conservative New Brunswick, but they could not get off the hook completely.

This bill is just another partial approach to a major problem facing Canada. This country cannot and never will develop until such time as we have a totally rationalized transportation system which will spend the taxpayers' money where necessary for the proper development of Canada and the proper utilization of its resources, human, renewable and unrenewable. Until that time we have no right as a House of Commons to be asked to consider the recapitalization of the CNR, to turn Goliath loose to compete with the Davids in this country and making small businesses compete with the Crown corporation which we are creating. Its magnitude, Mr. Speaker, makes it impossible for the little guy to compete. The minister has suggested that if the—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman but his allotted time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. McCain: Whether trucking rates are not competitive, whether they are too high or too low, is not the point that we are discussing in this bill. If the CNR rates are subsidized by Canadian money, then they in turn make it difficult for the trucking industry to survive in the private sector. That is the

matter we must examine, and no more snide insinuations by the minister are necessary. We must have a study that will ensure national, rational development of policies in the field of transportation for all of Canada and not just parts.

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, it gives me pleasure to follow the hon. member for Carleton-Charlotte (Mr. McCain). I have always been an admirer of his voice and his wisdom and I feel somewhat humble having to stand up and follow a man who can deliver a speech in the way that this member has put his shots to the CNR recapitalization bill.

Transportation, Mr. Speaker, is the key to achieving the development of many provinces in Canada. We are a large country and we have to get our goods and services from the interior to the ports in order that we can sell those goods and services. That is why it is important that every member in this House be concerned about the CNR and CPR trucking industry and other modes of transportation that are available to us.

I sat on the tranportation committee when I first came here as a member of parliament, and I enjoyed it very much. The past few years I have had to deal with other responsibilities, and I have not been able to get there as often as I would like. I still have a great interest, however, in the bills that come before this House regarding transportation and particularly in this bill, Bill C-17, regarding the recapitalization of the CNR.

The government has asked us to approve a bill recapitalizing the CNR. We have said, through our experience and questioning in committee, that at this time we would rather take a second look at the bill for six months to see whether it is really necessary that we pass this legislation at the present time. There are many circumstances that have come to light. One is the possible introduction of legislation dealing with Crown corporations. Another is the fact that the CNR is being relieved of one of its greatest non-economic burdens, the railway passenger system. Another that has been talked about by the Minister of Transport (Mr. Lang) is the readjustment of the Crowsnest pass rates. I shall come to that later, Mr. Speaker. Yet another is the question of the extent to which the Hall report recommendations regarding transportation will be implemented.

● (1552)

It was pointed out in committee that the projection of profits for the CNR is quite healthy, and I must say I am pleased to hear that. Figures were produced which give a comparison between what the profit for the company would be if this bill were passed and if it were not passed. They show the profits increasing from now until 1982 from $62 million per year to $141 million if the bill should pass, and from $136 million to $267 million if it should not pass.

In his remarks the hon. member for Carleton-Charlotte showed that if the bill is passed the CNR will have a great amount of money to deal with and may go into another capitalization project, such as competition in the trucking or communication industries. It is therefore natural that members of the House would like more time to question the government and the CNR about whether it is entirely necessary to have this legislation at this time.

It bothers me that in committee, when Crown corporations are being considered, members have a great deal of difficulty—and we are elected to be the responsible shareholders of Crown corporations—getting answers to questions regarding their operations and intentions. It is time we took a long, hard look—perhaps even in camera—at giving committees authority to investigate the intentions and direction of Crown corporations. If we had that authority, then when we are asked to pass a bill involving $800 million we would know what would happen to the money. I think most members have experienced frustration in committees through our inability to get information.

I should like now to deal briefly with some of the history of th CNR and the Crowsnest pass rates. I think members of parliament and particularly those from agricultural areas in the prairie provinces will have to discuss these very intensively in the next few years. The Hall report—which this government has almost ignored—said that it is essential that agricultural produce be processed where there is the greatest advantage—that is, on the prairies.

In the beginning years of railway transportation in Canada, tracks criss-crossed many parts of the country that some enterprising people thought would be quite profitable; but it was soon realized that all areas were not profitable. Resolution of the problems involved led to the founding of the CNR. At the same time, the government was involved in building the CPR, so two great rail lines developed.

The various histories of the CPR—and I suggest hon. members should read all views—show that historians agree that when Mr. Van Horne wanted access to the Crowsnest area of Alberta and British Columbia, he was prepared to accept the Crowsnest pass rates in perpetuity. This was to allow the Crowsnest producers in Alberta, Saskatchewan and Manitoba to deliver their products to both coasts at a favourable rate.

When the CNR was created, members from all sides of this House realized it was essential that these rates also apply to that company. If we consult the debates of this House on this subject in 1925, we learn that even members from central Canada who had nothing to gain by allowing these rates to become statutory sided with members from western Canada. Thus, the Crowsnest rates were put on the law books of Canada.

Over the last 50 or 60 years, many royal commissions and study groups have examined the problems of these statutory rates. I suggest that all farmers in western Canada should be very cautious about giving them up for some unknown program of $200 million—

[*Translation*]

The Acting Speaker (Mr. Ethier): Order. It being four o'clock, the House will now proceed to the consideration of

private members' business as listed on today's order paper, namely, notices of motions, public bills, private bills.

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask for the unanimous consent of the House to resume consideration of notice of motion No. 16 and that the preceding notices of motions be allowed to stand.

[*English*]

The Acting Speaker (Mr. Ethier): Hon. members have heard the request of the parliamentary secretary. Is it agreed?

Mr. Baker (Grenville-Carleton): Agreed.

Mr. Knowles (Winnipeg North Centre): Agreed.

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

PRIVATE MEMBERS' MOTIONS

[*English*]

EXTERNAL AFFAIRS

SUGGESTED PROMOTION OF CLOSER RELATIONS WITH COMMONWEALTH CARIBBEAN

The House resumed, from Friday, December 16, 1977, consideration of the motion of Mr. Macquarrie:

That, in the opinion of this House, a special joint committee of the Senate and the House of Commons should be established to consider the advisability of taking an initiative in promoting closer commercial and cultural relations between the Dominion of Canada and the communities of the Commonwealth Caribbean and that *inter alia* such committee should consider (*a*) subsidization of sea-borne transport between this country and the Commonwealth area (*b*) Canadian governmental assistance in the upgrading of the sea ports of Atlantic Canada (*c*) such tariff changes as might facilitate the exchange of commodities between the two areas (*d*) encouragement of the exchange of students of the two areas (*e*) recommending assistance towards meetings of political, business and educational leaders of the two regions with a view to stimulating a north-south exchange of goods, people, services and technology in a mutually advantageous way.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, this afternoon it gives me great pleasure to resume debate on a motion put forward by our former colleague the hon. member for Hillsborough (Mr. Macquarrie) who, over the years—

Some hon. Members: Oh, oh!

Mr. Lambert (Edmonton West): Mr. Speaker, I apologize. In the comings and goings of hon. members to this post and that post I apologize to him and to members of the House. It is not that his personality is so insignificant that he should not be noticed, but he used to sit up at this end of the House. One can understand he used to be up here at this end of the House, but he has now been transferred to a geographical location much to the left. But I am glad to say his political philosophies remain over here on the right.

[The Acting Speaker (Mr. Ethier).]

• (1602)

Mr. Knowles (Winnipeg North Centre): Are you sure?

Mr. Lambert (Edmonton West): Of that I am more than satisfied.

However, this motion fortunately comes back for its second round. I must say that during the period of some six or seven months that this House has been sitting that situation does not happen to very many motions. It was my good fortune to have one come up about three weeks ago, and now we have this one. This motion deserves this further debate. One has but to read *Hansard* of December 16 when, in a House that appears to have been much more populated on the eve of the Christmas holiday than this one, hon. members debated the motion put forward by my hon. friend.

It is a motion which I think is a classic example of one which should have come to a vote and decision many years ago. Our colleague the hon. member for Hillsborough has put forward the subject for discussion some 13 times in 13 sessions. He has certainly been faithful to his ideals in regard to the Caribbean. I think this House has done a disservice to our colleague in that it has never come to any decision on this. It has not expressed a definite opinion on the subject of Canada's relations with the Caribbean, notwithstanding the ingenuity, linguistic and otherwise, that the hon. member has shown in drafting his motions and changing their tenor. Now we see that he has gone to the extent of suggesting that a special joint committee of the Senate and the House of Commons should be established to consider the advisability of taking an initiative. Gracious me, we have never seen such diplomatic language! It is "to consider the advisability of taking an initiative". That in itself is barely asking this House to breathe.

There is a motion of mine that was debated again the second time about three weeks ago. It is only the first time it has been presented in the House. I did not expect it to have any definite expression of opinion of the House but I have seen by the time of its second reading that there has been quite a different change in attitude toward the motion. There is a good chance that, if such a motion were presented by some hon. member some time next year when the House composition undoubtedly will be changed, it would not fall to a government backbencher to present such a motion and there would be a degree of acceptability.

I am very encouraged by the debate we have had in the House on the subject of removing the mandatory retirement age of 65. We have had expressions favourable to the principle that I have advocated from both sides of the House, and some hon. members on the government side delivered very thoughtful and well prepared speeches on the subject. We know that in the other place the motion has gone to a Senate committee where it is receiving favourable consideration.

I would have hoped that in this place a motion dealing with the relations of Canada and the Caribbean would have come to a conclusion. We have had many debates in which that subject has been canvassed. We have had many visits of delegations

from the Caribbean, and vice versa. The hon. member for Hillsborough and myself, under the leadership of the hon. member of Algoma (Mr. Foster) as the president of the CPA, visited Trinidad and Jamaica late in January and early February. From time to time we receive members from the Caribbean legislatures as observers and participants in the Canadian CPA regional conferences. These are valuable exchanges and I hope to see many more.

But I do want to emphasize to hon. members that while my hon. friend from Hillsborough has used the vehicle of suggesting that we should appoint a special joint committee to consider the question, he is after something much more than that. I think he is right, and, of course, he does not exhaust the subject in any way at all. First of all, he has asked for consideration of the subsidization of sea-borne transport between this country and the Commonwealth area. When he and I entered this House there was regular ship traffic between the east coast ports and the Caribbean and it was subsidized. For some reason or another which is lost to me, ever since that sea-borne transport came to an end our relations with the Caribbean have not been nearly so good. Certainly I do not think our trade has advanced to the point it should had that transport remained in position. Then my friend wants to get in a little, shall we say, home development, or, as the hon. member for Esquimalt-Saanich (Mr. Munro) said, a little bit of local improvements, by the upgrading of the sea ports of Atlantic Canada.

Then we come to tariff changes. There have been some tariff changes. I must commend the hon. member for Algoma for his exposé of the formal relationships between Canada and the various Caribbean countries, CARICOM, and whatever may be the ultimate results of negotiations under way in the trade arrangements that may exist between Canada and the Caribbean countries. Of course, tariff changes have been put into effect about three years ago with regard to general preferences for developing countries. Mind you, one or two of them may not much longer be developing countries if one examines their economies. In some instances it would be difficult to look upon Trinidad as a developing country. It has a stable government and an enviable financial position because of its resources, and for a number of other reasons.

In so far as other countries are concerned, they have come away from colonial status only in recent years. Their economies are not diversified enough. Others have populations which are far too small and fragmented. The over-all picture must be considered. In Canada we cannot consider our relations with any particular one of the Caribbean countries. It seems to me that here is a heaven-sent opportunity for Canada tc really get down to brass tacks and, to use a trite phrase, "to put its money where its mouth is", at the same time without imposing our own standards. There is a very grave risk of doing that. It is our choice as to what should be done in some of these smaller countries in the Caribbean in order to improve their transportation facilities, whether they be port facilities or airports. There are some countries where educational facilities can help. I do not know whether it is any great help to bring some of their brighter people here to attend university because the tendency has been that they want to stay here. Then they are a permanent loss to their own country. In many instances I would prefer them to establish their own base of education rather than try to jump into the twentieth or twenty-first century in one leap. Let us look at it in the longer term of one or two generations.

● (1612)

In this connection, what happened in Taiwan in so far as education is concerned is a good example of what can be done. In 1949 there was general illiteracy, even down to the primary level. Now there is about 99 per cent attendance at elementary school, there is a correspondingly high attendance at secondary school and a very high attendance at university. Those attending university are not necessarily abroad. However, some are sent abroad and brought back.

The over-all advances in education in Taiwan are a good example of what should happen in countries we can help with education. Our plan should be on the basis of one to two generations. We should start at the elementary level and bring the children up through the high schools. We should not take the top 10 per cent and suddenly convert them into university students. We know that causes problems.

The provincial governments have decided to charge students from third world countries higher fees because of their colour. Most of it is racially motivated. Unfortunately, it has that inspiration. The Immigration Act which this House passed and the regulations come into force this month. A foreign student now has to come in almost like an immigrant. Application has to be made offshore. This is done without the student examining or being seen by the school which he or she wishes to attend. We are going at it in the wrong way. In this area I think we can do a great deal to help our Caribbean friends. I do not think we should look at them down our noses and say, "We will help you". There is then a tendency to patronize.

They also require capital for investment. However, we should not give the impression that we are offering plundering capital, that it is going to come in to skim off and to develop industry, using the people of those countries at the lower levels without teaching them management skills and what-have-you so that they can do the job.

I cannot say that I have a solution. The problem is difficult. There is the question whether there is going to be an investment which will be politically safe and whether there will be an adequate return on it without having negative effects upon the people in any country in which Canadians might wish to invest, whether it be in hotels or other businesses. They need the capital. We needed capital. In fact, we still need it. We resent it if owners of capital tell us how we are to do things or that Canadians in whatever business is developed will be kept down to be hewers of wood and drawers of water.

The idea of the hon. member for Hillsborough is the right way to proceed. Better relations between Canada and the Caribbean have to be developed after mature thought and careful examination.

If there is to be a body on parliament hill with the time to draw upon as wide experience as possible in order to examine a problem such as this, I believe a special joint committee is one of those structures. Adequately staffed or populated, the other House could certainly furnish the personnel or the structure for these deeper studies.

On that score I would commend our friend. I would also like to say that this is one of the motions one should be able to put to this House for an expression of opinion after a limited time. There is no sense bringing it forward year after year, which we see so much of on the order paper at the present time. This is an area where our rules committee should be able to make recommendations that can be brought forward for this House to adopt. On ten of these motions a year, for example, there could then be, after suitable debate, the provision of time for a vote. In that way we would be making progress.

The last idea I wish to put forward with regard to this question has to do with our own procedure. It would be very simple to handle. The hon. member for Hillsborough, the hon. member for Algoma, the hon. member for Ottawa-Vanier (Mr. Gauthier), the hon. member for Brant (Mr. Blackburn) and myself went to Trinidad and Jamaica in January. However, there has been no way to report to this House on what we saw. We travelled on a CPA organized tour for which parliament pays. It seems to me there should be some degree of reporting to the committee.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his time has expired. The hon. member may continue with unanimous consent. Is there consent?

Some hon. Members: Agreed.

Mr. Lambert (Edmonton West): Thank you, Mr. Speaker. I thought I could complete my remarks before my time expired. I suggest that maybe half a dozen periods of private members' hour should be set aside for reports from presidents and leaders of various parliamentary delegations that go out on behalf of the parliamentarians of Canada. In this way we could share in the experiences of those hon. members and discuss the conclusions they have reached. After all, if the senators have found a way of doing this, there is no reason why we should not. It would be simple, to agree on a trial basis that the report of the president of the CPA, for example, on events at a particular conference might be made here in the House so that members could comment on it. Why has such a thing not been attempted?

● (1622)

I thank the hon. member for Hillsborough for providing me with this vehicle for putting forward some ideas with regard to the Caribbean and consideration of reports from members of travelling groups from this chamber, as well as with regard to bringing private members' motions to a decision so that this hour might be more useful as a forum for expressing our ideas.

[Mr. Lambert (Edmonton West).]

Mr. Ian Watson (Laprairie): Mr. Speaker, I, too, congratulate the hon. member for Hillsborough (Mr. Macquarrie) on putting forward this motion in the first place and on managing to have it debated a second time.

The hon. member is fond of harking back to the days of wind and sail when the normal trade routes ran north and south. This trading pattern, in which the Caribbean area was a vital element, resulted in an era of prosperity relative to the rest of the country which has not been equalled since. As an historian, the hon. member enjoys calling, in this instance, on the lessons of the past to predict the future, and I think he is on the right track now because of the extension of Canadian sovereignty out to 200 miles. There is, I am convinced, a new prospect for the prosperity of the maritime provinces. In the last two years we have added approximately 600,000 square miles to the waters under Canadian sovereignty, and over the next generation this will produce thousands of new jobs, mainly in the Atlantic provinces. The suggestion in the motion that we should now move to strengthen our relationship with the Caribbean is valid. It makes a lot of sense and I hope we can persuade the government to act on it.

One method by which we might proceed is suggested in the motion. If, by chance, we do not get through the debate today in time to vote on the establishment of this commitee, perhaps the Standing Committee on External Affairs and National Defence could devote a number of hours to the study of the subject matter. There have been no discussions about this in advance so perhaps it would not be possible to arrange this today. Nevertheless, we have all known cases where the subject matter of motions has been referred to committees, and this is the suggestion I am throwing out.

There are certain guiding principles which I feel Canadian policy should adhere to strictly in this part of the world. First, we must try to treat all the Caribbean islands in the same way. We should not give more aid to one than to another. Second, we should never place ourselves in the position of creating a Canadian sphere of influence in the Caribbean because this would lead to the creation of an image of imperialism which no Canadian would wish to place upon our great northern democracy.

Finally, I should like to make a suggestion with regard to those islands in the Caribbean which have made overtures to Canada in favour of some kind of special relationship. I refer particularly to the Turks and Caicos. I am opposed to any such special relationship. I feel, though, the time is long overdue for an initiative by the Commonwealth itself which would provide for some kind of supranational authority or arrangement whereby colonies of the Commonwealth which do not wish to remain under colonial status but do not have the population to go it alone, would have an alternative whereby they could transfer sovereignty to a supranational authority in return for assistance and guidance from all Commonwealth countries. This idea might be discussed at some future Commonwealth conference. I hope we can provide an alternative for these small groups of islands which no longer wish to be administered from London but which do not want to try to go it alone

for various reasons, possibly because if they did they would risk dangers to their own democratic institutions which would not be worth taking.

There are other things which we could do in the Caribbean as a helpful government if our aid is requested. We have all heard about the sugar cartel, how that London-based monopoly, Tate and Lyle, has over the centuries maintained a stranglehold on the economies of some of these islands. It strikes me that Canada could do more than it has done to assist these island economies to break this commercial stranglehold in line with the objective of the government to create a food policy which would assure long term prices for certain basic food products, of which sugar is one. Sugar ranks among the most important of those products. We could be doing something in the Caribbean which would help the local economies and over the long-term the Canadian consumer. If, however, the only result of our effort to stabilize sugar prices was to benefit this sugar monopoly operating out of London, I am afraid I simply would not support that kind of Canadian effort.

• (1632)

Finally, I want to tell the hon. member for Hillsborough that I personally will strongly support any effort by this House through the Standing Committee on External Affairs and National Defence within the next few week to give consideration to the various suggestions contained in his motion.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I would like to contribute briefly to this debate. I do not intend to use up my full time because I want there to be time for this matter to proceed to a vote. I congratulate the hon. member for Hillsborough (Mr. Macquarrie) for the breadth of his view over and above that other proposal which came before us at one time to single out one group of Caribbean islands for preferential treatment. I think the approach that the hon. member has taken in this motion to single out the Commonwealth Caribbean Islands as those to which we should direct our attention particularly is to be highly commended.

I also want to thank the hon. member for Edmonton West (Mr. Lambert) for the notion he brought forward toward the end of his remarks about the great need for all interparliamentary groups who attend meetings outside this country or even inside this country—because some of them do meet in Canada—to report to this House. I think this should not be a permissive operation; it should be mandatory that reports of the visits be made to this House in a formal way, and there should be provision for some sort of discussion on them, if only to indicate where visits have taken place, who has taken part in them, and what profit we as parliamentarians, whether we were part of the visiting group or not, derived from those visits.

There was a time when reports were made to this House. I recall very clearly in the opening days of the Canada-U.S. interparliamentary group that reports were prepared regularly and laid on the table here for all hon. members to see. They were entered into the record and were available to hon. members. I happen to have some recollection of that because I was secretary to the first three or four of those meetings in my capacity as head of the Commonwealth division in the Department of External Affairs. I was surprised when I came to this House to find that there was no provision for making reports of that sort.

I just wanted to comment on that and then come back to this Caribbean operation. I like the notion regarding seaborne traffic. I was very happy when there was a connection by sea from the east coast down through the Caribbean Islands to Trinidad and Tobago. A more delightful way of spending a holiday I cannot imagine. Unfortunately, I never had occasion to make use of those ships. I think they were called the Maple Leaf line.

Mr. Macquarrie: The "Lady" boats.

Mr. Munro (Esquimalt-Saanich): The "Lady" boats were there before the war and during the war. Unfortunately, some of them were lost during the war, if I remember correctly, some very sadly. In fact, some relatives of mine were lost with them. After the war there was the Maple Leaf line which was a gift, I believe, of the Canadian Commercial Corporation or CIDA to the Caribbean Islands for inter-island trade.

I think there is much to be said for developing a similar route from an eastern Canadian port to the Islands and back to Canada. In that connection I think it is important that we try to develop trade in those products for which the Caribbean Islands are highly reputed, and with good reason. I think it was the hon. member for Laprairie (Mr. Watson) who mentioned sugar. Sugar certainly is one of them. That is a freight cargo, but there are other perishable commodities which we should be able to buy from our Caribbean neighbours, to our advantage. We now buy many of our products from that producer immediately to the south of us, so much so that our trade has become unbalanced.

It is strange that in the trade figures of many banana exporters in Central and South America Canada is not mentioned. We buy our bananas from the United States which, with the exception of Hawaii, does not produce bananas. We buy our bananas through the United States, and our trade in bananas is regulated with the United States, which is absolute nonsense. When the time comes to work out reciprocal trade agreements with Central American or Caribbean countries—I think Caribbean countries ship their bananas mainly to Britain—we should be buying our bananas directly from the Caribbean and not from the United States, which imports them from Equador, Hawaii, Costa Rica or Nicaragua.

We should be trading with countries of origin, which is a very simple matter. I wonder where our coffee comes from and how much of it is imported directly. I cannot remember on that one. Jamaica produces a very good grade of coffee; I think they call it Blue Mountain coffee. They are proud of it, and rightly so. There are other products as well. I think we buy pineapples from the United States and perhaps a few from the Caribbean. We buy papaws, mangoes and avocados. I suppose we get mangoes from the Caribbean, but not in the quantities we ought. We probably buy our mangoes mainly from California.

I am not going to push this too much longer, but in the regulation of this trade I do not think it is beyond the wit of man in this special joint committee of the Senate and the House of Commons suggested by the hon. member for Hillsborough to work out some means for developing a monetary policy which would facilitate transfers of capital and settlement of trade in international accounts on preferential terms between Canada and the Caribbean. There once was a thing called the British preference. That British preference has largely disappeared. If it has not disappeared entirely, I think with the Tokyo Round in Geneva it will have completely disappeared as far as Canada is concerned. Why can we not develop a Canada-Caribbean preferential trade system? That could be done within the GATT, if necessary, to our mutual advantage. It would be advantageous not just for Canada but also for the countries which could supply the things we need. Those countries could provide a lot of produce for us. In that way they would be able to stand on their own feet, knowing that they would be paying their own way, as they want to do, and not just be recipients of aid. They want to pay their own way by producing the things people want.

● (1642)

We would want in return, of course, to visit, possibly under preferential money terms. Why should we not? I am not suggesting a monetary union. Maybe that would be the long term objective, but we can work towards it. We could have a sort of Common Market, if you like; not as the first stage, not in the first year, but we might work towards it.

In these respects—I am thinking particularly of the transport of goods and of the goods themselves—there are many areas where we might give assistance. The hon. member for Edmonton West mentioned schooling. We have assisted in the development of the University of the West Indies. I think we should go on doing that, provided the local circumstances are such that people within the area can improve their educational standards and return and deliver to the countries from which they came the techniques and the cultural development which are so necessary there. And we should send some of our university students there to learn something of the ways of that part of the world.

There is so much to be commended in this resolution that I think it is time we had a vote on it. It is before us now a second time. I hope that it is not the intention of the government to talk it out on this occasion.

Mr. B. Keith Penner (Thunder Bay): Mr. Speaker, as others have done before me, I, too, wish to commend the hon. member for Hillsborough (Mr. Macquarrie) for presenting this motion. He has been a good friend of the Caribbean for a very long period of time. I attended many Canadian-Caribbean lunches under the auspices of the Commonwealth Parliamentary Association, Canadian branch, and these luncheons were hosted by the hon. member for Hillsborough. I would say that hon. members who went to those meetings learned a great deal from the hon. member for Hillsborough, who always presided graciously and with generous amounts of wit and wisdom.

[Mr. Munro (Esquimalt-Saanich).]

Some hon. Members: Hear, hear!

Mr. Penner: I note that the hon. member for Hillsborough is present in the House today, and I wish to express publicly what I have already said to him privately, that we will miss the hon. member here in this chamber. His speeches, as we all know, were always models of good English usage and, I would add, they were never unduly long.

I know all members of the House hope that the hon. member for Hillsborough will find his return to the academic world satisfying and stimulating. We know that his students will be well tutored in the science as well as in the art of politics.

As I said at the beginning, my colleague and my friend, the hon. member for Hillsborough, the mover of this motion, has exhibited a long standing interest in the Caribbean, and he is once again to be commended for the dedication he brings to ensuring that the attention of parliament is directed towards our policy vis-à-vis the Commonwealth Caribbean. Canada's long relationship with this part of the world goes well back in history, to a period when particularly our maritime provinces were in constant contact with the sugar, rum and spice producing islands. What a sight these eighteenth century ships must have presented in the Canadian and Caribbean harbours!

Today's traffic between Canada and these Caribbean countries may be less dramatic, given the absence of sailing ships, but it is no less extensive. Quite the contrary, in terms of cargo volumes and passengers travelling in each direction, the relationship has expanded dramatically over the past two centuries, to say nothing of the increased cultural and other contacts which have become a feature of the last few decades. I shall have more to say on this subject in a moment.

I presume that the motion, in referring to the Commonwealth Caribbean, addresses the entire range of former British possessions in and around the Caribbean, including the now independent countries of the Bahamas, Grenada, Barbados, Trinidad and Tobago, Guyana and Jamaica as well as the other islands which have different constitutional status. It would be well to bear in mind not only the physical differences among the islands, but also their constitutional variety.

The countries just mentioned are completely independent of Great Britain, while others such as Montserrat, the Turks and Caicos, the British Virgin Islands and the Caymans are Crown colonies. Still others comprise the West Indies Associated States. These states—Antigua, Dominica, St. Vincent, St. Lucia and St. Kitts-Nevis-Anguilla—are self-governing countries for whom Britain retains responsibility over defence and external affairs. Bermuda and Belize are in a similar situation. The House will note that these territories, with different constitutional status, are widely scattered—from Guyana in South America to Bermuda in the Atlantic. Some cannot accurately be described as Caribbean at all, but for purposes of further discussion I shall include them all since they do have the common denomination of a British colonial background.

The great distances between these islands and their different histories have contributed considerably to their individual identities which, to a casual observer, may not be evident at first glance. The Caribbeans are nevertheless as proud of their individual countries and traditions as we are. Their cultural variety is frequently as profoundly different as is their topography, which can vary from lush volcanic to arid and rocky, most, of course, being liberally endowed with glorious sunny beaches, many of which Canadians know very well. We must not, therefore, make the mistake of considering them as a homogeneous unit even when we speak in terms of the Commonwealth Caribbean.

I have mentioned the constitutional diversity in part to point out another aspect of these island nations' futures, namely that several of them will soon achieve independence and will therefore be taking their rightful place in the international councils of the world. We should not be surprised to see at least two Associated States become independent this year and possibly two or even three in the following year. Even once they become independent, however, they will still share with us, despite all of their rich diversity, the bond of Commonwealth traditions.

Because we are aware of our bond with the Caribbean and of all the elements particular to each of these nations, we have always proceeded, in our desire constantly to develop and intensify our relations with them in a pragmatic manner, without ever imposing rigid and artificial constraints which would not correspond to our mutual interests and would not be a true reflection of reality. Thus our relations have developed on three levels: that of bilateral relations through direct government-to-government contacts; that of regional relations within the context of organizations developed by the Caribbean Commonwealth itself, such as the Caribbean Development Bank and CARICOM, Caribbean Common Market; and the third level of relations is multilateral, particularly within the Commonwealth. I should point out that in each of these levels Canadian action has been intensified in the course of the past ten years, nor has it ever before been so visible or varied. We should, therefore, congratulate ourselves on the mechanisms put in place which have permitted us to achieve considerable positive results.

● (1652)

Our aid program in the Commonwealth Caribbean is constantly increasing and is currently set at $30 million per year, which represents the largest per capita disbursement of aid furnished by Canada throughout the world. We began this program in 1958 at which time our assistance went to the Federation of the West Indies, as it was then constituted. At that time it included Jamaica, Trinidad and Tobago, Barbados, and some of the Leeward and Windward Islands.

Up to that time our aid funds had been reserved for the Colombo Plan. When the Federation was dissolved in 1962 we carried on the program and it has been increasing ever since. Our chief preoccupation at that time was to encourage the development of the common services which the islands needed to facilitate relations among themselves. For example, of the $10 million spread over the first five years of our program, $7 million were employed to develop a transportation system between the islands. Subsequently Canadian development assistance was accorded for distinct programs with each of the islands. Guyana, then British Guiana, and Belize, then British Honduras, were not included in the original programs but they did benefit from the commonwealth technical assistance program which was launched in 1958, and since 1963 they too have become CIDA aid recipients.

In 1964 Jamaica, Guyana and Trinidad and Tobago received separate budgetary allocations as well as lines of credit. In 1966 the program had achieved a minimum value of $15 million per year for the region. This did not include such special projects as that of the University of the West Indies, in respect of which we gave $5 million. In fact, between 1966 and 1971 we spent $100 million, which was 33 per cent more than we had committed ourselves to spending. Since then this sum has nearly doubled for that area of the world.

As hon. members know, the Canadian International Development Agency revised its aid strategy in 1966 and modified its priorities in the Commonwealth Caribbean. Of course, the region will continue to receive our largest per capita aid disbursements, but the program will no longer be based on the social and industrial infrastructure but rather on the development of productive employment and agriculture.

This will not eliminate all of their problems considering the current world economic climate and the serious problems which these countries will face in the domains of unemployment, instability of primary material prices, the great expense of imports and deficits in their balance of payments. This situation has brought about certain special measures on the bilateral level and through the international multilateral organizations such as the International Monetary Fund. But Canada is determined to pursue more than ever its policy of development aid to permit these countries to arrive at the economic take-off point.

A number of these developments of the past few years in our development aid to the Caribbean Commonwealth, I am pleased to report, correspond to the recommendations made by the Standing Committee for Foreign Affairs of the Canadian Senate, in its report of 1970 on Canadian-Caribbean relations. As this report suggested, Canada has continued to concentrate a good part of its aid in this region on the smallest of the islands, placing a major emphasis on developing the resources of these countries and giving to the program a maximum effectiveness, thanks to a systematic co-ordination of its initiatives.

Let me say a word on the commercial side. The volume of exchanges is also very considerable, and in 1976 it reached the level of $120 million, which was made up of $90 million of Canadian exports and $30 million of imports from the Caribbean. Unfortunately, these figures are lower than they were in the previous year because we were faced with two serious difficulties. The first was certain restrictions which countries such as Dominica and Guyana imposed on our products, and the over-all effect of the cancellation of preferential tariffs

which was brought about by the Lomé Convention signed between the European Economic Community and a large part of the third world. Nevertheless, we continue to be optimistic about future prospects in this region. The eventual signature of a commercial agreement between Canada and the Commonwealth Caribbean could well serve as a stimulant to this exchange.

From the point of view of investment, if I may say a word about that, Canada plays a substantial role in sectors such as tourism, the aluminum and bauxite industries and banking. It appears that investment possibilities will increase despite the priority given by certain of these countries to public investment. We hope that here, too, the eventual signature of an agreement between Canada and the members of the Caribbean Common Market, called CARICOM, will facilitate this type of development.

Finally, in the political domain we should bear in mind the constant exchange of visits in both directions which, in the recent past few years, have included visits to Canada by the Prime Ministers of Guyana and Jamaica. In addition, in 1977 we had the pleasure of receiving Prime Minister Gairy of Grenada, Prime Minister Bradshaw of St. Kitts-Nevis-Anguilla, Prime Minister Bird of Antigua, Prime Minister Price of Belize, President Clarke of Trinidad and Tobago, Governor General deGale of Grenada, and no less than a dozen other distinguished personalities from these various countries who attended the Commonwealth Parliamentary Conference held here in Ottawa.

An hon. Member: Question.

Mr. Penner: I think some hon. members who are failing to pay attention to the importance of these relations will recall that they met some of these distinguished gentlemen, if they were free to attend the conference.

These meetings were equally numerous in the Commonwealth context both at the level of heads of state or government, such as the meeting in London last spring, and at the ministerial level, such as the finance ministers' conference in Kingston last October. It seems evident to me—

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business has now expired. It being five o'clock, this House stands adjourned until Monday next at 2 p.m., pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, May 8, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

RIGHT OF ISRAEL TO PEACE—MOTION UNDER S.O. 43

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I hope the government will take cognizance of my motion and not say "No". I rise under the provisions of Standing Order 43. My motion concerns the fact that today is the thirtieth anniversary of the foundation of the State of Israel following the holocaust in which six million Jews lost their lives during World War II.

In view of the fact that in just three decades the Israelis have pioneered what is today a great nation, I move, seconded by the hon. member for High Park-Humber Valley (Mr. Jelinek):

That this House reaffirms the right of the State of Israel to exist in peace with its neighbours, and further reaffirms the right of Israel to secure borders consistent with the need of all the peoples of the Middle East for a just and lasting peace.

Mr. Speaker: Presentation of such a motion for debate would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, this is an important motion and we would like to consider it before registering an opinion. Perhaps it could be held over until tomorrow.

* * *

FISHERIES

PRESERVATION OF CANADIAN FISHING INTERESTS—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity. In view of the fact that Canadian and U.S. fisheries negotiators have met regularly since last October and consulted closely with their respective provincial, state and industry interests regarding reciprocal fishing agreements in coastal waters, and in view of the fact that arrangements—at least for the 1978 fishing year—have been successfully negotiated and await only Congressional approval, I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That the Canadian government move in the quickest possible fashion to promote and preserve Canadian fishing interests by appealing the U.S. District Court injunction forbidding Canadian boats from fishing in western U.S. coastal waters.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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PUBLIC SERVICE

STATEMENT OF MEMBER REGARDING LAY-OFFS—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. All members of this House have learned to appreciate the humour of the member for St. John's West (Mr. Crosbie). However, it is no funny matter for that member to say publicly that if his leader becomes prime minister of this country, 60,000 public servants will be laid off. I, therefore move, seconded by the member for Greenwood (Mr. Brewin):

That the hon. member cease and desist from making such deplorable and irresponsible statements.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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SPORTS

INQUIRY INTO MANAGEMENT OF SPORT CANADA—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I rise on a matter of urgent and pressing necessity related to the incompetence of the ministry of amateur sport under

whose responsibility Sport Canada and many amateur sport and recreational associations have cost taxpayers nearly $9 million over a period of five years due to errors, mismanagement and sloppy administration.

In view of the fact that official recommendations were made as much as 2½ years before a new and separate ministry was established with the objective of providing competent management to the many Canadians dedicated to the betterment of sport and fitness in Canada, and because it is now apparent that no such positive management has been provided, I move, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

That this House instruct the Minister of State (Fitness and Amateur Sport) to initiate forthwith either a public or departmental inquiry under the Inquiries Act into the mismanagement and incompetent activities of the ministry and its officials at Sport Canada.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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TRANSPORT

CANADIAN NATIONAL MARINE OPERATIONS ON EAST COAST—MOTION UNDER S.O. 43

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of pressing and urgent necessity. In view of the assurance given me by the general manager of Canadian National Marine, Mr. Rupert Tingley, on Thursday last that "there was no foundation whatsoever to rumours that CN Marine was contemplating any removal of their operations at the port of North Sydney", and in view of the information provided last Friday—the next day—by the Minister of Transport (Mr. Lang) in this House that the second rail car ferry, the *Sir Robert Bond* now taken out of service between North Sydney and Newfoundland was not going to be replaced, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the minister or his deputy minister attend an urgent meeting on Wednesday, May 10, called by Mayor T. R. Young of North Sydney to discuss the present and future status at both the Port aux Basques and North Sydney ferry terminals with reference to the disastrous cutbacks by CN Marine and the effect that they are having on the economic and social lives of both communities, and if either the minister or his deputy minister cannot attend, that a top official from Canadian National attend and provide answers to the many questions that are causing such great concern to all Canadian National workers involved and the public in general.

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

Some hon. Members: No.

Some hon. Members: Agreed.

[Mr. Jelinek.]

• (1412)

VETERANS AFFAIRS

LEGISLATION TO IMPROVE WAR DISABILITY PENSIONS—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise under the provisions of Standing Order 43 in the hope that the legislation referred to in my motion will be presented this week. I move, seconded by the hon. member for Timiskaming (Mr. Peters):

That it be a House order that any bill introduced by the Minister of Veterans Affairs at any time this month to raise the basic rate of the war disability pension, or to modify the 48 per cent rule respecting pensions for the widows of veterans, or both, be dealt with at second reading, considered in a committee of the whole House and given third reading in one sitting day.

Mr. Speaker: Presentation of such a motion for discussion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

HOUSING

UNEMPLOYMENT IN CONSTRUCTION INDUSTRY

Mrs. Jean E. Pigott (Ottawa-Carleton): My question is for the Minister of State for Urban Affairs whose tenure at his post has been marked by an obsession with the numbers game when it comes to housing starts. Now that the housing starts for the month of April are revealed to have fallen over 100,000 at a time in the spring when they should be rising, will the minister tell the House whether he can confirm Central Mortgage and Housing projections that the number of houses built this year will decline, and will he tell the House what his government plans to do to provide a measure of security to the construction industry where unemployment now stands at 30 per cent?

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, it is obvious that the number of housing starts has decreased during the past month, but we should not be unduly concerned. The projections extending over several months show indeed that we will attain our objectives and build about one million houses during a four-year period. We are well within that projection and there is nothing to be worried about.

[*English*]

Mrs. Pigott: Mr. Speaker, I do not think that is an adequate answer, having regard to the current rate of decline in housing starts of some 17 per cent over the last year and the fact that 74,000 workers in the construction industry will lose their jobs this year if the decline continues.

Some hon. Members: Shame.

Mrs. Pigott: My supplementary question, Mr. Speaker, relates to the shocking disregard for federal-provincial relations which the minister showed when he rushed out his election package last week to the provincial housing ministers. Bearing in mind the telegrams the minister has received from provincial ministers, one of which sent by the Ontario minister of housing itemized four major areas of concern and another of which called into question the minister's and I quote—

Some hon. Members: Order.

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

Mrs. Pigott: I ask the minister why he cancelled the consultative meeting in April with his provincial counterparts and sent the peremptory telegrams instead? Will he tell the House why he has not answered the ministers' request to meet with them this month?

Mr. Paproski: He does not believe in consultation.

[*Translation*]

Mr. Ouellet: Mr. Speaker, I do not know who is drafting the hon. member's questions but they are full of incredible inaccuracies. It would take me too much time to answer each point raised by the hon. member. Next week I will appear before the committee responsible for housing and I will take this opportunity to answer specifically the mistaken statements made by the hon. member.

[*English*]

Mrs. Pigott: Mr. Speaker, I wish the minister would specify exactly what he means by "incorrect." All my figures are taken from his department.

An hon. Member: That is what is wrong.

Mrs. Pigott: There is a specific program I would ask the minister about. His proposals will increase the cost of a $35,000 mortgage by nearly $10,000, according to industry spokesmen. When the Minister of Finance's increase of one full percentage point in interest rates is added on top of that, it is easy to see why people are defaulting in record numbers on AHOP mortgages. Bearing in mind that under this government real incomes are actually falling, will the minister tell the House why he still refuses to adopt the policy of this party and allow for at least partial deductibility of mortgage interest against income tax?

● (1417)

[*Translation*]

Mr. Ouellet: Mr. Speaker, the proposal which I advanced last week following consultations with the provinces has been welcomed, in spite of what the hon. member believes, by the most important group in the house building trade in Canada, the HUDAC group. Indeed, their president stated that it was quite a suitable step taken in the right direction.

* * *

[*English*]

THE BUDGET

MEASURES TO ASSIST HOUSING INDUSTRY

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I have a supplementary question for the Minister of Finance. Is the minister prepared to admit that the budget which was brought down a short while ago has done almost nothing to aid the construction industry and housing? Will he tell the House why he has not brought forth measures to assist the industry, which is one of the worst hit in Canada with, as my colleague said, 30 per cent unemployment at the present time—a figure which may even increase?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I agree with what my colleague said. We, of course, recognize that in the month of April starts were less than predicted. However, I must tell the hon. member that for the first three months of the year starts were greater in number than had been predicted.

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HOUSING

APPEARANCE OF CMHC PRESIDENT BEFORE COMMITTEE

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I direct my supplementary to the Minister of State for Urban Affairs. In keeping with the tradition and duty of this institution of being the guardian of the public purse, and in exercising this duty through scrutiny of estimates in committee, and in view of the mounting concern about housing in this country, will the minister consider allowing the president of Central Mortgage and Housing Corporation to appear before the standing committee of the House?

Mr. Baker (Grenville-Carleton): And give evidence.

Mr. Darling: And give evidence?

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I did appear before that committee and I was accompanied by a group of officials from my department who were ready and willing to answer questions provided the opposition members would agree to ask them through the

chairman of that committee according to our long-standing procedure which stipulates that a minister can be asked questions and that if he agrees, he can have his department officials answer on his behalf. Now the argument which was raised last week by the hon. member for St. John's East had to do with quite an inappropriate point of procedure. As a matter of fact, I was never asked directly to allow my official to answer on my behalf. If that question had been put to him, he would most certainly have been allowed to answer but the hon. member for St. John's East was definitely more interested in raising a point of order than in actually obtaining answers.

[*English*]

Mr. Darling: Mr. Speaker, I have another question for the Minister of State for Urban Affairs. I was present at that meeting. I ask, again, because we directed questions to the president of Central Mortgage and Housing Corporation, and I will concede that the chairman ruled it out—

Mr. Speaker: Order, please. If the hon. member has a question, he should put it rather than make an argument.

Mr. Darling: Will the Minister of State for Urban Affairs let the chief administrative officer of CMHC answer questions when we are in committee next week?

[*Translation*]

Mr. Ouellet: Mr. Speaker, if the hon. member can arrive on time at the meeting and stay until the end, he will get answers to all the questions he may be prepared to ask.

* * *

[*English*]

FISHERIES

FOREIGN VESSELS FISHING OFF WEST COAST

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Fisheries. Considering that a United States District Court judge has issued an injunction forbidding Canadian fishermen to fish off the west coast of the United States, will the minister inform the House what action the Government of Canada has taken? More specifically, since this is the second year in a row that there has been violation of this treaty on the American side, can the minister assure the House that so long as Canadian fishermen are prohibited from enjoying the right they have under the treaty to fish off the United States coast, similar action will be taken restricting American fishermen from fishing off the coast of Canada?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, the judge who granted the injunction gave the United States' administration, according to the memo I have, seven days to appeal the order; therefore, the order will not come into effect before May 12. As the hon. member may not know, I should inform him that there have been discussions between our officials and the American officials about this temporary agreement. The two special negotiators, Ambassadors Cadieux and Cutler, are to meet this week in Ottawa. If the agreement is not operative, or if it is not valid, obviously neither side, Canadian or American, will be bound by it. However, I would prefer to see the two fisheries negotiators try to find common ground before answering the hon. member's second question.

• (1422)

I might add that the preface to the hon. member's question was somewhat misleading. In response to the American action last year there was, in fact, a Canadian reaction which was to close our own shrimp fishery to United States boats.

Mr. Broadbent: I did not comment on whether there was reciprocal action last year; my question concerned whether serious action would be taken this year. I ask the minister this question and perhaps his reply will be more specific: If the decision is finally reached in the United States on this matter within a week or so, can the minister assure us that should Canadian fishermen be denied the right under the treaty to fish off the west coast of the United States, the Canadian government will take similar action vis-à-vis American fishermen off the coast of Canada?

Mr. LeBlanc (Westmorland-Kent): It is evident that if the American side does not live up to the agreement, the Canadian side would not be bound to it either.

Mr. Broadbent: The minister is still not being perfectly clear: not being bound by a treaty is not the same as saying the other side will not be allowed to fish. I ask the minister this question: Considering that on May 15, under the provisions of the same treaty, Canadian halibut vessels were guaranteed access to fisheries off the coast of Alaska, can the hon. gentleman assure the House that last week's decision in the United States will not affect this commitment also?

Mr. LeBlanc (Westmorland-Kent): I understand that last week's decision related to salmon only. However, I will check to make sure that I am not giving the hon. member inaccurate information. If that is not the case, I will, of course, inform him and the House tomorrow.

* * *

[*Translation*]

HOUSING

CMHC MORTGAGE LOAN REPAYMENTS

Mr. Gérard Laprise (Abitibi): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs.

The minister announced recently a new policy providing for graduated payment mortgages which would have the effect of increasing by more than $9,000 the financial cost of housing. Can he tell us whether this measure which has an adverse effect on the small owner was taken following a meeting with

private lenders or whether this decision was taken at their request?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, when talking about this mode of financing by graduated payments, the hon. member should understand that this method gives access to ownership to a relatively young family which would like to buy a house but has not got the financial resources of a person who has been established for a long time, and provides for much lower monthly payments in the first years of occupancy. These graduated payments increase as the incomes of the family increase. This method, which is largely used in the United States, enables young families to buy a house sooner than expected to live in it and to benefit from it from the very first years of their family life.

SUGGESTED REPLACEMENT OF MORTGAGE SYSTEM BY PROGRESSIVE REDUCTION OF INTEREST RATES

Mr. Gérard Laprise (Abitibi): Mr. Speaker, in view of the problems encountered by wage earners who want to become home owners, precisely because of the high cost of housing, and since this additional $10,000 charge will only increase those problems—if not when a family is starting off then later on, there is not much difference—would the minister be willing to reconsider his decision and agree to lower the interest rate so that more people may actually own their own homes?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I think the hon. member does not understand the basic difference. The rate at which the mortgage is paid off increases along with the owner's income. In other words, we assist him when he has just bought the house and cannot repay a large sum. So the payments are very low in the first years and gradually increase as the individual's income increases over the years. So this is a crucial aid we want to provide to the new home owner. With regard to the hon. member's suggestion that we reduce the interest rate, the government did consider it, not for workers who earn a good salary, but for very low income groups. We will provide an annual subsidy which will largely help in lowering the interest rate to almost 1 per cent for non-profit organizations and cooperative groups.

* * *

● (1427)

[*English*]

IMMIGRATION

REFUGEE STATUS FOR SOUTH KOREAN VICE-CONSUL

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, in the absence of the Solicitor General I would direct my question to the Minister of Employment and Immigration. It relates to reported activities of foreign agents, namely, those in the employ of the Korean Central Intelligence Agency and specifically to the situation whereby a vice-consul of the South Korean consulate has applied for refugee status. Can the minister tell the House whether that refugee status has been granted and, more particularly, can he confirm that there were intelligence activities in Canada directed against that vice-consul, Mr. Yang, by members of the KCIA?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, to answer the second part of the hon. member's question, he is correct that there are only allegations to that effect. I am certainly not privy to that particular information at this time. With respect to the first part of the question, an application for refugee status was made by a vice-consul, Yung-Man Yang.

Mr. Jarvis: Mr. Speaker, I asked whether that application had been favourably received. I am not sure what the minister is privy to, but I hope that if there are agents of the KCIA operating in Canada and harassing those of Korean nationality or Korean origin, the minister would be privy to what is going on. I therefore ask for his assurance that this was a specific, isolated incident in which four of these agents allegedly had as their objective, Mr. Yang. If he cannot give us that assurance, will he undertake to inform the House, at the earliest possible date, of the nature and extent of the activities of the KCIA in Canada?

Mr. Cullen: Mr. Speaker, I apologize. The application for refugee status is being studied at the present time by the Refugee Status Advisory Committee. We anticipate a decision within a month. In so far as allegations of the nature suggested by the hon. member are concerned, obviously if they existed they would be checked out by the RCMP.

* * *

SPORTS

MANAGEMENT OF SPORTS AND RECREATIONAL ASSOCIATIONS

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question is to the Minister of State (Fitness and Amateur Sport): it relates to the massive and costly blunders within the minister's portfolio which have left 50 or so amateur sport and recreation associations in debt to the tune of $8.3 million.

The minister well knows that I respect her objectives. However, in light of these revelations by official auditors, will the minister tell the House why she or her predecessor, who is now the Minister of State for Federal-Provincial Relations, failed to provide competent management to the many sport and recreation associations, and what counter-measures are being taken against the incompetence which failed to protect taxpayer's money as well as the interests of amateur sport in Canada?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I think the most important

point is that all the moneys have been retrieved. They have been retrieved under my direction. This action has been strongly and decisively taken with the full co-operation of all the sport-governing bodies involved.

I want to give the hon. member some facts and figures. There was not $8 million outstanding; the amount outstanding was $5.258 million. There were over 756 projects and 98 associations. That was the audit as of March 31, 1977. The audit as of March 31, 1978, is as follows: seven associations, 26 projects, and $200,000 outstanding.

Some hon. Members: Hear, hear!

● (1432)

Mrs. Campagnolo: I would still like to give the hon. member one small piece of information: to date there has been no cost to the taxpayers of this country.

Mr. Jelinek: Mr. Speaker, notwithstanding the minister's answer, it is my understanding that the result of the mismanagement which did occur is that it threatens the basis of a number of amateur sport bodies in this country. Can the minister say what disciplinary action she has taken against those responsible for creating the mess—whether or not the mess has now been established—and what steps is the minister taking to ensure that it will not happen again in this country? It is obvious that a lot of mismanagement did take place in her department in the past.

Mrs. Campagnolo: The hon. member is well aware of how sport-governing bodies in this country operate. They are autonomous and they have operated through a different style of adminstration, through amateurs and volunteers, from one end of the country to the other. They have done their very best to be responsible, but in difficult circumstances. It was for that reason that this government undertook to put into force the National Sport and Recreation Administration Centre which allowed a proper base of administration for the various sport-governing bodies which are part of the over-all sport group in Canada.

I believe that on the matter of fiscal responsibility, the facts and figures which I have already given the hon. member speak for themselves; but I am also determined that there must be stronger action—which was needed—so I did a rather unusual thing: I asked the Auditor General to set up a specific program for sport-governing bodies in this country. This was undertaken many months ago. It is now in full force and all sport-governing bodies are co-operating and returning dollars in the way they should, and advancing their programs in an orderly manner.

Some hon. Members: Hear, hear!

Mr. Paproski: We want Iona as minister of finance.

[Mrs. Campagnolo.]

POST OFFICE

CLOSING OF TERMINAL IN TORONTO

Hon. W. G. Dinsdale (Brandon-Souris): My question is for the Postmaster General. Could he inform the House if terminal A, on Front Street in Toronto, has been closed down, resulting in the transfer of the bulk and parcel mailing facility on a temporary basis to the Canadian Arsenals warehouses which are not ready for handling this procedure? Also, can the hon. gentleman inform us whether this is causing a backlog in mail from and to western Canada?

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, in view of what happened to my colleague from Brandon-Souris, I had better answer in French to avoid any play on words in English and make sure that I am perfectly understood. I have no information concerning any backlog of parcels at the present time in the Toronto area. I think that any backlog at this time is minor and normal and that it should be possible to deliver these parcels without any delay.

[*English*]

Mr. Dinsdale: With respect to the emergency operation at Canadian Arsenals warehouses, can the hon. gentleman indicate whether this results from the breakdown of the computerized operation at the Gateway terminal because of the failure of the COMDEV computers to operate successfully? Also, to overcome the problem is the Postmaster General considering calling for new tenders for new equipment which will make it possible to use the expensive equipment at Gateway and remove the backlog which, I am sure, if he inquires, he will find is already occurring in the warehouse operation and also will remove the hazards to inside postal workers at the Gateway plant referred to in a recent article in the *Globe and Mail*?

[*Translation*]

Mr. Lamontagne: Mr. Speaker, I do not think that the postal workers are running any risks by working in Gateway. There is no question either of calling for new tenders to replace the equipment already there. Any problems resulting from mechanization are only normal. In the development of a technology such as the one we are now developing in the Post Office, which is practically unique in the world, snags are to be expected, and it may be necessary at times to close down a plant or part of a computerized operation in order to improve it and make it more efficient.

FISHERIES

RECIPROCAL ACTION AGAINST U.S. FISHERMEN

Mr. Donald W. Munro (Esquimalt-Saanich): To come back to the question of the hon. member for Oshawa-Whitby, I have a supplementary for the Minister of Fisheries.

Since the minister expects to take similar steps against American fishermen, can he tell the House in detail what means he has at his disposal to implement such measures effectively, probably forbidding access to our waters to the American fishermen?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I should like to check the exact translation of what I said. If my memory serves me right, I did not speak of taking reciprocal measures. I said that if the temporary agreement arrived at by the two governments has not been ratified and is not in effect, obviously we are not committed to an agreement that is neither ratified nor existent.

NEGOTIATIONS ON COASTAL ISSUES—GOVERNMENT POSITION

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, can the minister tell us what the effects will be of that conflict on the negotiations which have been dragging along on boundary matters, and in particular on the west coast boundaries in the Juan de Fuca and Dixon straits?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, obviously we should look into the implications of the situation where there would be no reciprocal agreement, but I feel that it is more important that in coming days we should concentrate on the possibility of reaching an agreement. It would be very naive to believe, as do some commentators and even representatives of the fishing industry, that forbidding access to all waters would solve everything. On the contrary, we would then have a situation where relations between Canadian and American fishermen would be most complex, and in which both might find serious disadvantages.

* * *

[*English*]

FINANCE

IMPORT TAX ON CERTAIN AIRCRAFT

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Minister of Finance. Is he aware of, and is there any cause for concern in Canada as a result of the reports of a strong lobby building up in the United States by some aircraft manufacturers for the imposition of a 25 per cent import tax against the Dash-7 and the Challenger aircraft, perhaps as a result of the substantial taxes against certain types of U.S. aircraft, as well as the fall-out from the unfortunate test conducted by the Canadian ministry of transport last year in the United States?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am not aware of any report, any rumour in that respect. I will check, but I would be very surprised if the U.S. administration had decided to act that way.

[*English*]

Mr. MacKay: The minister, of course, is aware that there was a 10 per cent excise tax imposed in 1974 by his predecessor, Mr. Turner, on American aircraft, which was part of the so-called Canada energy conservation program at that time. In view of the fact that this tax appears to have been poorly conceived and is discriminatory in its application, is the minister thinking of removing the tax at this time?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I have received several representations on that subject and I am now examining the problem.

* * *

[*English*]

ENERGY

TASK FORCE ON HEAVY OIL RESERVES

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. Having regard to the key role which heavy oil reserves must play in overcoming Canada's dependence on imported oil, and given the fact that there has been considerable delay in reaching agreement of the Lloydminster heavy oil upgrading facility, can the minister tell the House what position the government has taken on the proposal by the president of Husky Oil that a task force be made up of representatives from Husky, the federal government, provincial governments and other interested parties to speed up the decision on this much needed facility?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): It is being discussed at the present time. I think there is a good chance that the task force will come into being in the not too distant future.

Mr. Mazankowski: With regard to the continuing delay in reaching agreement on this very important facility, and given the great amount of lead time that is required in terms of establishing a facility of this magnitude, is the minister prepared to state to the House today or in the immediate future what new initiatives the federal government might be proposing in order that this project can be lifted from the negotiating table onto the drawing board?

● (1442)

Mr. Gillespie: Mr. Speaker, the hon. member will recall that the budget made a number of very significant changes which should help to bring on the development of heavy oils: the Cold Lake heavy oils, the tar sands, the expansion of GCOS and projects of that kind—very considerable projects. Also, I suspect the hon. member is aware that the federal government now is awaiting a response from the provinces. The federal government has placed a series of incentives on the table. The House passed a bill which provides a world price for the product of these new, major undertakings. Now we are waiting to hear from the provinces as to what they are prepared to do to get these very significant projects off the drawing board.

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TRANSPORT

EXPANSION OF FACILITIES AT PRINCE RUPERT, B.C.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, in the absence of the Minister of Transport I should like to direct my question to the acting minister, the Secretary of State for External Affairs. On March 7 the Minister of Transport left the impression across the country that the government is providing some $16.3 million in terms of grants to expand the port of Prince Rupert in British Columbia. Recently, the Albert Wheat Pool was informed by the National Harbours Board that the users will have to pay for these developmental costs, namely, the farmers who use the terminal at the port of Prince Rupert. Can the minister clarify the government's position? Is it the government's intention to provide these facilities, as it has in the past, or will the user indeed have to pay?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I am afraid I am not in possession of the details, at least not sufficiently to answer the hon. member fully. I would ask his indulgence to take the question as notice and I will pass it on to the Minister of Transport.

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SMALL BUSINESS

REBATE ON METRIC TOOLS

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, my question is directed to the Minister of State for Small Business who has the unpopular responsibility for metric conversion. Recently, I was advised that mix-ups and delays seem to be the order of the day when the metric commission is processing applications for the rebate on metric tools from mechanics and others who have no way of deducting these purchases as business expenses. Can the minister tell us what the problem is, or is this just another case of government inefficiency?

[Mr. Mazankowski.]

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, there have been some 4,000 applications for refunds under the metric tool assistance program, and I think some 1,200 have been paid $135,000. The others have not been paid, as a result of insufficient information or some mistake in the applications. I have urged the officials to take what steps they can to make it as easy as possible for applicants to receive their refunds.

Mr. McKinley: Mr. Speaker, I appreciate the minister saying that he has made it as easy as possible. However, I would like to know why it takes six weeks to send out a notice indicating that the commission has received the application and another six weeks to send out a notice indicating that more information is necessary. Why cannot the information indicating that the application has been received be sent out within two weeks and, if more information is necessary, why cannot a notice be sent out at the same time?

Mr. Abbott: Mr. Speaker, I must say I am inclined to take the hon. member's representation as a valid one.

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ENERGY

DEVELOPMENT OF NEW SOURCES

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. Last night, on the CBC program "The Nation's Business", the Minister of National Defence stated—

An hon. Member: Is that who it was?

Some hon. Members: Oh, oh!

Mr. Andre: —that the country would receive imminent economic growth largely as a result of significant energy projects coming on stream. Specifically, he mentioned the tar sands plants, heavy oils, the Polar gas pipeline and Fundy Bay tidal power. I must have missed the press release in this regard. Therefore, can the Minister of Energy, Mines and Resources tell the House when these projects were approved by cabinet, when construction will be started and when they will be finished? Also, when we can receive all the other details about cost, sponsors and those things which will lead to this great economic growth in the near future?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I would be very pleased to go down the list with the hon. member. Let us start with tar sands III in the Athabasca area: the federal government has put a series of proposals forward which will make it much easier for that particular consortium, headed by Shell, to bring it to fruition. I believe Shell is waiting to hear from the Alberta government; similarly, the Imperial Oil project at Cold Lake, to produce 140,000 barrels a day. It is well advanced. We have put our proposals on the table in respect of tax incentives. Imperial Oil has indicated a favourable response to our proposals and also is

waiting to hear from the Alberta government. Of course, GCOS is another very significant—

Some hon. Members: Order.

Mr. Speaker: Order. One supplementary, the hon. member for Calgary Centre.

Mr. Andre: Mr. Speaker, I gather none has been approved by cabinet as yet. Also, the Minister of National Defence talked about the Liberal policy of self-sufficiency in energy. Given that on January 27, during debate on Bill C-12, the Minister of Energy, Mines and Resources ridiculed the policy of self-sufficiency as put forward by myself, can the minister tell the House when cabinet dropped his policy of self-reliance and adopted the Progressive Conservative policy of self-sufficiency?

Some hon. Members: Hear, hear!

Mr. Gillespie: Mr. Speaker, I was unable to complete my list. I had reached GCOS and I intended to talk about some of the other heavy oil projects in western Canada. I can shift very easily to the maritimes because the hon. member also asked about the Maritime Energy Corporation and the Bay of Fundy tidal power. The federal government has taken the decision to move forward to phase II. We have taken the decision, with the Newfoundland government, to move forward with the creation of a Lower Churchill Falls Development Corporation for bringing that massive source of energy, roughly 2,000 megawatts, into production.

An hon. Member: It is 3,000 megawatts.

Mr. Gillespie: We are unable to be a self-sufficient nation overnight.

Mr. Baker (Grenville-Carleton): Did you hear that, Barney?

Mr. Gillespie: By pursuing these policies of self-reliance, I think we can look forward to the day when we can be substantially self-sufficient. As hon. members from maritime areas will recognize, there may well be occasions where we would not be able to generate or provide all the energy from western Canada in the form of oil for the use of people in the maritimes. In that case, we will have to import some. To that extent, we are not completely self-sufficient; we will have to continue using our buying power where we can. Our policies of self-reliance are aimed at making Canadians self-reliant in every energy sense of that word. I would very much like to refer to some of the other projects we have. I have not dealt with—

Mr. Speaker: Order, please.

Some hon. Members: Hear, hear!

NEGOTIATIONS RESPECTING NEW SOURCES

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I should like to direct a question to the Minister of Energy, Mines and Resources. Would he assure the House, in all the negotiations which will be required for these projects yet to be considered by the federal government and the provinces, that the Deputy Prime Minister and President of Privy Council will be carrying on those negotiations, rather than the Minister of Energy, Mines and Resources, so we can be assured there will be none of this nonsense during the course of negotiations which we have observed during oral questions today?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I was trying to give the hon. member opposite the benefit of the doubt. I thought the hon. member asked a serious question when he wanted to know what the government's position was in respect of some of these massive western projects, projects in the maritime area and Quebec. If hon. members opposite are not serious about these massive projects, let me assure them and all Canadians that we are.

Some hon. Members: Hear, hear!

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FISHERIES

QUOTAS AND CONSERVATION RESPECTING 200-MILE LIMIT

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment. Will the minister tell the House if the new treaty has been negotiated to succeed the International Commission of the North Atlantic Fisheries? What protection is provided for Canada by attempting to enforce some meaningful system of quotas, and hence conservation, on the area adjacent to the 200-mile limit, specifically Canada's continental shelf where there is growing evidence of increased overfishing activities?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, certainly I am gratified that the large majority of the nations which attended the conference that took place in Ottawa last week expressed approval of the clause which recognizes Canada's special interest for the area outside the 200 miles where stocks either intermingle or stocks move in and out.

• (1452)

This agreement has now been referred back to governments and will be open to signature, possibly in Ottawa, before the end of June. Once this is done there would be a legal and fully authorized successor to ICNAF which would deal with the type of problem the hon. member mentioned.

Mr. McGrath: Mr. Speaker, my supplementary to the minister is: Will we have the right of boarding and inspection, as we had under the old agreement, in order to ensure that quotas are being respected? Also, can the minister assure us that we

will put our own house in order within the 200-mile limit to stop some of the hanky-panky that is going on between Canadian fishing companies? The minister knows what I am talking about.

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, I think the hon. member's last point is a very important one. In fact, I reaffirmed the suspension of a large trawler from Nova Scotia last week because I felt that if we are penalizing small lobster fishermen for a half dozen lobsters, we should start penalizing large vessels even if it means some hardship for those plant workers who are dependent on the landing of that fish. The time when companies could say they could not control their captains is finished as far as I am concerned. We will control the company and the captain, if we have to, with the power of this parliament.

Some hon. Members: Hear, hear!

Mr. LeBlanc (Westmorland-Kent): As for the new regime, obviously the surveillance regime which will be in place when the successor to ICNAF—which will be known as NAFO—has a regime like ICNAF. We will be allowed to board and report violations.

ARRANGEMENTS WITH U.S. ON RECIPROCAL FISHING

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my question is to the same minister. Just five days ago the minister made a speech in Quebec City, part of which was entitled "What Can Go Wrong". As we know now on the west coast, plenty can go wrong. I would like to read a sentence or two from the joint report to the governments of Canada and the United States:

> The negotiators have agreed to recommend to governments the terms of interim arrangements to govern reciprocal fishing during 1978. The proposed arrangements would continue reciprocal fishing as previously agreed, with new mechanisms for consultation and resolution of differences and to help ensure that existing fishing patterns are maintained.

Could the minister tell me what has gone wrong?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, nothing has gone wrong yet. There was an injunction, and that will be dealt with according to the normal process. As I said in answer to an earlier question, the two special negotiators who signed this recommendation to the two governments are meeting this week. The hon. member should also know that the American agreement has to be ratified by the U.S. Congress. To my knowledge, this has not yet been done and that, obviously, poses some difficulties when the administration goes before the courts.

SCALLOP FISHING ON GEORGES BANK

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker I direct my question to the Minister of Fisheries and the Environment. We are overworking him today, but we are glad to see him back in the House following his visit to Halifax. At the present time, American scallop fishermen operating in the Georges Bank area do not adhere to any conservation regulations as they apply to catching scallops in that area. In view of the controversy raging among Nova Scotians at the present time over restrictive fishing regulations as arbitrarily applied by the minister without consultation with the fishermen, I ask the minister, following his discussions with Canada's most eastern Liberal premier, Mr. Regan, whether he is now going to permit our Nova Scotia fishermen to fish in their traditional manner until dispute over ownership and the boundary line on Georges Bank is settled and the boundary line is firmly established?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I find it difficult to associate the two questions. Contrary to reports, the American increase of efforts in scallop fishing has taken place mainly on the American side of what would be a line between the two countries. In fact, there are only two American scallop vessels fishing in what could be a disputed zone between the Canadian claim and the American claim. That is the only evidence that we have.

On the matter of access to Georges Bank by what is traditionally called "the Bay of Fundy fleet", we had a very thorough review of this matter and, contrary to reports, the Nova Scotia government had been fully consulted and in fact had been informed about the closing. The fishermen had been consulted. I had met with them in November and officials of my department had met with them repeatedly. There was not an easy solution because it could mean transferring a problem from one group of fishermen to another group. We are trying to find a solution which would not, as the scallop stock goes down, and scientists predict this will occur on Georges Bank, simply increase the problem of the scallop fishermen in general.

I mention, in particular, those scallop fishermen from the hon. member's own riding who do not hold groundfish licences which they could go back to should the scallop stock fail.

* * *

EXTERNAL AFFAIRS

SOUTH AFRICA MILITARY INCURSION INTO ANGOLA

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, I direct my question to the Secretary of State for External Affairs. Over the weekend the United Nations Security Council condemned South Africa for its raid deep inside Angola. This raid may have sabotaged the prospects of SWAPO agreeing to the western compromise plan for independence in Namibia because SWAPO will fear further South African intervention. Because Canada presented the UN plan for Namibia on behalf of the western nations, what steps is Canada now taking to maintain the momentum for a peaceful settlement of the Namibian question in ways that go beyond condemning South Africa—for example, putting pressure on SWAPO to accept the western proposal before it is too late?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, the hon. member, in his last sentence, answered his own question. Obviously, the answer now is indeed to condemn the South African action which we did unanimously in the Security Council on the weekend, and also to continue to do everything possible to persuade the South West Africa People's Organization that their best interests are going to be served by accepting the proposals of the Group of Five.

As to what Canada has done, I have met personally with Mr. Nujoma to urge him to take this course of action. I did that at the United Nations, and I believe it is today—certainly this week—that all five of the countries represented in this initiative will also be meeting with him to provide clarification for him as to just what our proposals entail.

Mr. Roche: Mr. Speaker, the South African strike at the guerillas in Angola highlights once more how Cuba is recklessly endangering world peace by maintaining 30,000 troops in Africa, including Angola—action that undermines Canadian influence for a peaceful settlement in Namibia. Does Canada intend to exert pressure on Cuba to get out of Africa by terminating our aid program in Cuba and, even more importantly, taking further steps through the United Nations to put economic pressure on Cuba?

Mr. Jamieson: Mr. Speaker, I have answered this question in a number of different places and also on a number of occasions here in the House. I have said that by my personal recollection we have declared, both directly to the Cubans at the United Nations and in other fora, our reluctance to do anything by way of encouraging the situation in Angola and our high regard and high desire—that would be the more appropriate word—that the Cubans should withdraw from that area and that there should be no foreign troops in Africa.

The next part of the hon. member's question is whether we will exert more pressure and use that through the foreign development fund. I have said before, and I repeat now, that what is in place in Cuba is a series of programs which have been active for a number of years and which are now coming to an end. There is a great necessity—I want to remind the House of this—for us to retain a relationship with Cuba with regard to, for instance, the sale of cattle and a variety of other Canadian products to that country. If the hon. member wishes to propose a complete abandonment of all relations with the country, that is something we can consider. We are phasing down, or at least winding up, those programs which were in place some time ago.

I have said before, and I repeat now, no new programs have been made. I would think there is a reasonable assumption to be drawn from this, that obviously we will be much more inclined to co-operate and to develop our relationship with that country and with others if there is a stable situation with regard to Africa. I emphasize once again that we have joined in every condemnation of Cuban participation in Angola and elsewhere in Africa, and we will continue to do so.

• (1502)

NATIONAL DEFENCE

NEUTRON BOMB—GOVERNMENT POLICY ON DEPLOYMENT

Mr. Andrew Brewin (Greenwood): Mr. Speaker, may I address a question to my congenial friend, the Minister of National Defence? I think it was on April 8 that he told the hon. member for Victoria that Canada had not developed any attitude at all with regard to the proposed deployment of the neutron bomb. A month has gone by since then. I now ask the minister, in light of the importance of NATO to Canada, the fact that the neutron bomb is supposed to be used there, and the fact that deployment of the neutron bomb may be important to the future peace of the world, has the government made up its mind regarding its attitude toward the neutron bomb? If so, will it announce that view to the House and the public so we can see where Canada stands on this important issue?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, as members of the alliance, we are the non-nuclear power. We do not have any nuclear weapons, nor would they be deployed on our soil. Until there is some reasonable degree of consensus within NATO of those nations who would stock or use the weapons or have them deployed on their soil, it would be a little unbecoming of us to make our position known. We must have a better idea of how the NATO nations themselves feel about it and, indeed, whether the United States decides to proceed with the production of those weapons.

Mr. Brewin: A supplementary question, Mr. Speaker. Is the minister aware of the fact that the governments of Holland, Norway, Denmark and Iceland, for example, have made a clear and positive stand in regard to this matter? How long is the minister going to say that it is not of concern to the people of Canada? I know we are not a primary nuclear power, but we are part of the set-up of NATO: we have troops there. I suggest to the minister that it is irresponsible not to make clear where we stand on this issue.

Mr. Danson: Mr. Speaker, certainly those nations would be much more directly involved than ourselves. My colleagues and I have had discussions on this matter with our allies, but a definitive position has not yet been developed. While I am on my feet, Mr. Speaker, I should like to say how happy I am to see the hon. member back in good health. I hope he will be with us for a long time.

* * *

[*Translation*]

PRIVILEGE

MR. LAMBERT (BELLECHASSE)—CBC COVERAGE OF SOCIAL CREDIT PARTY CONVENTION IN WINNIPEG

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I rise on a question of privilege and, under our rules, I take the first opportunity to do so and tell the Chair and all hon. members

how indignant I as well as my colleagues are with the CBC, as members of a registered Canadian political party whose national leadership convention took place in Winnipeg on May 7, 1978. In my opinion, that convention was a national event which deserved to be broadcast live, particularly by a Crown corporation which is supposed to promote harmony in Canada by reporting in an objective way the most significant national events either of a political, economic or social nature. Now, on May 6 and 7, a national leadership convention was held in Winnipeg to elect a new national leader of the Social Credit Party of Canada, the successor to André Fortin who was killed in an accident on June 24, 1977, after only seven months as leader and successor to Réal Caouette, this great Canadian who has founded our party and directed it for 14 years.

Mr. Speaker, CBC was aware of this national political event since it had several reporters on the field who did their best considering they were not provided with the facilities for direct broadcasting of the main highlights of this convention. I do not blame the reporters but the management. I fail to understand why CBC, with a yearly budget of half a billion dollars out of the taxpayer's pocket, would not use part of this money to broadcast such an important political event, while it does not hesitate to allot broadcasting time to all kinds of sports programs. In this area, it goes to great lengths, but when the time comes to inform the public objectively on State affairs, it does not seem interested in promoting the commonweal as well as national harmony.

Mr. Speaker, the Social Credit Party of Canada is a national party whose activities deserve to be broadcast by the CBC at least as much as those of the Quebec Liberal party whose convention, last April, was extensively covered by the CBC. The Social Credit Party of Canada convention, which I attended together with many delegates from Quebec, took place in an orderly fashion, and we believe our activities are likely to promote harmony in Canada. I am convinced that our activities and the positions we took were not likely to urge the people to dissent and question the established order, to promote disorder, but were designed rather to explain to the people what options we have to offer as our contribution to the administration of our country.

Mr. Speaker, do we want or not to ensure the survival of our democratic system? If so, it is essential that all Canadians be given a fair deal in all areas, particularly with regard to information, especially from a Crown corporation like the CBC. What is happening exactly? For two weeks, we have seen on Parliament Hill several vans with CBC equipment and employees; I do not know for sure what they were doing there, but anyhow, it is a fact. I will not believe for a minute that it was not possible for the CBC to be in Winnipeg on May 7 with the required equipment to broadcast live at least the movers' and the candidates' speeches from 11 a.m. to noon, as well as part of the vote and the speech of the elected leader, as is done when the other Canadian parties hold their conventions.

[Mr. Lambert (Bellechasse).]

Mr. Speaker, it is true that our party strongly opposes the financial dictatorship and the monopolistic handling of the nation's credit but that is no reason to treat us unfairly. Those are the kind of injustices which raise indignation among honest people who have the right to know the various options offered to them by the different Canadian political parties. The new leader of the Social Credit Party of Canada is the leader of a nationwide party and, as such, he is entitled to the same consideration as any other leader by the Canadian Broadcasting Corporation. The economic, financial and political ideology which has inspired the administrative principles of provincial governments in Alberta for 35 years and in British Columbia for a quarter of a century deserved another kind of treatment, particularly when one considers that our political formation has had and still has members duly elected in the House of Commons, whether from the east or from the west.

Mr. Speaker, Canadian television viewers, either from the west or from the east, expected to have live coverage of the proceedings of that convention. They were deeply disappointed. The people of Quebec with more than 300 delegates attending the convention in an effort of co-operation toward greater harmony between eastern, central and western Canadians hoped to live those developments via the television. Air time is used for other things, offensive movies, cruel and violent movies, there is time for that! Furthermore, Mr. Speaker, and I draw your attention more particularly on that, on Saturday May 6 on the 10.30 news the words Progressive Conservative party were used to announce a convention of the Social Credit Party of Canada. Was that a mistake? If so, well, we have people who do not have much brains to carry out their responsibilities. If it was done on purpose, they should be fired. This is not the way to run democracy in this country.

Mr. Speaker, you will understand why as House leader of the Social Credit Party of Canada I am taking advantage of the first opportunity available to point that fact out to the whole people of this country so such situations will not be repeated, otherwise we are headed toward disorder. When they are treated injustly people end up revolting. Such injustices can turn pacific people into revolutionaries. Mr. Speaker, I want to conclude with a motion to show how logic we are in our comments and protests. I move, seconded by the hon. member for Abitibi (Mr. Laprise):

That this House force the management of the Canadian Broadcasting Corporation to appear before the Standing Committee on Privileges and Elections to give before the said committee the reasons which prevented the corporation from broadcasting live the main events of the convention of the Social Credit Party of Canada which ended in Winnipeg on May 7, 1978.

Thank you, Mr. Speaker, for your kind attention.

Mr. Speaker: Order. I am under the impression the hon. member for Bellechasse (Mr. Lambert) has raised a grievance against the Canadian Broadcasting Corporation rather than a question of privilege concerning the proceedings of the House. But of course we will have to wait for the hon. Secretary of

State (Mr. Roberts), who is responsible for the CBC, to have an opportunity to comment on this matter. I will then make a final decision.

Mr. Lambert (Bellechasse): Thank you, Mr. Speaker.

* * *

● (1512)

[*English*]

POINT OF ORDER

MR. DARLING—ATTENDANCE AT COMMITTEE MEETING

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I rise on a point of order with respect to the answer given to me by the Minister of State for Urban Affairs (Mr. Ouellet). The Minister of State inadvertently, I presume misled the House when he said that I was not there at the committee meeting. I was certainly at the committee meeting in plenty of time. I believe the minister was about 20 minutes late—

An hon. Member: Thirty minutes late.

Mr. Darling: I appreciate the position of the minister, that he was held up on business, but nevertheless I wanted to clear up that point. That committee meeting, I believe, was held Tuesday, April 18. I was trying to elicit from the minister an answer that his officials were there with him, and that we wanted the president of CMHC to be allowed to answer questions. Furthermore I understand the deputy minister who would normally be there to answer questions is on a four-month sabbatical for something or other, and will not be available to the next meeting of the committee.

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, by a happy coincidence, I have the "blues" right here and the hon. member says that I accused him of being late for a meeting. He was asking me whether he would be authorized to ask questions at the next meeting of the parliamentary committee. The "blues" I have here show that I gave him the following reply: Mr. Speaker, if the hon. member can arrive on time at the meeting of next week and stay until the end, he will get answers to all the questions he may be prepared to ask. I do not think I said he had been late at a previous meeting. If he can be on time at the next meeting, he will get answers to his questions.

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Order Paper Questions

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the following questions will be answered today: Nos. 31, 355 and 1,238.

[*Text*]

PROBUCOL

Question No. 31—**Mr. Cossitt:**

1. Is the Department of National Health and Welfare aware of a new drug known as *Probucol* with the trade name of *Lorelco* that has recently been made available through drug store outlets in the United States for the reduction of cholesterol levels and approved by the United States Food and Drug Administration after twelve years of research?

2. Is the government aware that one of the three doctors involved in the introduction of the drug is a Canadian from Montreal?

3. (a) What knowledge does the Department of National Health and Welfare have concerning this drug (b) is it being tested in Canada and on what date will it be approved for use in Canada?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. Yes.

2. Yes.

3. (a) The bureau of drugs of the health protection branch has evaluated the new drug submission for probucol (lorelco) and for this drug the letter of compliance was issued on August 11, 1977. (b) As of August 11, 1977, the drug manufacturer is authorized to market probucol (lorelco) in Canada as a prescription drug.

PROGRAMS—MEDICAL EDUCATION

Question No. 355—**Mr. Orlikow:**

1. Did the government contribute financially to the education in training of medical doctors in Canadian universities and other institutions such as research centres, hospitals and laboratories in the form of operating grants, research grants and other forms and, if so, in what amount for each of the past six fiscal years?

2. Did the government conduct studies concerning the cost of medical education and training in Canada, including post-graduate studies and training and, if so, in each case (a) what was the title, author and date of the study (b) result of the study in terms of distribution of cost of such education and training amongst the students, provincial and federal governments and other contributors?

Hon. Monique Bégin (Minister of National Health and Welfare): In so far as the Minister of National Health and Welfare is concerned: Yes. 1. Programs administered by National Health and Welfare made related contributions or were involved in medical education, in the following manner: (a) Contributions from the health resources fund for construction, acquisition, renovation and equipping of medical schools, health science centres and teaching hospitals: 1971-72, $35,861,010.20; 1972-73, $35,803,553.54; 1973-74, $36,008,-671.48; 1974-75, $29,205,366.38; 1975-76, $17,712,447.68; 1976-77, $23,738,038.74. These facilities are substantially, but not solely, utilized for the teaching of medical students and post-doctoral training. (b) The Professional Training Program has supported the training of 83,617 health manpower personnel from April 1, 1948 to March 31, 1977, of which 9,761 were physicians. Data is not available on a year to year basis. In addition, data on that part of the department's contribution towards physicians is not available. (c) Remuneration paid by

hospitals to interns and residents qualifies for federal contributions under the Hospital Insurance and Diagnostic Services Program as part of the cost of insured hospital services. While payments to interns and residents relate to their services to hospitals, they are made while these doctors are in training and, hence, facilitate the acquisition of such training, which these physicians might otherwise be unable to afford. The federal government contributed approximately 50 per cent with respect to the following salaries and wages (including stipends and perquisites) paid to interns, residents and students in public general and allied special hospitals in Canada. 1971, $60,410,187; 1972, $60,275,200; 1973, $63,560,175; 1974, $71,808,493; 1975, $85,766,946. (d) The Hospital Insurance and Diagnostic Services Program also contributes towards the costs of full-time geographic professors in teaching hospitals. The portion accepted under HIDS relates to these doctors' services to the hospitals, and not to their teaching function. However, these payments by the hospitals represent an important part of the income related to these teaching positions, and indirectly contributes towards educational objectives. These contributions are not reported separately, therefore there are no data available.

2. No.

STUDENT LOANS PROGRAM

Question No. 1,238—**Mr. Cossitt:**

1. Did Mr. F. C. Passy, Chief of the Canada Student Loans Programme, receive a letter dated September 22, 1977 from Ms. Liz Grogan of CFTO-TV Ltd., Toronto, Ontario, asking for certain information including the "percentage of outstanding loans not repaid at the end of terms" for certain years?

2. Did Mr. Passy reply to Ms. Grogan in a letter dated October 4, 1977 and did the letter state in part that the default ratio in 1974 was 6.9%, in 1975—7.2%, in 1976—7.4% and in 1977—7.4%?

3. Is the government aware that photocopies of computer print out sheets showing the figures and default ratios for the years concerned are in the hands of the honourable Member for Leeds?

4. Do the computer print out sheets show a default ratio of 7.02 in 1974, 7.85 in 1975, 8.54 in 1976 and 9.01 in 1977 and, if so, what is the reason for the difference in the figures processed by the Department of Finance and the figures issued by Mr. Passy to the news media?

5. Were any employees instructed to falsify figures at any time and, if so (a) under whose instructions (b) what are their names and job descriptions (c) what are the names of the employees (i) accepting (ii) refusing such instructions?

6. Was the Student Loan Programme transferred from the Department of Finance to the Department of the Secretary of State on December 1, 1977 and, if so (a) is Mr. Passy still in charge (b) how many employees were transferred with the Programme and what are their names?

Hon. John Roberts (Secretary of State): In so far as the Secretary of State is concerned: 1. Yes.

2. Yes. The figure quoted for 1977 was described as preliminary.

3. No.

4. Computer printout sheets are produced on a monthly basis, but not on an annual basis. The figures cited in this question seem to be monthly figures. In any case they are not annual figures. The figure of 7.02 per cent for 1974 cannot be identified as to month. The department has identified the other figures as follows: 7.85 per cent in 1975 is for September; 8.54 per cent in 1976 is for September; 9.01 per cent in 1977 could be either April or September. The figures quoted in question number 2 are not monthly figures, but are the ratios at the year end, in this instance June 30, for each year cited, and are for that reason different from the monthly figures cited in question number 4.

5. No.

6. Yes. (a) Yes. (b) Forty-three full-time staff as follows were transferred effective, December 1, 1977 except where otherwise indicated: F. C. Passy (transferred May 1, 1977); N. L. Davis, M. E. Temple; R. M. Dodd; J. A. Murphy; R. Leckie; M. Kallio; C. D. Mahony; G. R. Greason; C. G. M. Desrosiers; S. M. Kennelly; N. E. Reeves; L. F. Donegan; M. C. Maley; M. Paquette; J. A. Thorpe; C. A. Bigras; D. Scott; K. M. Maddocks; H. Curtis; K. Miller; B. Downey; G. E. R. Young; E. Villeneuve; E. Pearse; J. A. Kipp; C. A. O'Brady; M. C. Y. S. Parizeau; P. J. Farmer; W. Magladray; G. Shane; L. Nitschky; I. Bedard; R. R. Jarvis; D. P. Meagher; P. M. Costin; N. Hough; D. L. Woodland; R. L. Wallace; R. Pantalone; A. Saulnier; C. S. Kimber; I. Liss.

[*English*]

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

Mr. Speaker: Those questions enumerated have been answered. The hon. member for Huron-Middlesex (Mr. McKinley).

* * *

POINT OF ORDER

MR. McKINLEY—DELAY IN ANSWERING QUESTIONS NOS. 560 TO 673

Mr. R. E. McKinley (Huron Middlesex): I rise on a point of order, Mr. Speaker. My patience is getting very thin concerning the answering of questions by the government. I have had questions Nos. 560 to 673 on the order paper since November 14, 1977. I think it is time they were answered before this parliament is dissolved.

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

CURRENCY AND EXCHANGE ACT

AMENDMENT TO AUTHORIZE ISSUANCE OF CERTAIN GOLD COINS

Hon. Jean-Pierre Goyer (Minister of Supply and Services) moved that Bill C-39, to amend the Currency and Exchange Act, as reported (with amendments) from the Standing Committee on Miscellaneous Estimates, be concurred in.

Motion agreed to.

Hon. Jean-Pierre Goyer (Minister of Supply and Services) moved that Bill C-39 be read the third time and do pass.

He said: Mr. Speaker, I am happy to take part today in the debate on this bill which includes such interesting objectives as the creation of many jobs, the export of finished products which use our natural resources, the creation of an additional source of revenue for the federal government as well as for the provincial governments, an interesting, profitable and very promising breakthrough for a totally Canadian product on foreign markets, and last but not least, an excellent opportunity to enhance the international image of Canada through the work of our craftsmen and artists.

You are no doubt aware, Mr. Speaker, that the Royal Canadian Mint has succeeded for several years already in getting and maintaining the reputation of being one of the best mints in the whole world. Our special coins programs have always drawn very special attention on national and international numismatic markets. Within a few years, in hardly three years, we have succeeded in getting major deals for minting in Canada coins for more than 30 foreign countries.

Those successes, added to the great success of our coins programs in 1976 for the Olympics and last year to commemorate the 25th anniversary of the coronation of Her Majesty Queen Elizabeth II, have allowed us to secure privileged position on the international numismatic market. Should we be proud of those successes? Yes, Mr. Speaker. Should we be satisfied with those successes? I do not think so, Mr. Speaker. New opportunities are available to us and we want to take advantage of them. That is in summary what is prompting us to introduce this legislation. Through this amendment which is really an administrative measure, we want to allow the Royal Canadian Mint to take greater advantage of the world numismatic market where last year we sold coins worth some $31 million. That is a very impressive performance. However, the overall annual coin market being evaluated at $1 billion, the government believes that the Royal Canadian Mint must continue to draw maximum benefit from it.

• (1522)

[*English*]

We realize that a gold bullion coin program as presented to us by the representatives of the Canadian Mining Association appears to harbour a tremendous potential. Far from trying to dispute their claims, we have listened with an open mind. We have been impressed. We sense that for a number of reasons this market might be very ripe for Canada and, Mr. Speaker, we are prepared and ready to pursue actively with the Canadian Mining Association, the other interested industries, and in conjunction with the officials from the Department of Finance, the in-depth study of the potential of such a program and of its various implications for the Canadian government and for Canada as a whole. It would be less than responsible for me to recommend to cabinet a proposition that has not been thoroughly researched and which still contains a number of unanswered questions.

There are currency implications that need to be identified, clarified, and researched, in a more thorough manner than we have had time to do.

There are gold sourcing complications that so obviously require both short and long term planning far beyond what has been done up to this point. Although Canada happens to be the third largest gold producer in the world, our total output at present is approximately 1.5 million ounces of gold a year. This bullion coin program could absorb 2 million to 3 million ounces a year. Even if the prospects are very exciting, hon. members will agree with me that the question of the gold supply is one that will require a great deal of consultation, compromises, and commitments both from the gold mining industry and from the government as the holder of the Canadian gold reserves.

There are production and distribution set-ups that have to be put in place and that have to be guaranteed before the first coin ever reaches that market.

These are some of the questions that I and my officials have been asking ourselves concerning this program. But let me not leave hon. members with a feeling of pessimism about this program. That would be too easy a solution and one that Canada certainly does not need at this point in time. My comments should not be construed as being negative toward this new idea but rather of expressing my willingness to explore this innovative concept.

Let me assure hon. members that, although we have been asking questions, we know the answers will be forthcoming. We know that we have the people, the resources, and the desire to pursue this idea and to bring forth in due time recommendations to cabinet as to its feasibility and profitability.

[*Translation*]

If on the one hand we did not have time yet to explore thoroughly that new project, on the other hand we certainly have concrete evidence of the success obtained by our two previous gold coin programs. Our $100 gold coin program commemorating the Olympic Games, our first major initiative

in that field, sold nearly one million coins, which represents a total exceeding $100 million.

Last year, to mark the Jubilee of Her Majesty Queen Elizabeth II, the Royal Canadian Mint issued another $100 gold coin. Over only four months, about 180,000 coins were sold for a total value of almost $25 million.

Those two programs were very successful owing to the numismatic quality of those coins and also to our strong marketing efforts. Now that this distribution system has been established and its efficiency proven, it deserves to be supported regularly to produce maximum benefits. Through this bill, the Royal Canadian Mint will be able to establish long term planning for that kind of numismatic coins which would certainly guarantee it an increasing share of that enormous international market and better profitability for its production facilities. This year we intend to issue once again a $100 gold coin. If one of the major assets of a numismatic coin is its technical quality, its artistic quality is also very important. There are excellent Canadian artists in this field and I wish to mention only one of them, Raymond Lee, a Toronto artist whose design of provincial floral emblems was chosen for the gold coin commemorating the Queen's Jubilee.

To facilitate the work of the artists and ensure a certain uniformity in their submissions it has been decided this year to select the theme of national unity. And the submissions already received seem particularly interesting. To conclude I wish to mention the excellent co-operation of several hon. members who have studied this bill in committee and particularly the work of my excellent parliamentary secretary, the hon. member for Trinity (Miss Nicholson). Following their representations we made some amendments that will certainly facilitate its passage. First, the governor in council will be given this power for a period of three years only. The government will have to review that decision before January 1, 1981. Finally, the minister in charge commits himself to report to Parliament every six months on the relevant details of this gold coin program. Far from infringing on the rights of Parliament, this bill will enable hon. members to follow very closely the progress made, and to judge over the next few years the benefits derived from such a program.

[*English*]

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise on a point of order. I wonder if the minister would permit one or two questions before I commence my speech.

Mr. Goyer: Yes, Mr. Speaker.

Mr. Stevens: It has been rumoured that there may be other countries bringing out bullion gold coins, something contemplated by our mining industry in Canada. What is the timeframe the government is thinking of with regard to deciding definitively whether it is going to have a Canadian bullion gold coin or not?

[Mr. Goyer.]

Mr. Goyer: Mr. Speaker, I have already met with the representatives of the Canadian Mining Association. The officials of the Mint have met with them on a number of occasions to explore the different problems and to try to find the right solutions to those problems. In fact I am meeting again tomorrow with the representatives of this important industry.

The main problems are the question of currency, and to look, with the industry, not at a bullion bust production but a normal production, and the extent of our needs. When we find solutions to these problems, I intend to present a proposal to cabinet. Of course my colleague, the Minister of Finance (Mr. Chrétien), will have to parallel his mind with regard to the problem of currency.

Mr. Stevens: How soon?

Mr. Goyer: As soon as we have the authority, which will come from this bill, to proceed.

• (1532)

Mr. Stevens: The minister referred to the commemorative coins which, it is contemplated, are to be brought out this year, and suggested that national unity would be the theme. Is there still time to dissuade him from adopting the theme of national unity for this purpose, or has a definite commitment already been made within the cabinet? Further, can the minister tell us the deadline toward which he is working in connection with the minting of these coins, should the bill receive speedy passage?

Mr. Goyer: In answer to the first part of the question, the theme for the current year was the choice of the board of directors of the Royal Canadian Mint. It was not imposed by the government. In fact, the reverse is the case. Now that the board of directors has decided on a theme, the ratification of the governor general in council needs to be obtained, so whether it is advisable to use this particular theme in the present year has still to be considered. I am ready to take into account arguments directed to this question. Indeed, the expression of such opinions will help the cabinet make a final decision.

With regard to the later part of the question, if we are given authority within the next four hours to proceed with the gold coin program, the first pieces will normally be issued next fall—I cannot give a specific date. That is what I am told. The urgency is this: we do not wish to lose the momentum of what we now consider to be an established world market for Canadian coins of this type. Every year, now, collectors will expect Canada to issue such a coin and, if we are not in a position to do so, the marketing of this national resource in the form of a finished product would suffer an important disruption.

Mr. Stevens: Mr. Speaker, as the first to take part in this debate on behalf of the official opposition I should like to say at the outset that we have some rather grave reservations with respect to the bill now before us.

We expressed those reservations during the committee stage and were able to secure two significant amendments to the bill as presented. First, the authority we could be giving to the

cabinet with respect to the minting of gold coinage would be operative only between the present date and January 1, 1981. In the second place, there would be a provision for reporting at six-month intervals back to parliament setting out exactly what had been done in terms of the coinage which had been minted.

These amendments have made the bill somewhat more acceptable, but there is a fundamental misunderstanding with respect to what we are now considering. The mining industry in Canada is interested, almost eager, to see the Mint put out what is generally referred to as a bullion gold coin. The most popular form of such a coin is, of course, the South Africa Krueger Rand, a 1-ounce gold coin priced directly in relation to the current value of gold. If, for example, the price of gold is $160 an ounce, the price of the Krueger Rand coin would be $160, give or take whatever is needed for the commission. This is what the mining industry is hoping will be minted in Canada.

However, I sense that what the government is mainly interested in is not the production of a gold bullion coin but another commemorative coin. And, of all things, what it is thinking of, to judge what was said by the minister, is a gold coin commemorating national unity! Such a coin, to be widely distributed throughout the world, would, by its very terminology be broadcasting to all the other nations, in effect, that there is some kind of disunity question. This is a strange twist. The domestic problem suddenly becomes glossed over by the minting of a gold coin on the theme of national unity, a coin which will be circulated around the world, broadcasting the message that somehow or other disunity in Canada is something which must be considered.

I do not know who are the public relations officers for the government or for the Mint. The minister told us it was the board of directors of the Mint who decided on this theme. In my opinion a new set of public relations officers is needed.

It is utter rubbish to suggest that a country as great as Canada, which has experienced 110 years of Confederation, can find no theme to put on a coin other than that of national unity. Let us take a more positive theme, for example, a theme commemorating our great scientists, or, if you like, our great statesmen, or our great northern frontier. Let us choose a theme based on the positive things we have to be proud of, and let us not become consumed with the issue of national unity when it comes to an application of this kind.

We have misgivings about what the government is trying to do, on three grounds. First, we believe the government should be more candid on the subject of the issuance of a gold bullion coin. If the minister has no interest in issuing such coins, let him say so, and let those concerned judge the government accordingly. In any case, he should quit pussyfooting around—today, for instance, the minister indicated that an in-depth study would be conducted. Our second reservation has to do with the theme of these commemorative coins which are to be brought forward in the fall. Our third and more fundamental concern has to do with the way in which the government is treating the coinage of this country.

• (1542)

Hon. members will recall that the government got into a very odd deal at the time of the Olympics. In order to get the Prime Minister (Mr. Trudeau) off the hook with regard to his promise that he would never use taxpayers' money to fund the Olympics, the government came up with the odd concept of minting Olympic coins. They were legal tender, but as far as their seigniorage was concerned the proceeds were to go to the Olympic Corporation as opposed to the treasury of Canada. At various stages of that legislation we in the official opposition opposed it because we felt the government was being reckless with the coin of the realm and that greater safeguards should have been included. In fact, to some extent at our urging safeguards were put into the legislation to ensure that the coinage would not be completely debased or used in a way which traditionally coinage of this country is never used, that is, for private gain of some concern outside the government or the people of Canada. There was a rather sad spectacle with regard to the Olympic coinage.

The Minister of Supply and Services (Mr. Goyer) said today that the government has had great success with its coin programs and that he was hoping that this would continue. That is just balderdash. There has not been success with coinage programs. Let me give the House some figures. For those who are interested I am referring to the report to parliament as of September 30, 1977, of the Minister of Finance with respect to the Olympic coins. As we all know, the Minister of Finance was required to report to parliament regarding various aspects of that program.

As of September 30 the face value of Olympic coins issued pursuant to the Olympic (1976) Act was $279,692,765. Olympic coinage of a face value of almost $280 million was sold. Here is the real grabber. Guess how much of that money ended up with the Olympic Corporation? How much of the almost $280 million actually found its way to the Olympic Corporation? At the bottom of page nine of the report of the Minister of Finance it shows that the aggregate amount of all payments to the Olympic Corporation was $100 million. By the time sales costs, which were astronomical, and other costs—the various minting costs and so forth—were written off—almost $180 million had dribbled away, and only $100 million went to the Olympic Corporation.

Our coinage was debased. We put a few grains of silver into coins and called them silver coins. We then put a few grains of gold into some other coins and called them gold coins. We sold them around the world saying that they were silver and gold coins, but the fact is that they were neither. In each case there was only a percentage of silver or gold. There has to be a stop to this debasing of the nation's currency.

The inflation we have in this country is due largely to the unfortunate printing of money which has been carried out by this government through its control of the Bank of Canada. I am not saying that we should return to the gold standard, that somehow gold should become a new standard or barometer or that we should not issue a gold coin which is not 100 per cent gold, but I think it is questionable as to how long Canada

should be in this game of minting coins, not because we need them for general commerce or for trade, but because the government thinks this is a cute little gimmick it can use to sell coins to people around the world who are coin collectors. That is what is before us today. How long should we tolerate gimmicks with regard to our coinage?

The coin which is contemplated to be sold under the theme of national unity will not be 100 per cent gold. It will have some portion of gold. We will hear later how much gold will be in it. It will sell for something over $100. It will have a face value of $100, but the truth is that, just like the Franklin mint or any other private minting operation, the government more and more is getting into the game of creating coinage, not because it is needed for commerce, which is the basic reason we have coinage and paper money, but because it is a cute gimmick to make a few dollars on the side and because there are many people who are willing to buy these coins. This is Barnum and Bailey stuff. If Barnum and Bailey had had the authority, they certainly would have been involved in this in order to get a few more shekels into their coffers.

The sad thing is that this illustrates as much as anything how this government is not inclined to deal with the fundamental problems we have, but is going for tokenism and for these symbolic things, and thinking it is solving problems by bringing out a $100 gold coin and calling it a national unity coin. What would have had a more positive effect would have been a government which showed proper restraint in its spending and which demonstrated to Canadians and to other investors throughout the world that it did have meaningful plans to reduce the deficit with which we are living.

The tokenism has to end. The idea of creating coinage with a theme which will be beneficial as far as national unity is concerned misses the point. There are basic problems which must be solved. Let the government get on with solving them, and the national unity problem it speaks of will solve itself. We need something more fundamental than the minting of another coin.

The inflation we have in Canada is due in large measure to the overprinting of money in relation to our real growth. Let there be no doubt that the inflation we have is due, to a large extent, to the overprinting of money. From 1973 to the end of 1977 our average inflation rate has been 9.3 per cent. If we were to project that ahead until 1981, the purchasing power of the 1977 dollar would be 70 cents, and the purchasing power of the 1971 dollar would be only 44 cents. Since the emperor took power in Canada our dollar has fallen below 50 cents in value compared with what it was valued at in purchasing terms the year the emperor took over. With that type of inflation and with that type of devaluation in terms of purchasing power, this government now comes before us and tells us that one of the top priorities of the government is to get parliament to pass Bill C-39 permitting the government to mint a debased gold coin. That is nothing short of shocking.

Let me give the House some other figures. If the government allows 9.3 per cent inflation to continue—and we certainly have no evidence that it will try to restrain its spending—every eight years we will double the level of inflation.

[Mr. Stevens.]

● (1552)

Not only have we inflation, but now we have the result of virtually uncontrolled inflation, which is rising unemployment. Here again, if we are to project ahead and if this government, heaven forbid, should ever be allowed to continue in power, we will have, by 1981, 1,280,000 Canadians out of work. That figure is compiled by simply following the trend that has developed since 1973 as a result of the economic activities of this government.

These are hard figures. For example, real growth has fallen in the last four years to slightly over 3 per cent. In fact, if it is projected ahead to 1981, we will find that we will be five years behind so far as our target of social growth is concerned. Those are the facts, and here we have the government of the day saying that there is nothing more serious in Canada than the authority, which it wants, to mint a $100 gold coin in the name of national unity. There are over one million Canadians out of work; inflation in Canada is running at 9.3 per cent; real growth, if it is projected ahead to 1981, is five years behind; and the government of the day is saying that the most urgent thing for Canadians is to mint a new gold coin commemorating national unity.

Let me mention something else, and this is perhaps the saddest spectacle of all. Let us take a look at the deterioration of revenue in this country so far as the federal budgetary position is concerned compared with federal budgetary expenditures. In 1975 revenue went up about 28 per cent at the federal level. In that year the government's expenditure went up 28 per cent. In other words, the government spent 28 per cent more in 1975 than in 1974 and that was, luckily for members of the government, the amount of revenue they had that year.

I mentioned that year because let us not forget that was the year the government spent money to be re-elected. The 28 per cent spending spree which we saw in the fiscal year 1975 started in 1973 and was amplified in 1974. The name of the game was to get re-elected at any cost, come what may. If inflation in the country were to go up, Mr. Turner, who was the minister of finance, under the dictates of the emperor of the day, the Prime Minister, obviously said, "Let her go". That is what we in Canada are now living with. We are living with the aftermath of what the government did to secure its re-election in 1974, because it was so disturbed by being put in a minority position on October 30, 1972, that it said, "Turn up the printing presses, get federal government spending in motion, give the people an illusion of wealth, and let the inflationary consequences come later". Ministers thought they could ride out the inflationary consequences as well as the unemployment which would result.

Here are the figures. They said they were on a restraint kick. The fact is that in 1976 expenditures in this country went up by 16 per cent; in 1977 they went up 14 per cent; and in 1978 they went up 10 per cent. The average rate of increase in

expenditures since 1974, the last year that we had an election in this country, has been 17 per cent. For the government of the day, with that kind of background, with a 17 per cent increase in fiscal spending, to be coming to parliament on May 8 saying; "Give speedy passage to the currency exchange Bill C-39 so that we can mint a few more gold coins on the national unity theme" shows the priority that this government has and how little concern it has for the level of inflation which exists now in the country, and for the unemployment levels.

Having said that, I would like to state, if I may, why I feel it is unfortunate that the government has developed the attitude it has with regard to gold. Gold is a unique commodity, whether we like it or not, and has been in that unique position for centuries. In any civilized country you will find that gold has played a unique role for centuries.

Various books have been written on the subject of gold. One which I read over the Easter break was entitled "The Golden Constant—The English and American Experience, 1560-1976". It was written by Roy W. Jastram, Professor of Business Administration at the University of California, Berkeley. In this book, which is a compilation of various data concerning prices, the price of gold and the relationship of prices to gold, the author reaches some very interesting conclusions. If I may, I should like to read parts of the book into the record. At page 179 of this book, Mr. Jastram says:

> Gold prices do not chase after commodities; commodity prices return to the index level of gold over and over. This is one of the principal findings of my study.

Let me explain. It is commonly said—and certainly the author of this book has mentioned—that gold is thought to be a good hedge against inflation. The author points out that, if you look at the last 400 years, that assumption is not correct. Gold is not necessarily a good hedge against inflation. But he does point out that it is a tremendous hedge in times of a depression because, as a rule, if you have held gold during depression periods, you have made your best money.

What the author is saying in what I have just quoted is that there seems to be an odd relationship between commodity prices and gold, and that commodity prices can get out of line but eventually they return to the constant price of gold. He gives decade by decade, and in fact century by century, proof of what he is saying. To quote him again from page 179 of his book, he writes:

> My feeling is that it is beyond rational belief that this event could occur by chance alone, with the observed frequency, over the last three centuries.

He points out that this is why gold is constant. He then goes on to point out that there are various forms that a gold standard can take if a nation wishes to go on the gold standard. He says:

> The essential characteristics of the classical gold-coin standard are as follows:
>
> All forms of money, paper and otherwise, are held at a parity with a coined monetary unit defined by its gold content and are convertible into this gold coin on demand.
>
> This monetary unit is coined freely, without an appreciable charge for the process itself.
>
> Gold coins circulate freely and may be freely exported, imported, or melted down.
>
> Gold is unlimited legal tender.
>
> Gold constitutes a large part of the nation's central monetary reserve.

The author then goes on to state that, with some risk of oversimplification, it can be said that governments of the day tend to change this type of gold standard in various ways, which he enumerates as follows:

> 1. Paper currency does not have a 100 per cent gold reserve behind it. There is not enough bullion in the world today to support world-wide trade, commerce, and finance on a one-to-one basis of paper to gold . . .
>
> 2. The world price of gold may increase (drastically, as it has in the 1970s) so that either the *admissible* volume of paper currency will automatically inflate or the required reserve ratio of gold will have to be reduced correspondingly.

● (1602)

> 3. If the price of gold is to be held constant by the marketplace, gold must be bought or sold by the government in quantities precisely decided by the government, or interest rates adjusted by central banks to accomplish the same purpose by indirection.
>
> 4. If the price of gold is to be held constant by edict, the market for gold must be interdicted by the government, for example, exports forbidden, imports embargoed, private boardings outlawed, and so on.
>
> Governmental interference at any one of these points is, of course, a denial of laissez faire. This is not to say that a gold standard would be impossible today. It is to say that the gold standard as a dehumanized, self-disciplining dispenser of monetary justice is a myth.
>
> Any monetary system needs to be managed. The real questions are how and to what extent.

What are the basics people understand when it is said that we should follow the gold standard? To what degree is it realistic to expect any nation to go on a gold standard today? As the author indicated, it is not realistic to expect nations to return to any type of gold standard.

Why is there concern about gold? There is concern about gold because it has remained a rather constant thing through the centuries. If our citizens wish to have a convenient way to hold gold, they should be allowed to do that. That is why we support the concept of a $100 or $50 gold bullion coin. It provides Canadians with a convenient way to acquire gold coins. It saves them from buying the most popular bullion coin, the Kruger Rand. It provides them with a convenient way to hold gold, which has been done traditionally by people over the centuries. It is not that those people will be able to keep up with inflation by holding gold, but it will provide them with a constant which they can hold, along with their other investments, in order to ensure, if economic problems occur, that constant will retain its buying power, whereas various other investments will not hold the same buying power.

Page 189 of the same book in part reads as follows:

> Gold has two interesting properties: it is cherished and it is indestructible. It is never cast away and it never diminishes, except by outright loss. It can be melted down, but it never changes its chemistry or weight in the process . . .
>
> Its price has been remarkably similar for centuries at a time. Its purchasing power in the middle of the twentieth century was nearly the same as in the midst of the seventeenth century.

As far as I am concerned, that is a significant thing. Gold has remained relatively constant in its purchasing power over the centuries. It is unfortunate that our government has taken the concept of minting gold coins and debased it in the name of making money. There is nothing wrong with bringing out a

gold coin in Canada. In fact a $20 gold coin was brought out at one point. That coin contained $20 worth of gold. Now it sells at a substantial premium of well over $100 because the gold contained in that coin has a purchasing power today which is comparable to what it was then.

If the government is given the authority to mint the commemorative coins it talks about, a fraud will be perpetuated on the buyers of those coins. This coin is referred to as a $100 gold coin. Many people will buy it thinking that it contains $100 worth of gold, without realizing that it contains very much less gold. In short, they are paying for something at a premium which does not contain $100 worth of gold. It is a shame to use our currency in that manner. It is a shame that money cannot be made internationally in a more effective manner than simply taking the coin of the realm, striking new themes, and attempting to flog it around the world in order to make whatever revenue the government sees fit. With the billions of dollars of imbalance in Canada, surely there is a more meaningful way to bring revenues into the coffers of our country without debasing the coinage of our land.

We have grave doubts about parliament's wisdom in providing the cabinet with authority to go ahead with any minting program concerning gold coins. Those doubts have been lessened somewhat by the 30-month limitation on the authority and the six-month reporting under the Olympic Coinage Act. It is time for the government to come to its senses. It should realize that many of the things it has done over the past decade obviously are not working. One cannot count on building a credit economy indefinitely, without the resultant repercussions of inflation and unemployment such as we are experiencing today.

If I had more time, I would speak—

Mr. Knowles (Winnipeg North Centre): You have a little more time.

Mr. Stevens: I see my socialist friends are egging me on.

Mr. Knowles (Winnipeg North Centre): You can take time until parliament is dissolved.

Mr. Stevens: If I were to talk until parliament is dissolved, knowing how upset the emperor is with the polls today, perhaps I would talk well into 1979.

In conclusion, I should like to direct the attention of hon. members to a book entitled, *The Coming Credit Collapse*. It is an interesting book which deals with world economy and currencies. It is authored by Mr. Alexander P. Paris, who is well known in the economic world. His degrees include a B.A. and an M.B.A. from Michigan State, and an M.A. in economics from Wayne State. He has been an active executive with various international trading organizations. In his book Mr. Paris pointed out that the credit explosion which has occurred cannot continue, and it will collapse if there is not more restraint and responsibility at the governmental level. In view of that, we should be very careful when we deal with the bill before the House now. It is another small step toward further irresponsibility in the handling of Canadian economic affairs.

How much trust can we have in the government of the day? Because of the current account deficit, the government went into international markets to borrow funds, and it is not even aware of who its creditors are at the present time. I was not present in the Chamber on Friday, but I read *Hansard* of that date. I could hardly believe what I read when I discovered the Prime Minister thought he had borrowed $3 billion on behalf of the Canadian public from Citibank in New York. How totally out of touch can the Prime Minister be, and presumably the Minister of Finance (Mr. Chrétien)? They went to bed on Thursday night believing that the $3 billion credit was arranged with Citibank in New York. Yet the Prime Minister indicated that if Citibank took in deposits from somebody in South Africa, so what, that was their business. I invite Your Honour to telephone New York and find out the facts. Citibank did not put up more than $175 million of that $3 billion credit. They could not because they are restricted to the amount they can put out on any one credit and they in turn syndicated the loan around the world.

• (1612)

The Acting Speaker (Mr. Ethier): Order, please. With all due respect to the hon. member, would he please limit his remarks to the bill before the House and not on what was said in the House last Thursday.

Mr. Stevens: Mr. Speaker, I do not know how much more directly I can deal with the bill. The bill is the new Currency and Exchange Act, and the specific power that the government is asking for is the right to mint various gold coins. These gold coins become part of our over-all money supply, and what I am saying is that that money supply has been over-inflated and extended through the unwise use of credit in this country beyond all limits. I am simply saying that, considering the past decade, how much trust we have in the government of the day which, come 1978, is forced to borrow on international markets, and the Prime Minister does not even know who his creditors are with respect to the borrowings that they have had to arrange in New York to shore up our dollar?

It is all one ball of wax, and all I am saying is that I would have expected, at least days after the event, that the Prime Minister and his Minister of Finance would have realized that the loan or line of credit they received was one that was actually syndicated around the world, and that a portion of that standy-by credit was offered to South African banks as it was offered to various other banks including Arab banks and so on. I find it rather shocking that they are so little in touch with what in reality is happening that they did not know that simple fact.

I know that hon. members wish to speak further on this bill. I hope that it will not be passed simply as an administrative function because it is much more serious than that. In short, I think it is another example of a rather irresponsible attitude on the part of this government with respect to a very, very serious

matter in this country, and that is the unsatisfactory economic condition of the nation.

Perhaps I did not have to speak so long, but surely if anybody had watched "The Nation's Business" on Sunday night they would have seen the Minister of National Defence (Mr. Danson) trying to defend the economic record of this government, and they would have drawn only one conclusion, and that would be it is a dismal record.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, in speaking on third reading, I would like to say first that I come from an area where much of the economy has been built on the gold mining industry. In my opinion, we have done a great deal for the rest of Canada and its development, through the gold mining industry. It was with deep regret that we saw the passing of gold mines in Kirkland Lake, Larder Lake, Timmins and Matachewan, Pickel Crow, and other little communities across northern Ontario, and the fact that not much could be done to help them.

Over the years I have followed with great interest this argument that the member for York-Simcoe (Mr. Stevens) raised in relation to gold. I take very seriously his comment, which was facetious I know, when he said that the Minister of Finance (Mr. Chrétien) did not really know where he was borrowing the money from and thought he was borrowing it from someone, but it turns out he is borrowing it from somebody else altogether, with a very small portion of it actually coming from Citibank. That highlights the inability of this government and of preceding governments, both Conservative and Liberal, to get through the morass of financial arrangements that exist around the myth, and I think it is a myth, of gold, the gold standard, the silver standard, and other backings we have for money.

The only things you can back money with are resources and work. Those are really the only two things that back any economy, and you can use whatever yardstick you want. We got along fine in this country without either gold or money for a long time, when we used beaver pelts. You piled them up so high against a rifle and that was the number of pelts you paid to purchase that rifle. When we talked about gold 20 years ago we were only talking about a yardstick. The yardstick got too expensive and was artificially controlled at a very low price. We controlled it throughout the world at $35 for years, after going up from $28. Now the actual price is $42.50, but in practice it does not amount to that at all.

In 1976 the mining industry came to the minister of mines in Ottawa and asked him for some help because the price of gold rose up to $150 and dropped back to a little over $100. When he was asked for help he made the statement that "he could not subsidize the gold industry to protect the miners and the mining communities because, if he did, he would have to subsidize other industries as well." Well, we have subsidized those other industries. It would be very interesting to know how much money we have paid to keep the rubber goods industry in this country, and how much we have subsidized the textile industry. However, we have not been able to do too much to save either one of them in the process. We could not do anything to help the gold mining industry for the very simple reason that we were in love with the International Monetary Fund.

The International Monetary Fund was born out of the failure of the Bretton Woods Agreement, when the Bretton Woods Agreement decided that one of the major factors in the last depression, which really resulted in World War II, was the inability of governments to provide enough money to make the purchases that were necessary. There was an unequal balance between the cost of goods, the necessity of those goods, and the dollars that were looking for those goods. It was decided that we would not curtail our money supply but that we would operate it on the basis suggested under the Bretton Woods Agreement where we would, in effect, maintain gold at $35 but "demonetize" the gold to the point where it was no longer the official backing of the money that was being put out.

They went further in the International Monetary Fund to where they allowed the world to establish drawing rights, and those drawing rights did not have to be backed with gold. That has failed because, while the countries and the banks put up a large amount of money for the International Monetary Fund to assist in the very worth-while project of developing the third world countries, almost none of those third world projects have repaid the money. There are billions of dollars, approximately $500 billion, floating around the world. Approximately $300 billion American are floating in Europe, and if those dollars were called, the United States would be bankrupt tomorrow. For this reason the President of the United States withdrew the backing of gold on dollars so that you can no longer redeem a dollar with gold backing. This has resulted in $300 billion floating around in Europe that are not worth the paper on which they are written. They are only worth that amount if they will be accepted by somebody else in trade, and everyone is very nervous about that. For this reason there is much collection of gold by private individuals.

● (1622)

There has been a lot of manipulation in gold by governments. The reason the mining industry was hurt in 1976 was not because of anything they did. They had raised wages in the industry over the years and had done some other things which brought them into the twentieth century. When I worked in that industry we often accused them of being in the nineteenth century because of their attitude toward workers and working conditions, but eventually they brought wages and conditions into line. That brought their cost up to $130, but they maintained that theirs was only a temporary problem and that gold would go to $200. They asked the government for help, but were refused. That was shortsighted of the government, Mr. Speaker. There are about 22 million ounces of gold in the treasury which were accumulated between 1948 and 1974 when we operated under what was called the Emergency Gold Mines Assistance Program. We accumulated about $1 billion worth of gold at $35 per ounce plus the maximum assistance of $10.27. If we are still holding that gold which was accumulated at about $47 per ounce and which is now worth $200 per

ounce on the market—in fact we could sell it to the United States for more than $200 per ounce—we are in good shape.

We helped the mining communities for 15 years and made a lot of money. We only did badly when we took the advice of the Department of Finance to send it to Fort Knox in the United States at $35 per ounce. We lost $10.27, the EGMA subsidy, in that way but made a lot of money on the gold we have—in fact something in excess of $150 on today's market.

For these reasons I was interested in the gold coin proposition. It was an indication that the government was on the right track—not the officials of the Department of Finance, because they are plain stupid. There are 2,000 economists working for the government, who earn in excess of $30,000 per year. I think every one of them went to the same school and learned the same thing, but since they left the universities they have not learned anything. They really are not very bright.

The government decided to issue a gold coin, for two reasons: first, it is a good way to commemorate certain events and, second, there is a big market in the numismatic field. The government was already selling silver dollars. At one time it sold one of each coin in a celophane package, worth about $1.91 for $3. The mint did quite well on that. Now they package them in boxes and, for a coin worth $20, you pay $40, but it can sell for $200 on the market. I would not be surprised if the Department of Finance, being a bunch of pack-rats, put the lot in a backroom somewhere and eventually they will really be worth something. I know that in my office I put them in a drawer in a cabinet, and eventually they disappeared by attrition. Perhaps that also happens in the Department of Finance, but eventually they will reach the market and make some money, we hope.

I am in favour of the coin business, Mr. Speaker, and I think we have done a good job. I am quite proud of the Mint. In fact I am quite proud of the Post Office because our artists produce some excellent designs and they are well executed. Proof coins in this country are as good as any I have seen anywhere. I did not see anything wrong with the first $20 coin we issued, although ministers of finance made a lot of fuss. When the Hon. Donald Fleming was minister of finance we had not seen gold coins in Canada for 20 years. He got some bad advice from his departmental officials who told him we would be back on the gold standard and be the laughing stock of the world if we issued a gold coin. As a result he decided not to issue one. The next minister was the late George Nowlan, who got the same bad advice and did not issue a coin either. When Walter Gordon became minister of finance he was persuaded it would be a good idea to issue a gold coin for the centennial. That turned out to be successful, and a number of gold coins have been produced since.

It is interesting now to see how the Department of Finance officials are all in favour of this program and even suggest that the Mint can run a night shift. If we are going to issue something in the order of 190,000 of these coins with a half ounce or less of gold in each, that will not use much of the 22 million ounces of gold that we have. If we were going to go to the bullion coin, that is, a coin issued by the country which has to be coinage and has to be legal tender, I would suggest that it be low in face value, say a $50 coin. The government is going to be broke and the mines are going to be broke. We will be looking at a new economic ball game because, if the price of gold falls to $50 per ounce, so will everything else fall. I hope I have lived out my days by the time these gold coins turn up in the banks at $50 each. The $50 will not be the redeemable amount but it will be legal tender.

That one ounce of gold will be in competition with the Krueger Rand and the Swiss and French gold coins—

An hon. Member: And popcorn souvenirs.

Mr. Peters: The hon. member mentioned popcorn souvenirs. Right now they are selling for something like $176 so, if that is a popcorn souvenir, that is fine because a lot of people are buying them. In October, 1977, South Africa sold 405,000 Krueger Rands versus 216,000 in the year before that. As I understand it, South Africa is only issuing one coin, the one-ounce gold Krueger Rand which is not legal tender. The price is set by their government and is subject to change. South Africa is by far the world's largest producer of gold and we are told that they use between 10 and 15 per cent in this form. There is a fast growing international market for the coin.

● (1632)

A representative of the mining industry told us in committee that we are producing about 1.6 million ounces a year. There were 110 producing mines and today there are only ten or 12 left. Two or three of those mines are threatening to close within the next few years unless incentives are provided for development of new ore properties to make them worth-while.

I was impressed by the minister indicating that he really had not been advised up to that date of the potential. The minister's role is not really to sell gold. That job belongs to the Minister of Energy, Mines and Resources (Mr. Gillespie). He said there is no way he would have anything to do with that. So I was not surprised that the Minister of Supply and Services (Mr. Goyer) was not too familiar with this matter. I think he was pleasantly surprised to learn that the mining industry anticipates that sales in the first year could consume two million ounces of newly minted gold. If that is so, it would mean that we would have to increase our production to close to the three million ounces a year to meet the new demand and continue with the contracts the mining industry already has in the industrial field. It does mean an increase in mining, and that would only be the beginning.

There are not many people in Canada, unless they are in the finance department, who would not agree that gold being produced in Canada and sold as a coin, backed by the Canadian government to a degree by indicating its fineness, its karat and other characteristics as well as a limited legal tender, would not have a better appeal than South African gold on the world market. How many people in the United States buying gold in large quantities are buying Krueger Rand because there is no alternative? I believe these people would buy

Canadian coins if there were no difference in price or in any other way simply because they are not satisfied with the political regime in South Africa. I believe it would soon evolve into a voluntary boycott by all sales agents in the United States and, instead of handling South African coinage, they would handle Canadian coinage as a replacement. If that were the case we would have to be prepared to go into production on a large scale in the first year. The Master of the Mint has said there would be no difficulty in his field in going into production to that degree very quickly. As well, he has expressed the view that the Mint could go into production within a very short time.

I believe the minister was enthusiastic in this regard. As I said he does not hold the mining portfolio or the financial portfolio. I am sure that he saw an opportunity for one of the agencies under his control, the Canadian Mint, to expand its operation, employ more people, and maybe make a profit as well. There was no indication that we would do this for nothing. It would carry a cost that would cover the production costs of the Mint and carry the cost of the Department of Finance for picking up the gold and having it for a short period of time. There was no indication that this would be a cost. However, I believe he will run into all those red necks, or whatever you call them, who are terrified there will be an implication that we will hurt in any way, shape or form, the International Monetary Fund and that we will establish the gold standard in Canada again.

It seems to me that Canada is lucky because there is a large amount of gold available in this country. There are and have been mining prospects in every province of the nation, with the exception of Prince Edward Island. These prospects add a price. The price of gold depends entirely upon the amount of reserves there are available. The higher the price goes, the larger the reserves are; the lower the price, the less reserves there are. By doubling the price of gold it is probable that the lifetime of some of those mines that are to close within the next two or three years will be extended by 20 times. What yesterday was waste will be valuable ore tomorrow.

On behalf of the gold mining industry I sincerely hope that the minister will be able to persuade some of the other cabinet ministers that what we are talking about is not going back on to the gold standard and not going back into monetized gold in the true sense, but going into business to take gold, prefabricate it into a coin, and to put it on the market for those who wish to buy it as a commodity.

It is interesting to note that holdings are not that large. In 1970 767 tons were being prefabricated in the world. In 1976 that figure went up to 823 tons. In 1976 total fabrication was 1,359 metric tons of gold. For medallions, fake coins and official coins there were 178 metric tons. For private bullion, which category these coins fit into, there were 89 metric tons going into that field.

Our gold production last year was only 52.4 metric tons. The bullion market was 89 million tons. For Canada to get involved in that to the degree anticipated, we would be talking about several hundred metric tons. That would mean a great increase in the production of gold across Canada.

I do not see that this proposal will upset, influence, or shake money markets. If there is any way that could be done, it is already in effect. Money markets are being shaken all over the world. Revaluation and devaluation are rapidly taking place. In my opinion, very shortly in some countries around the world there will be a devaluation and deflation will take place. That will create a large market for this type of bullion coin which will be used as a hedge.

I support the idea of this matter coming back to parliament by regular report. I appreciate the minister making that decision in committee. He said he would do it without consulting anybody, which is a good sign. He also made the suggestion, without consulting anybody, that he would be prepared to pursue this idea of bullion coins. I hope he will have great success. This is the first bright light that has shone on the gold mining industry since the price of gold started fluctuating so rapidly two or three years ago. It does not mean that the gold mining industry will make more money. What it does mean is that the amount used in fabrication each year will be stabilized.

● (1642)

These gold bullion coins will provide a stabilizing factor in our mines. They are not asking for a hand out. However, the relationship between the Canadian dollar and the United States, Europe, and other parts of the world, means that this industry is more the victim of our economic structure than any other segment of our economy. They will certainly be more than appreciative if the government brings about some stability, even if that is through the minting of gold coins.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I entered the debate on second reading some days ago. At that time I was pleased to give approval to the bill for second reading in order to get it into committee where we could properly examine what was going on. That, of course, happened. It had three days in committee where, I am sorry to say, we did not get the kind of answers that the government should have provided to the opposition parties.

The overwhelming complaint that was raised at second reading of this bill was the fact that these coins would be produced by the authority of an order in council. In other words, it was the government's intention to take away the power of parliament in one fell swoop for all time with regard to gold coins. That point was raised over and over again, in particular by the right hon. member for Prince Albert (Mr. Diefenbaker). That avenue was explored in the committee. It is my opinion that the government and the minister did not come up with the proper answers to that complaint.

It was said at one of the committee hearings that it would not be possible for the Mint to plan ahead sufficiently without a bill like this in order to lay out the possibilities for production and planning in the Mint. I wish to refer to the minutes of the April 27 meeting of the Standing Committee on Finance,

Trade and Economic Affairs, issue No. 24. I asked the Master of the Mint the following question:

Would it be possible to operate the coin scheme that the Mint wants to operate under the guidance of a bill which was more specific than this?

The Master of the Mint replied:

It would surely be possible, Mr. Clarke, because in the past I think the approvals of gold coins have been specific approvals. The problem with a specific approval is you have approval for one program but the market for gold coins is a very important one abroad.

He went on to explain the marketing of gold coins. I may touch on that later. At that meeting the Parliamentary Secretary to the Minister of Supply and Services (Miss Nicholson) was only able to refer to the legislation on Olympic coins with specific authority. That was not what I was asking about in committee that day.

At that same meeting I asked the Master of the Mint if he was looking for more specific direction from this kind of a bill. I said:

If the Mint has already projected a plan for producing and marketing coins, then why can we not hear about it? I think that is the problem that faces us with this bill.

The Master of the Mint replied:

There is no plan because there was no act of parliament on the basis of which we could produce a gold coin in advance.

He stressed the fact that they needed to be able to plan for up to five years. He went on to say, and I quote:

If we knew in advance that we could have a gold coin program for five years to come, we could plan in advance for themes for the five yeas to come,—

The point is that parliament could have considered a bill which could have given the Mint authority to conduct a program over a period of years. However, we are being asked to approve a bill which gives authority to the governor in council to approve any kind of coin program. It is true the government has indicated it would be able to live with a time limit. In fact, the time limit will be something less than three years if this bill and amendment are approved.

Planning is obviously lacking both on the part of the government and the minister. I want to refer to the minister's remarks. He stated today that obviously further planning is needed and that there are further details that need to be laid out in order to get this program going.

I do not think hon. members, particularly those on this side, can approve a bill which states that the power of parliament will be taken away and given to cabinet on important matters such as issuing coins of any denomination, and in any quantity, all the way down the line. The minister said today that he cannot tell us the government's plans in the precise confines we would like to know about them. If the minister is not able to tell us, we cannot expect the Master of the Mint to tell us what is going on.

I want to refer again to the meeting of April 27. In answer to a question, the parliamentary secretary stated with regard to the planning for a program that the government had had in mind to introduce a Mint Act and possibly some amendments to the Currency and Exchange Act. We now have another example of the government changing its mind. The parliamentary secretary stated at that time, and I quote:

As time seemed to be going past, what was lifted out of that package was this bill, which was intended to give the authority to get on with the commemorative coins and protect that market, with the idea that the more in-depth discussion you are talking about, Mr. Clarke, would happen at a later date.

I can understand that, but I do not really like it. I asked:

Is there no more specific plan the Mint could give us now as to the plans, broad plans, they have for this program?

The Master of the Mint replied:

—we do not have a plan now, but it would not be a problem to prepare such a plan because we know how many coins we sold in 1977.

I hope that is an adequate illustration of the fact that we should give very serious consideration to whether this bill should be supported at this stage because of what it will do to the power of parliament with regard to issuing coins, to the Mint which is not able to plan, as well as to the cabinet which will have to decide what will be issued under this bill, because that really has not been decided at this time.

One indicator that more planning is needed before, not after, this bill is passed is that only one theme has been determined, national unity. That is to be the theme of the first coin. The Master of the Mint indicated that it had not yet been decided what other themes might be used down the road.

I cannot imagine how a national unity theme could be depicted on a coin. We did not hear anything about that in committee. How will it look to outsiders? After all, these coins are aimed at the outside market, not the Canadian market. How will it appear to the purchasers of these coins to have Canada telling the world, by some theme on a coin, that Canada has a national unity problem? After ten years under the direction of the Prime Minister (Mr. Trudeau) it should be obvious that we do have a national unity problem, but I am not sure I want to see Canada's problems aired abroad on the face of a coin. I find this theme an objectionable one. And to me it seems strange the government should want to advertise the fact that there is a unity problem here by making unity the theme of a coin to be circulated in the world market.

● (1652)

Furthermore, the government has made no commitment with regard to the priority it would place on the issuance of the various coins in respect of which it is seeking our approval. My point is that the bullion coin program is one seen by the mining industry and by the government itself, according to speeches which have been made, as being the salient one. Yet neither the minister nor the parliamentary secretary in the committee was able to give us any assurance that the bullion program would be stressed. The Master of the Mint had certainly received no instructions from the government telling him which would be regarded as the primary program.

It is interesting to note that the industry, in its representations, stressed the number of jobs which would be created by the program which is proposed. I was interested to hear the hon. member for Timiskaming (Mr. Peters) expressing his support for the gold mining industry. I do not often hear hon.

members in that group to my left speaking as did the hon. member for Timiskaming today on behalf of the gold mining industry, but I can understand his doing so because there are a lot of people in his area who are employed by this industry.

It appears the industry was told by the government that this was a non-partisan bill and given the impression that their cause would be helped if they were able to get around and visit as many members of parliament as possible to seek support for the measure. There is certainly no lack of support on this side of the House for the gold mining industry, but we must take into account that the bill has implications which may be more serious than the question of jobs in the gold mining industry, for example, the request to delegate these additional powers to cabinet.

I should like to deal with the job aspect for a few moments and see how the industry's submissions stand up to examination. In committee, on April 24, I was asking about the creation of jobs at the Mint as well as outside in connection with related products such as blanks and cases, as well as in mining and related industries. The representative of the industry was asked why the gold had to be made in the form of a coin. He replied that if there were to be sales in a foreign market the object had to be a coin. A coin could not be produced by a private corporation; it had to be produced by a government. The representative of the mining industry went on to explain that it would be unsatisfactory to issue a medallion because such a product would be dutiable on entry, say, into the United States. The amount of duty was later identified as being 17.5 per cent. A medallion would not be the equivalent of a bullion coin.

We have heard from my hon. friend from York-Simcoe about the degree of fluctuation in the price of gold. The value of a gold medallion could vary widely, but in the case of a $100 gold coin the "downside risk" is a lot less than in the case of a gold medallion. The language of the trade describes such a coin as an investment vehicle. I asked why the effect on employment would be greater if a coin were issued, and why a similar effect could not be obtained from minting medallions. The representative of the industry replied that the gold mines could not sell enough of their production at a price which would make a profit—

I see it is five o'clock, Mr. Speaker.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Pursuant to Standing Order 40, it is my duty to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for York-Simcoe (Mr. Stevens)—The Canadian economy; the hon. member for Dartmouth-Halifax East (Mr. Forrestall)—Transport; the hon. member for Churchill (Mr. Smith)—Post Office.

[*English*]

Order. It being five o'clock, the House will now proceed to private members' business, notices of motions and public bills.

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Ethier): Item No. 4 in the name of the hon. member for Ottawa West (Mr. Francis).

Should this item be allowed to stand by unanimous consent?

Mr. Herbert: This item should now be dropped from the order paper.

The Acting Speaker (Mr. Ethier): Item No. 11 in the name of the hon. member for Don Valley (Mr. Gillies).

Mr. Herbert: This item, too, should be dropped from the order paper.

Mr. Peters: With the consent of the government.

The Acting Speaker (Mr. Ethier): Item No. 21 in the name of Mr. McCleave.

Mr. Herbert: This item should be dropped from the order paper.

The Acting Speaker (Mr. Ethier): Item No. 24 in the name of Mr. Haidasz.

Mr. Herbert: This item also should be dropped from the order paper.

* * *

UNEMPLOYMENT INSURANCE ACT

SUGGESTED PROVISION OF BENEFITS TO PARENTS ADOPTING CHILDREN

Mr. J. M. Forrestall (Dartmouth-Halifax East) moved:

That, in the opinion of this House, the government should consider the advisability of introducing legislation to amend the Unemployment Insurance Act to provide benefits to the adoptive parent of an infant, similar to the maternity benefits now provided to workers who are unemployed due to pregnancy.

● (1702)

He said: Mr. Speaker, as I have on previous occasions with respect to this motion, I will attempt to be brief. The purpose of the resolution is to give some indication to the government that there is concern in the country about this omission from

the provisions of the Unemployment Insurance Act. We know that the act very generously and, I think, wisely, provides for the accommodation of mothers prior to and immediately after their terms of pregnancy. That is very good, progressive, and reflective of a concerned society. However, it has always struck me as strange that we have not given consideration to adoptive mothers who bring infant children into their homes. We have not given to these people the attention we perhaps could have.

While bringing an adoptive infant into the home does not necessarily have the same physical stresses of natural motherhood, the adoptive mother, nevertheless, is under some emotional strain. If it is a first adopted child, the situation in the home is not unlike that of the situation in which a child who is the result of natural childbirth is brought into the home. The same care is required, and both mother and father have the same concern for the adopted child. However, we make no provision for the adoptive parent to have the time at home necessary to adapt properly to the new member of the family and to assist that child in adapting to its new environment.

I raised this matter in 1976 and again in 1977. All I have been asking is that the House give some consideration to amending the act to extend benefits to mothers who adopt infants. Perhaps I should qualify my proposal by saying that I do not think this should apply to people who adopt children over a year or a year and a half old. It should perhaps be restricted to parents who adopt children 18 months old or younger, or 12 months old or younger. However, adoptive parents adopting infant children should be extended the same benefits we afford to natural parents.

I raised this matter on March 21, 1977, and also on November 22, 1976. In January of 1976 I wrote to the then minister responsible for the Unemployment Insurance Commission. I received a reply from his departmental assistant in which he attempted to justify the government's stance on the ground of the differing voluntary and involuntary nature of adoption and pregnancy. So that hon. gentlemen will be aware of my continuing concern I would like to quote the crux of his argument as follows:

> The payment of benefits to major-attachment claimants who have incurred an interruption of earnings due to sickness or pregnancy, is in recognition of the principle that these conditions, generally involuntary—

I wonder what the mothers and wives of today think of that phrase.

> —cause a claimant to be incapable of work. As a generality, the adoptive parents cannot be said to have incurred an involuntary condition which renders him or her incapable of work, as the adoption was, in fact, an act at the discretion of the parents and, under these circumstances, it is not possible to consider the granting of benefits.

I said then and I say today that I think that reeks of bureaucratic idiocy. It makes no sense at all. I want to make the point that that is an argument against the extension to adoptive mothers of provisions similar to those extended to natural mothers. It is wrong, and I think this House would like to indicate to the government that it should be corrected.

We have an opportunity for a few minutes this afternoon to address ourselves to this. I hope there will be comments from the other side of the House. I want only to commend this motion to the House. I have dealt with it in this chamber on at least two previous occasions, and my comments, feeling, and attitude about this discrepancy have not changed in the two or three years during which we have been confronted with it. Having had a couple of years to consider this matter, and considering that this proposal has the support of hon. gentlemen such as the hon. member for Davenport (Mr. Caccia) and others, perhaps we could persuade the appropriate people to consider extending this simple yet meaningful and very much desired help.

[Mr. Forrestall.]

I myself am an adoptive parent. Adoptive parents are very real people who have very real feelings and concerns for the children who come into their homes and lives. When there is an adoption, there is an interruption of work. Perhaps it is not involuntary as it is in the case of pregnancy, but I suggest that it is involuntary in the sense that families which want children and which cannot have them are in fact not doing something voluntary. They are responding to natural instincts. Indeed, of those hon. members in this chamber who are adoptive parents it might even be said that they responded to very deep seated and unselfish urges.

I ask those who follow me to look at the simplicity of this motion. A very simple amendment could be dealt with quite quickly. This is just a resolution but, if the House saw fit, an appropriate and positive conclusion of this debate in general support of the resolution might just cause the government to consider the matter. There are thousands and thousands of families in Canada which would appreciate such a measure. In many instances it is needed, and the need is not superficial. It is real.

Without prolonging the debate or repeating the points I made in previous debates with respect to this matter I would like to commend this motion to hon. members and to suggest to them that it is a further indication of our concern for our society and the people who are in it, and particularly for those who want to bring into their homes infant children and to make them part of their families and lives. It seems only fair that the benefits made available for the involuntary act should be made available for the voluntary act.

● (1712)

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, the hon. member for Dartmouth-Halifax East (Mr. Forrestall) deserves to be commended for his initiative. It shows that he is inspired by humanistic thoughts and motives. Today there is only one member of his party present in the House, but if he were surrounded by his colleagues he would stand out as a unique member of parliament on his side in that his attitude is different from that of his colleagues.

We have been witnessing for years now a striking contrast in the Progressive Conservative party, the majority of members of which have been going in the opposite direction from that taken by the hon. member. They have been supporting measures and suggestions which would reduce the extent of unemployment insurance and cut down the number of beneficiaries.

The measure which is being proposed to us this afternoon would expand the number of potential beneficiaries of unemployment insurance. I certainly support that approach for the reasons so well explained by the hon. member for Dartmouth-Halifax East.

His proposal is in even sharper contrast with the attitude of his colleagues when, on the one hand, they rise in the House to protest against unemployment insurance payments and the figures which are announced from time to time in the form of benefits paid to Canadians, and, on the other hand, within a matter of hours or days, they rise during the question period, as did the leader of their party, and bring forward the cases of municipalities in distress because of welfare payments made to unemployed people in certain regions of the country.

I well remember the time—and probably you do too, Mr. Speaker—when members of the PC party were urging the government to reduce UIC payments from 75 per cent to 66 per cent and were urging that certain beneficiaries be cut off the program. Now, when the effects of those measures are being felt in many parts of the country where municipalities are facing difficulties because of the increased number of unemployed people in receipt of welfare, they are the first ones to complain and scream about it.

I sympathize with the hon. member for Dartmouth-Halifax East and I understand his frustrations when he finds himself surrounded by people who do not think like him. We all remember the votes taken in the past on unemployment insurance at the time when the system was modified considerably and when members of the PC party from eastern Canada, from the maritimes, voted against certain measures, understandably so, because they knew very well that unemployment insurance is a good program which brings benefits to people who lose employment for reasons beyond their control, for reasons which have nothing to do with their behaviour and nothing to do with their willingness to work, but who, because of certain economic variations and vagaries over which they have no control at all, find themselves without work.

That is why I am glad to have this opportunity to support the motion of the hon. member for Dartmouth-Halifax East. I think he is quite right. Maternity, whether natural or adoptive, should receive the recognition of society, and the mother should be able to stay with the child in the early, fragile months when the new relationship is developing between them. In that sense he has touched on a fine theme and I think he has the support of the majority of members of the House. It gives us also an opportunity to stress, despite what we read in newspapers and despite what we hear from some quarters, that unemployment insurance is a good program, good for Canada and good for all those Canadians who are unemployed.

Perhaps I should add, before concluding my remarks, that this House needs new measures of the kind brought forward by the hon. member and others, such as, for instance, for injured workers who believe that when they are convalescing and in the process of rehabilitation they should be given the opportunity to contribute to the UIC fund in anticipation of re-entering the labour market, so that when they return to the labour market they will at least be covered in case they are not able to find employment with their previous employer.

To those who say that the program is too rich or is costing too much, perhaps we should suggest the desirability of establishing higher premiums and for making better use of the fund because, basically, Canadians want to work, and if they are given an opportunity to take advantage of the UIC fund to undergo certain training, that is for the best. If there is an opportunity to make creative use of the unemployment insurance fund by creating certain jobs in cases where the private sector does not wish to take that initiative, then by all means let us do that. Certainly we can do much more in the utilization of unemployment insurance funds than we have done so far, and the motion put forward by the hon. member for Dartmouth-Halifax East gives us a good opportunity to air a few of our thoughts on this matter.

[*Translation*]

Mr. Marcel Roy (Laval): Mr. Speaker, first I would like to commend the sponsor of this private member motion to amend the Unemployment Insurance Act to provide benefits to the adoptive parent of an infant, similar to the maternity benefits now provided to workers who are unemployed due to pregnancy.

Mr. Speaker, I think this initiative deserves much consideration given the fact that we are in a changing world where the rules governing the family and society have been changed substantially. I have no intention to discuss whether those changes have improved the quality of life. But we are indeed in a world which is constantly changing and I think the idea of the hon. member deserves some consideration.

● (1722)

But before making any comments on such an initiative I wish to say a few words about the action taken by the Canadian government concerning the status of women. If you refer for instance to the creation in 1967 of the Commission of Inquiry on the Status of Women in Canada which was responsible for looking into the status of women to give women opportunities equal to those of men in all areas of Canadian society, I think that initiative of the Canadian Liberal government was a first major step towards a solution to the problem of the status of women in Canada.

Early in 1971, the right hon. Prime Minister (Mr. Trudeau) took position about those conclusions and announced the intention of the Canadian government to give high priority to the recommendations of that commission by appointing a minister responsible for the status of women and the elimination of discrimination as well as promoting equal opportunities for women in all areas of Canadian activity. And I could continue, Mr. Speaker, by mentioning that in 1973 an advisory council of 30 members was appointed to represent all Canadian regions. Their aim was again to make the Canadian government aware of issues interesting and concerning women and of

all measures needed to improve their situation within Canadian society. And I might also, Mr. Speaker, mention the creation of a committee and a co-ordination bureau responsible for studying the status of women in Canada. I might suggest that the hon. member discuss the issue he just raised in this House with the various organizations concerned so that a serious study be made about the representations he made tonight.

But with your leave, Mr. Speaker, I wish to describe a situation that occurred this morning concerning improvements that might be made to the Unemployment Insurance Act. It was amended recently and we should continue to improve it. This morning I received a lady who told me about her situation. She is working at home and has worked five years for an employer. As I said before, she did her work at home. She worked for a clothing manufacturer and, after five years, she found herself unemployed, without a job. She asked for unemployment insurance benefits which she got in an amount of $276. Later, on April 4 last, she was asked to reimburse the $276 because her job was considered by Revenue Canada as non insurable; she is therefore asked to reimburse the unemployment insurance she got as a result of her employment.

It seems to me, Mr. Speaker, that if we want to look into the changes that should be brought in unemployment insurance, we should consider the possibility of making work in the home insurable for unemployment insurance purposes. After having discussed the matter with the Department of National Revenue whose representatives mentioned that it was difficult for them to determine how many hours of work the person involved would have put in, it seems to me we should be able to determine easily, through the income tax T-4 slip, the income of those persons who could perform their work at home while taking care of the family and without having to hire a helper to mind the children.

It seems to me that in line with these amendments to the Unemployment Insurance Act and with a view to improving the status of women, working in the home should be considered for a woman who wants to earn a salary, who wants to bring in extra money, as in the case of this woman living on Fridolin Street in Fabreville, who paid UIC premiums for five years but who was told by the unemployment insurance officer that the employer should have informed her that her job was not insurable for UIC purposes. I therefore wholeheartedly agree with the hon. member who introduced this motion which could improve the status of women, but it seems to me that some improvement could also be made in the sense that I indicated, as in the example I just gave.

Could I suggest to the hon. member that the request he just put before the House should be considered by the committee which was set up to study the status of women in all these fields. I would suggest to the hon. member that he ask the advice of the Council on the Status of Women rather than asking an immediate amendment to the Unemployment Insurance Act.

[Mr. Roy (Laval).]

Mr. Arthur Portelance (Gamelin): Mr. Speaker, the payment of unemployment insurance to adoptive parents is a matter regularly reviewed by the commission which has been considering that complex and multifaceted problem for about six years. Let us see, for example, how society looks upon adoption. We must point out immediately that the number of children put up for adoption has dropped appreciably in recent years because single mothers are more inclined to keep their child. In short, while the number of children has declined, that of parents who would like to adopt has increased. Today a single parent can adopt a child, something which was unthinkable some ten years ago.

The phenomenon of adoption has also changed. The adoption of older children who often have physical or emotional problems is no longer an unusual occurrence nowadays. Therefore, the needs of those children and their adoptive parents are no longer the same. They also have changed during the past 15 years.

Today most adoptive parents earn an adequate annual income. It is an important criterion in the eyes of adoption agencies. This is why it is good to question the idea of supporting these families financially.

Before deciding on the advisability of giving maternity benefits to the persons who adopt a child, let us recall that the main objective of unemployment insurance is to give temporary support to any person who loses his or her insurable employment. To obtain this temporary help, namely unemployment insurance benefits, the person must look actively for a job, except of course if the work stoppage is due to illness or pregnancy. So, are eligible to this temporary financial help those persons who lose their jobs, who are unable to work or who try to find a job or those who are physically unable to work for a certain period of time.

That is the main objective of unemployment insurance. Does it meet the needs of the adoptive parent? Does the adoption of a child imply automatically that the parent will have to stay out of work? I think the answer is no. Generally speaking, to draw unemployment insurance benefits, one has to be able to work and to be available to this end. An adoptive parent can sometimes meet these two primary requirements. For example, it is possible that the child may need constant care from one of both parents. The parent who goes out of the labour market is, according to the Unemployment Insurance Act, able to work but not available to this end. Furthermore, a mother who has a baby is considered as being physically apt to work. Consequently, if the adoptive parent is not available for work according to the law, he or she cannot draw unemployment insurance benefits. Those two major conditions, that is ability and availability, enable the authorities to determine unequivocally the entitlement of a claimant.

The concept of extending benefit eligibility to adoptive parents is to be commended. However, in so doing we would be paying people who have voluntarily left the labour force and who are able to work. Their motives cannot be compared to the physical and uncontrollable reasons that I mentioned earlier. It is certain that adoptive parents may have to stay at home to take care of the new child. However, adoption agencies always explain to the parents the needs of the child to be adopted. Therefore, during the adoption process, the parents are aware that one of them will have to stay at home. Their decision is voluntary.

By paying them benefits, the government would establish a precedent and undermine the basic principles of the unemployment insurance plan. Someone who is physically able but not available to work for reasons other than those which concern the labour force could then receive unemployment insurance. Availability would no longer be a condition of eligibility for those who can explain why they do not meet this condition.

I would like to emphasize that I am not attacking the idea of adoption. Adopting a child is a very laudable social action through which many children can become part of a family. It gives the possibility to many adoptive parents of knowing the joy of raising children. Moreover, this is not a matter of saying whether we are for or against some sort of assistance for adoptive parents. The Unemployment Insurance Act was simply not designed for this purpose.

Some adoptive parents need financial assistance and others do not. In both cases, the decisions to adopt a child and to leave the labour market go together and must be made voluntarily. We must also remember that the main purpose of the unemployment insurance plan is to give temporary assistance to anyone who loses his insurable employment to allow him to find new employment quickly.

Canada's employment picture is not very good. The unemployment insurance program is not a welfare program. It is not designed to cover all social needs. I suggest it would be unwise to grant unemployment insurance benefits to adoptive parents because they must stay home for a given period of time. Since maternity benefits do exist, it is understandable that some would like these benefits also to be paid to adoptive parents. Yet this would contradict the basic principles of this program. Women collect maternity benefits only because they are physically unable to work. Adoptive parents are physically capable of working even though adoption agencies may require that they temporarily give up their employment.

The unemployment insurance program should not become a substitute for other social aid programs. The program is not designed to meet all the income needs of Canadians. I have no doubt that adoptive parents might need some form of financial support. Their problems can even be more complex than those of natural parents. I am, however, opposed to this motion because in my opinion unemployment insurance is not the proper instrument to help them.

• (1732)

[*English*]

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, it is a pleasure for me to speak on the motion of the hon. member even though I will not be speaking in support of it. The notion of paying unemployment insurance benefits to adoptive parents, in much the same way that benefits are now paid to workers unemployed due to pregnancy, is not new. However, unemployment insurance was designed to provide adequate, short-term income maintenance for workers who, for reasons beyond their control, are unemployed, capable of work and available and actively searching for work, or temporarily physically incapable of work.

Unemployment insurance, then, is for workers who are unemployed for reasons beyond their control. While collecting unemployment insurance, unemployed claimants must actively look for work unless they are physically unable to do so. Adopting a child is a deliberate, conscious decision. The parent of an adopted child, although physically able to work, would not be available and would not be actively looking for a job. To give people in this situation unemployment insurance benefits would be to distort the purpose of the whole unemployment scheme.

Mr. Forrestall: Balderdash, nonsense. Get that grin off your face.

Mr. Herbert: Fortunately, in this House we are all entitled to our opinion.

Mr. Forrestall: Get that grin off your face. You do not believe what you are saying either.

Mr. Herbert: As most of us know, in the adoption process the particular needs of the child are outlined ahead of time to the prospective parents. If there is the need for one parent to remain in the home, this is known almost from the beginning.

If the parents work outside the home and decide to adopt a child and this requires one parent to leave the labour force, the adoption becomes a conscious decision that one parent leave the labour force. It becomes a responsibility that the parents assume jointly. The conscious element in the parents' decision to adopt puts the matter outside the principles and the scope of the Unemployment Insurance Act.

If the government were to consider giving unemployment insurance benefits to adopting parents, a precedent would be set that would distort the purpose of unemployment insurance. With this precedent, why not pay benefits to any capable but unavailable insured person whose unemployment was caused by conditions other than the labour market? Using this reasoning process, I can envisage thousands of persons deciding to be unavailable for work for what they, in their own minds, saw as good reason. They would argue that they were entitled to unemployment insurance on the grounds that their decision made them unavailable for work. The implications of this are obvious and too far-reaching. I must emphasize here that the issue before us is not the process of adoption itself. Adoption

plays a vital role in our society, providing good homes for children who are disadvantaged or parentless. It gives childless couples the chance to experience the joy of parenthood. The issue at stake is not to decide whether adopting parents should get some form of special aid from the government either. The point in question is whether unemployment insurance is the appropriate vehicle for such assistance. In other words, my concern is not whether adopting parents may need some kind of support. There will be those who will and those who will not. My concern is to retain intact the principles of the unemployment insurance program in this country. These principles have remained essentially the same over the nearly 40 years since the first Unemployment Insurance Act was passed.

Unemployment insurance is not a welfare program. We are all aware that unemployment is a problem in Canada today. But to use the unemployment insurance legislation as a sort of catch-all instrument to cure our social ills, however valid these needs may be, would be unwise.

Because the unemployment insurance program pays maternity benefits, I can understand people assuming that a parallel exists between that and the payment of support to adopting parents. Once it is understood, though, that maternity benefits are paid because of physical incapacity to work, the parallel disappears.

At a time when we are all concerned about unemployment, we must not attempt to force the unemployment insurance program to encompass areas it was not designed to cover. We must not use it as a substitute for other social aid programs. I do not agree with those who see unemployment insurance as the general aid mechanism through which the federal government can solve virtually any legitimate social need of Canadians. Unemployment insurance is a type of social insurance and not the answer to Canadians' income needs, regardless of their nature. If we were to remove the link between unemployment insurance and the labour force and give workers the right voluntarily to remain out of work, we would completely defeat long-established principles.

In discussing the principles of the Unemployment Insurance Act, the words "capability" and "availability" are crucial. Regular unemployment insurance claimants must be both capable of work and available for work. They must also search actively for a job. In the case of claimants on maternity benefits, the person is considered to be incapable of working because of her pregnancy. Maternity claimants do not have to prove that they are available for work because of this incapacity to work. Adopting parents fit into neither category. An adopting parent who has withdrawn from the labour force is physically capable of work, but not available for work.

● (1742)

Under the terms of the Unemployment Insurance Act, then, this parent is not entitled to any benefit. To pay benefit to adoptive parents—laudable though this may seem in principle—would be to pay people who, although capable of work, have made a conscious decision to withdraw from the labour force. As I stated earlier, this would set a precedent that would erode the very base of unemployment insurance in Canada.

I said earlier that unemployment insurance is not welfare. Insurance spreads financial losses over the large numbers who face the risk. The benefits, paid out when financial loss occurs, are met from a fund made up of premiums paid by contributors. Welfare, on the other hand, is payable on a condition, such as need. Need is a subjective thing and it changes over time. Need cannot be financed using actuarially-determined premiums, as insurance is. This is why welfare benefits are usually financed from general taxation.

Insurance benefits, of course, are financed from pooling premiums. For unemployment insurance, premiums paid by employers and employees are calculated to cover the basic cost of benefits, including administrative cost. This is actuarially sound and meets insurance principles. To attempt to distort an insurance scheme so that it covers both the contingency of unemployment and the element of need inherent in social welfare programs would mean weakening the whole structure of the labour market and its relationship with jobs and people in this country.

Late last summer, this House passed amendments to the Unemployment Insurance Act in Bill C-27. These changes were evidence of the government's continuing desire to respond, within the framework of unemployment insurance principles, to the needs of Canadian workers. May I add at this point that it is my opinion that we should be seriously considering introducing additional amendments to the Unemployment Insurance Act so that persons drawing benefits which are a considerable drain on the economy and who, in my opinion, are not entitled to them should be excluded from those presently listed as unemployed. I refer specifically to persons who would ordinarily be on contract for periods of six, eight or nine months and who now are able to draw unemployment benefits for the remaining months of the year. I speak specifically of classes such as golf professionals and others who up to a certain point in time used to consider themselves fortunate to earn enough income in eight months to last for twelve but who in my opinion are now drawing from the taxpayer moneys to which they should not be entitled.

One of the most significant of the changes made in Bill C-27 was what is called the variable entrance requirement. This amendment made eligibility for unemployment insurance dependent on the rate of unemployment in the region of the country where the claimant ordinarily lives. What this means in practice is that the worker in a region of high unemployment would need fewer weeks of insurable unemployment than the worker in a region of relatively low unemployment. But let me stress here again that this kind of response to conditions in the labour market was done within the framework of the Unemployment Insurance Act and the principles enshrined in it.

While I am on my feet, Mr. Speaker, when the department makes an error, such as it did recently in using a wrong calculation which resulted in an overpayment of $4.3 million to some 15,000 claimants, it is my personal opinion that this is

not the fault of the claimants, and under such circumstances the department should accept its responsibility and absorb that loss.

Some hon. Members: Hear, hear!

Mr. Herbert: I think it would be fair to say that many adopting families have adequate means of income. The Children's Aid Societies are very careful in selecting parents for the adoption process and income is one of the criteria used in their decision. Because of this, many adopting families are in the middle or upper income range.

That is not to say that we should not be thinking of some programs to aid parents who do not have the income to adopt children and who should have the benefit and privilege of children in their home. What I am arguing this afternoon is that the unemployment insurance scheme is not the vehicle to be used. That is not to say there may not be a need for some form of financial support for the parents, probably as a provincial area of responsibility, although with our difficulties today perhaps we should not be emphasizing what is provincial and what is federal. But a deliberate decision must be made by adoptive parents, presumably after discussions have taken place with the Children's Aid people on the needs of the child and the parents' ability to provide these needs. So it seems to me that unemployment insurance is not the appropriate place to look for aid in these circumstances.

This is not the first time this House has considered the proposal to pay unemployment insurance to a parent who adopts a child. The issue has been raised on other occasions and the arguments for and against have been aired. Mr. Speaker, I do not want to appear to discredit the adoption process in any way. As I mentioned earlier, adoption does play an important role in finding homes for orphaned and disadvantaged children.

Personally, I think we should take every measure to make it possible for those parents who are in the unfortunate position of not having children of their own to be able to adopt. Adoption plays an important role in finding homes for orphans and disadvantaged children. It gives people who are childless the chance to experience the joys and the rewards of parenthood. The give and take of parent-child relationships is extended through this adoption process and society as a whole benefits. I have no argument against this process. I applaud it most warmly.

Neither do I dispute that adoptive parents may very well need some form of support in their very worth-while endeavours. Indeed, in many ways I believe the role of adoptive parent is often more difficult than that of natural parent. Those parents who decide to contribute so much of themselves in the adoption process are greatly to be admired. But I find myself unable to support this motion to pay unemployment insurance benefits to adoptive parents because I firmly believe the Unemployment Insurance Act is not the right place to provide this kind of assistance. There must be other places to look for help of this kind, not tied firmly to existing insurance principles and not strictly based on capability to work.

● (1752)

I am most pleased that the hon. member has brought forward this motion for discussion. Maybe as a result of our discussions this afternoon some other way will be found to provide the assistance which is requested in the hon. member's motion.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I was not going to speak to this motion today because I had hoped it might get passed and I did not want to contribute to the so-called talking-out process. However, that process seems to be in full flight, so I may as well say a few words.

I am prompted to do so mainly by the remarks of the last two speakers. It is rather interesting to note today that the only speech we have had on this motion from the Conservatives was a Liberal speech, and the last two speeches from the Liberal side have been Tory speeches. I suppose at election time things like that can happen. My hon. friend who just took his seat and the member who preceded him both spoke as though unemployment insurance is based on some basic principle that has never been tampered with or breached at all. I can say that when the program started the idea was that unemployment insurance was to be paid only in cases where there was no work and only to persons who were available for that work.

In the early years when we argued that it should be paid to people who were not at work because they were ill, we were told that would violate the basic principle of the Unemployment Insurance Act. After a while the principle was modified slightly and the law changed so that if a person was collecting unemployment insurance because there was no work and then took sick afterwards, his unemployment insurance benefits were continued. Then after a period of time we said that if we paid unemployment insurance to certain persons who were sick, why not to those who had to leave their work because they were sick, and finally that category was added. Of course, for a long time it was argued that we could not bend the provisions for persons who needed unemployment insurance because of maternity, but we eventually breached that and decided that that too was a legitimate reason for being away from work.

My hon. friend who has just taken his seat, the hon. member for Vaudreuil (Mr. Herbert), suggests that if we go a step further and allow unemployment insurance benefits to be paid to adoptive parents, we will be opening the way to anyone who says "I am not available, I want to go on a holiday" or to someone to say "I want to write a thesis". I suggest this whole matter is under our control.

There is a relationship between the process of adopting children and the process of having children. Most of us in this place do not know what it is like to bear children, but there are a few who can tell us about the experience. It seems to me there are times when natural mothers can work almost up to the time of childbirth and then are able to go back to work right after. I have known of other cases of parents adopting children who have gone through such an emotional experience

that they needed to stay home. So I suggest this attempt to draw a hard and fast line really does not match the situation, and it certainly does not match the fine sentiments about our being a society that ought to encourage home building through the adopting process. So, Mr. Speaker, the arguments I have listened to do not carry any weight with me. I should still like to see this motion passed.

Incidentally, my hon. friend from Vaudreuil said that he should like to see something done to encourage the adoption of children but he does not want to see it done through the unemployment insurance route. Even if we passed this motion, it would not legislate anything. It would just express the opinion that something ought to be done for adoptive parents. True, it suggests it might be done through unemployment insurance, but it would give the government a lead to do some thinking about this issue. I hope that we will not have to listen to much more of the kind of argument we have had from the last two speakers. I see another Liberal getting up. I hope that like the hon. member for Davenport (Mr. Caccia) his speech will be a Liberal one, instead of a Tory speech such as we have had from the last two Liberal speakers.

I support the motion, Mr. Speaker.

Mr. B. Keith Penner (Thunder Bay): Mr. Speaker, the hon. member for Winnipeg North Centre (Mr. Knowles) uses the term "a Liberal speech" and "a Tory speech". He does not bother to define at any great length exactly what categorizes these particular kinds of speeches.

In opposing the point of view expressed by the hon. member for Vaudreuil (Mr. Herbert), it seems to me he is taking a restrictive and confined point of view concerning the unemployment insurance program. In my opinion, the hon. member for Vaudreuil was quite correct in saying that we are in fact opening the door to a great many social problems in this country that require solution. There are a great many social situations where financial aid is needed. The question is: Should we open the door in such a way that the unemployment insurance program becomes a catch-all for every social program that presents itself to this House?

Like the hon. member for Vaudreuil, I think the issue before the House is not whether some adoptive parents require financial support but whether the unemployment insurance program is the proper program to provide it. We know that there are a great many social programs in existence at the federal and provincial levels. If hon. members in this House detect a significant gap and a need in our present complex and widespread social assistance program, it should be remedied. For example, if there are adoptive parents—I am sure the hon. member for Winnipeg North Centre would agree with me entirely—who are not financially able to be adoptive parents, but who do meet the other requirements of providing the stability, the emotional and psychological environment to take adoptive children into their home, then they should not be precluded from becoming adoptive parents. If hon. members in this House detect that there is a glaring gap in this program and that it must be addressed, then let us address ourselves to this problem and solve it. But if we say that we detect a need and that the obvious answer to it is through the unemployment insurance program, then we are saying that next week or the week after when another need is detected we can open the door again. By doing that we would not have an unemployment insurance program at all; we would have a new, all-encompassing, comprehensive social assistance program.

I know that when the hon. member for Winnipeg North Centre sat in the committee—

Mr. Knowles (Winnipeg North Centre): Another Tory speech.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member. It being six o'clock the hour provided for the consideration of private members' business has now expired. I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

CURRENCY AND EXCHANGE ACT

AMENDMENT TO AUTHORIZE ISSUANCE OF CERTAIN GOLD COINS

The House resumed consideration of the motion of Mr. Goyer that Bill C-39, to amend the Currency and Exchange Act, be read the third time and do pass.

The Acting Speaker (Mr. Turner): At five o'clock the hon. member for Vancouver Quadra (Mr. Clarke) had the floor. He has 22 minutes remaining.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, as it came up to five o'clock, I was explaining the severe reservations that we on this side have concerning this bill. Primarily, the bill will remove the power from parliament and give it to the governor in council to make rulings as far as the gold coinage of Canada is concerned. Also, I spoke about the lack of planning the government have shown in introducing a bill of this sort when the concept of what it is they plan to do has not been spelled out.

Just before five o'clock I had reached the point where I was talking about the production of jobs, what the program was going to do and how the mining industry representative had said to the committee that at the moment the industry cannot sell enough of its production at a price that enables it to make a profit. They want the price of gold to be determined in world

markets. This program will provide additional demand. They expect this demand will lead to an orderly upward movement in the price of gold. He stressed the word "orderly".

The problem is that the government has not given any commitment to the production of the bullion coin, simply to the production of the medallion. It has been adequately demonstrated that the medallion will not have any particular value from the point of view of the mining industry. The demand for a medallion will be rather poor. There are a couple of very good reasons for that.

I want to illustrate before going on that the Minister of Finance (Mr. Chrétien) had some very severe reservations concerning the production of a gold coin for sale as a piece of gold. In a letter written by the Minister of Finance in December 1977 referring to the proposal for a gold bullion coin, he said:

> First of all, it would seem to me that the term "coin" should not be used in this instance.

The production and sale of tokens whose selling price would be related to the commodity value of gold would be acceptable, he said. He then said:

> We would want to ensure that the tokens were not marketed with any implied guarantees by the government as to future value.

Of course, this is why the gold coin idea will sell, because it has a stop loss value of $100 Canadian, if that is the amount decided on by the government. The minister went on in his letter:

> We would want it clearly understood by potential buyers that these tokens were not legal tender and had no monetary value.

Of course, there has been a grave danger since then because they would have a monetary value. They would be put out by the government through the Mint.

The minister summarized his views by saying:

> —while I have no objection to a private manufacturer producing and marketing gold tokens, I would not wish to see these described as "gold bullion coins" which might have an implied monetary value or guarantee on the part of the government.

● (2012)

We can see that the government has made many changes in planning and that the planning has many deficiencies. Parliament is being asked, in approving this bill, to countenance aiding and abetting those who would like to move their investments in gold across international borders without attracting duty. I mentioned this afternoon that the rate of duty in the United States would be 17.5 per cent in the case of somewhat similar products. I raised this matter in committee on April 27. The Master of the Mint had admitted that the value of the coins bore no relation to the face value. The value of the gold was what counted, just as the value of the medallion would fluctuate with the price of gold. But if the government of Canada lends its name, investors are able to buy them with a stop loss value and thereby circumvent duties imposed by other countries on valuables moved across their borders.

I refer again to the minutes of the committee for April 27. A question was raised on that occasion having to do with sales tax on coins issued by the government. If one takes ten $20 bills to a bank and exchanges them for two $100 bills there is, of course, no imposition of sales tax. The idea of a sales tax imposed on the exchange of one combination of notes for another is ridiculous, I would be the first to agree. But the government allows provincial governments to levy provincial sales tax on legal tender. I am referring specifically to other coins produced by the Mint. In the committee I expressed the point as follows:

> What concerns me is the matter of sales tax on these coins within Canada at the moment, particularly the gold coins commemorating the Silver Jubilee of Queen Elizabeth II. When one goes into a bank and buys a $50 bill or a $100 bill there is no suggestion that sales tax is payable and there is no question that $100 Silver Jubilee coins are legal tender; yet, when one buys them, particularly in British Columbia, one must pay the 7 per cent provincial tax. Of course, the defence given is that, to use the minister's words:
>
> > . . . the determination of what goods are subject to provincial sales tax is the responsibility of the provincial governments.

I was quoting from the minister's letter to me. To continue the quotation:

> The minister presumes that
>
> > . . . the provinces imposing tax are doing so on the basis that these items are considered to be commodities when traded and not legal tender. As to why such a levy should be allowed, I can only state that to date the courts have not found that the provinces cannot impose these levies.

I would ask hon. members to compare this situation, in which the federal government accepts the position of provincial sales tax on Canadian legal tender, with the provision in the budget established some four weeks ago on April 10 when the cabinet found it was not too difficult to get all the ministers of finance of the provinces, or at least the overwhelming majority of them, to agree that concerted action be taken at Ottawa's behest. The result, as we know, is that provincial sales taxes were reduced.

In summary, we have many things to complain about in this bill and not very much to agree with. We support the intention to provide jobs in the mining industry and in certain areas outside, including the Mint. But the measure has implications which go beyond this. There is the aspect involving the further erosion of parliamentary powers—the emasculation of this institution. Then again, by voting for this bill, we would be aiding and abetting people who want to move gold across international borders duty-free. All this, together with the general lack of planning and the fact that the government has refused to commit itself to going ahead with the bullion program, is not good enough. I hope the minister and his colleagues will reconsider their approach before the question comes to the final vote.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, this little bill involving the minting of commemorative coins, tokens and so on is not one of great importance, in my opinion, and we might be better occupied dealing with some of the tax bills flowing from the recent budget. But it does give rise to certain difficulties. The government itself does not seem very clear as to its objectives.

The government would like authority to mint coins of a commemorative nature, for example, coins marking the 25th

anniversary of the Coronation or the holding of the Olympic Games. Such coins would be limited in face value but the face value would be much greater than the gold in the coin is worth. The minister has informed us that the governors of the Mint have suggested a unity theme for one proposed issue. In my view this is a stupid proposal. Other speakers in this debate have pointed out that presumably the country is unified already and that the issuance of a gold coin is not likely to appeal to many as being a very practical manifestation of unity.

As things are, parliament is the sole body, as I understand it, which can authorize the minting of coins for a particular purpose such as the commemoration of the Olympics. I am inclined to think that this authority should remain with parliament. It would seem as though the government really intends to run a type of lottery, and I would place many of these proposed coins in that category.

● (2022)

By minting coins such as this we are, in essence, competing with private mints, and I am not sure that that is the right thing to do. I believe that parliament should retain the authority to authorize a commemorative gold coin, but only under certain circumstances. This should not be given up to the whims of the cabinet, and especially not the present minister. The problem of unity is ongoing and will certainly not be solved by minting such a coin. I am more interested in a gold bullion coin. The mining industry has pushed the idea of a concept based on the South African Kruger rand, which is a coin bought at the price of gold of the day plus a small amount for minting and distribution. It is somewhat of an anomaly that nations around the world are getting rid of gold as a monetizing agent—in other words, attempting to demonetize gold and remove it as a standard. Gold has been a standard, I suppose, for 5,000 years or more, and gold has retained its value.

While governments may be demonetizing gold, people are turning to gold as a hedge against inflation. While governments tend to rely on the International Monetary Fund, individuals are buying gold to deal with inflation. It is interesting that at the present time the United States has something like $55 billion in gold based on $180 an ounce, or $270 million in troy ounces. However, much of it is impure. It is called coin melt and has a gold content of only about 90 per cent. West Germany has about $50 billion worth of gold at present day prices, France, $17 billion and Switzerland and Italy, $14 billion, while Canada and Britain each have only about $3.6 billion. It interesting to note that the most desired currency in the world is the Swiss franc, which is, relatively, the most heavily gold-backed currency in the world.

Incidentally, it has been suggested that the gold reserves of the central banks of the leading countries now amount to nearly $180 billion at present day market prices. It is an important reserve because it exceeds SDER's on special drawing rights from the International Monetary Fund by some 1,800 per cent. So although on the one hand governments talk about demonetizing gold, on the other hand gold is now one of the biggest reserves in banks throughout the world.

Many people are now interested in acquiring gold in the form of coins such as the Kruger rand. It is interesting that in their testimony outside experts quoted the fact that the only refugees from Viet Nam who were able to bring in valuables were those who had gold in some form or another. So it is a form of savings. It is something we can carry with us. It has been used over the centuries as a valuable commodity which can be moved.

It seems to me that with the inflation we have gold has value. It had a value in the past, even 5,000 years ago, and it continues to have a value. Even if governments do not wish to accumulate gold any more and wish to demonetize it, the mere fact that our citizens want to accumulate it makes the minting of a gold bullion coin very practical. I mentioned that the Swiss franc, which is, relatively speaking, the largest gold-backed currency for a small country, is in demand, and it seems to me practical that citizens should hold gold in coins, bullion coins or in some other form. That would be endorsed by the public, and would, in the long run, strengthen and stabilize our credit and financial institutions. The present monetary system is based on paper and confidence in it. At this time it shows serious signs of erosion. There are violent currency fluctuations.

All over the world people in many countries are buying Kruger rands. It is interesting that in January of 1978 some 700,000 units of Kruger rands were sold. That represents something like 700,000 ounces. In February some 600,000 were sold. The financial pages are full of articles indicating that gold is increasing in popularity. People are buying gold shares, gold bullion or gold stocks. If a Canadian bullion coin was available, Canadians would likely buy a few. In addition, markets in the United States and West Germany would be prime for gold bullion coins.

It has been suggested that the coins should be half-ounce or one ounce. Some studies have indicated that international markets would probably absorb one million one-ounce gold coins a year. That would still only amount to one and one-half month's Kruger rand sales. However, it would contribute to the international currency market. An increasing number of investors of very modest means are placing some of their assets in gold as an ultimate hedge against any drastic altering of existing relationships among major currencies. Indeed, some economists are suggesting that gold is one of the best holdings with which to provide a hedge against severe inflation. Some have suggested that perhaps one quarter of one's assets should be held personally in the form of gold, so it does not seem as though there is any disadvantage to minting a gold bullion coin.

However, unfortunately the government has not seen fit to say whether it is in favour of a gold bullion coin. There was talk about that in committee, but we did not hear the government say that it expected to mint one. I think that a gold bullion coin would meet with general approval and would be a major thrust in creating stability in the industry. It would

provide more jobs. In the 1930's gold mines produced income and jobs for a relatively large number of miners when other mines were at a low ebb. As I understand it, gold mines are relatively labour intensive, so more jobs are created by a given amount of capital investment in gold mines than in other types of mines.

We in Canada are encouraged to export more, but we often export goods which are not very competitive. We have heard about our exports in manufactured goods. We have heard that the Export Development Corporation has to underwrite some 42 per cent of capital goods exported from Canada to destinations other than on the North American continent. If we were to export gold bullion coins, job creation would be accelerated because of increased mining activity. By exporting coins we would be exporting finished products. That would fulfil the wishes of those who suggest that raw products should be upgraded before being exported.

It has been suggested that as we are the third largest gold producing nation in the world we would not need to be financed by the Export Development Corporation because there is a solid market for gold coins. If the market holds up to what has been projected in studies, it would indicate that all our present day gold production would be used up, and presumably we would bring into play substantial amounts from other mines. The Mint would benefit from the minting of the bullion coins and should return a modest profit.

● (2032)

It seems to me that it is much more desirable to mint a gold bullion coin, which people wish to have as a hedge against inflation, even if governments do not always agree as to its value, than to run what I consider to be a kind of lottery on commemorative coins. Many people, including myself, believe that a $100 gold piece contains $100 worth of gold, but in reality it does not. The value of gold would have to be inflated many times over before it reached the face value of the coin, as we realized when we studied this bill.

In conclusion, I certainly support the minting of a bullion coin, but I am most unhappy at the fact that the government seems to prefer minting a token unity coin in attempting to supply the market when a bullion coin would go a long way toward providing incentives to our gold mining industry, resulting in over-all stability for our miners. I believe that the United States and West Germany would provide markets for the minted bullion coin and that individuals in the western world who wished to buy gold as a hedge against inflation would also be interested in buying the minted coin.

In view of the fact that the government has not been clear with regard to what it wishes to do in this situation, I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That Bill C-39, to amend the Currency and Exchange Act, be not now read a third time, but that it be referred back to the Standing Committee on Finance, Trade and Economic Affairs for the purpose of reconsidering the method of authorizing the issuance of gold coins and in particular gold bullion coins.

The Acting Speaker (Mr. Turner): Is it the pleasure of the House to adopt the said amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion the nays have it.

And more than five members having risen:

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

The House divided on the amendment (Mr. Ritchie) which was negatived on the following division:

● (2042)

(*Division No. 43*)

YEAS

Messrs.

Andre (Calgary Centre)	Lambert (Edmonton West)	Neil
Baker (Grenville-Carleton)	La Salle	Nystrom
Beatty	MacDonald (Miss) (Kingston and the Islands)	Orlikow
Benjamin	MacKay	Paproski
Clarke (Vancouver Quadra)	Masniuk	Peters
Crouse	Mazankowski	Ritchie
Darling	McCain	Roche
Epp	McKinley	Schumacher
Forrestall	Mitges	Scott
Friesen	Munro (Esquimalt-Saanich)	Smith (Churchill)
Knowles (Winnipeg North Centre)	Murta	Stanfield
		Stevens
		Stewart (Marquette)
		Yewchuk—36.

NAYS

Messrs.

Béchard	Douglas (Bruce-Grey)	Langlois
Bégin (Miss)	Dupras	Leblanc (Laurier)
Blais	Duquet	Lessard
Blaker	Ethier	Lumley
Blouin	Fleming	MacEachen
Boulanger	Flynn	MacGuigan
Buchanan	Gillespie	Maine
Bussières	Goyer	McIsaac
Caccia	Gray	Milne
Cafik	Guay	Nicholson (Miss)
Campagnolo (Mrs.)	Guilbault	O'Connell
Caron	Harquail	Ouellet
Clermont	Herbert	Pelletier
Condon	Holt (Mrs.)	Penner
Cullen	Isabelle	Portelance
Danson	Lachance	Prud'homme
Daudlin	Lambert (Bellechasse)	Railton
Dionne (Northumberland-Miramichi)	Lamontagne	Reid
		Robinson

Messrs.

Rooney	Sauvé (Mrs.)	Turner
Roy (Laval)	Smith (Saint-Jean)	Young—61.

● (2122)

Mr. Speaker: I therefore declare the amendment lost.

The question is upon the main motion. Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: On division.

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

* * *

RAILWAY ACT

MEASURE TO AMEND AND REPEAL CERTAIN STATUTES

The House resumed, from Friday, May 5, consideration of the motion of Mr. Abbott (for Mr. Lang) that Bill C-17, to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes in consequence thereof, be read the third time and do pass, and of the amendment (Mr. Murta) (p. 5176).

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I rise to speak in support of the amendment advanced by my colleague, the hon. member for Lisgar (Mr. Murta).

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Vegreville (Mr. Mazankowski) has the floor. If hon. members want to have conversations, I suggest they have them behind the curtains.

Some hon. Members: Hear, hear!

Mr. Mazankowski: Thank you, Mr. Speaker. This bill has undergone considerable debate both in the House and in committee. The evidence presented and the information elicited during the committee proceedings has caused members on this side of the House very genuine concern.

Mr. Benjamin: Some members.

Mr. Mazankowski: I hear the hon. member for Regina-Lake Centre (Mr. Benjamin) say "Some members". Had he been at all of the committee hearings, he would have followed the bill in a much more effective fashion and would understand it better than he obviously does. We call that kind of member a hit and miss member. He was missing more times than he was hitting. The hon. member tried to jump on the bandwagon of the members of the Conservative party who had worked very diligently trying to bring about an improved bill. He came along at the eleventh hour and bootlegged in an amendment. Now he can go back home to tell his constituents what a great job he does. However, we will probably send out the attendance record, which will not look so good.

An hon. Member: Get up on a question of privilege.

[The Acting Speaker (Mr. Turner).]

Mr. Mazankowski: The hon. member can certainly get up on a question of privilege if he has the guts and credibility to do so.

Some hon. Members: Hear, hear!

Mr. Benjamin: Mr. Speaker, I am glad the hon. member for Vegreville (Mr. Mazankowski) has enticed me to get up. It is not a question of guts. It is more a matter of the content of his speech, which he has read three times during the course of second and third reading debates. I remind the hon. member on a point of order or question of privilege, whichever your Honour wishes to choose, that the two or three meetings I missed on the transport committee are no greater than the number he missed.

The Acting Speaker (Mr. Turner): Order please. I suggest to the hon. member that is not a point of order but a point of debate.

Mr. Mazankowski: Mr. Speaker, that is about as phony a point of order as the points the hon. member made in committee, which were very phony. As I was attempting to say before I was so rudely interrupted by the hon. member for Regina-Lake Centre, we have some very genuine concerns about the impact of this bill upon certain sectors of the transportation industry.

I wish to review very briefly the position our party has taken on this bill. At second reading, we allowed the bill to advance to committee stage, at which time we were to call witnesses and study the details of the legislation and the impact it would have on the transportation industry. Implicit in that decision was the condition that various factors would then be taken into consideration, namely the impact this legislation would have upon other modes of transportation. We were concerned about what it would do with regard to distorting the competitive balance of the transportation industry.

Secondly, we were concerned about the provision of adequate safeguards to ensure that the measures of control and accountability of this corporation were enshrined in legislation. As well, we wanted to ensure that the funds which would supposedly be earmarked for improving the transportation system would in fact be earmarked for that purpose.

The third point we wanted to consider was whether this legislation was really needed and whether it would serve the benefit of the public interest.

Fourth, we were interested in examining the impact upon CNR, with recapitalization and without recapitalization, over a projected five-year period.

Having considered all these points, the members of our party concluded that this bill does not appear to be needed at the present time. In our view, it does not provide any degree of significant benefit to the national interest of Canada.

Second, notwithstanding the amendment that was accepted whereby the annual reports of the corporation will be automatically referred to the Standing Committee on Transport and Communications, which is an improvement, in our

view this is not sufficient to adequately provide for the kind of control and accountability mechanisms that we seem to be aspiring to put in place with all Crown corporations.

Third, because the CNR have now proven to themselves, their shareholders and the country that they can turn the operations of the corporation into a profit on the basis of the existing financial structure, this implies that the current management team are in fact doing a very good job. The fact that they are turning the corporation around is very commendable. We, and I am sure all members of the House, join in commending the president of CNR, Dr. Robert Bandeen, and his management team on a job very well done. They have demonstrated that with sound management and good business practices the corporation can turn a profit on the basis of the existing financial structure.

• (2132)

It may be argued that the profit is not high enough to meet the cash requirement in terms of maintaining equipment, upgrading roadbeds and so on, but the fact remains there has been a major achievement on the basis of the existing structure. But most serious of all is the concern we have that the CN could disrupt the competitive balance in the transportation industry, particularly one of the major private sectors in the industry, that is to say, the trucking industry, and that the interest of the public would not be served as a result.

We feel strongly about this. The Canadian Trucking Association presented a detailed and comprehensive brief to the committee—

Mr. Benjamin: And you bought it!

Mr. Mazankowski: Mr. Speaker, when the hon. member is out in his constituency he is a great supporter of private enterprise, but back here in the Commons he is a doctrinaire socialist and nothing else. He speaks out of both sides of his mouth. He really does not support the trucking industry at all. He would like to see the whole trucking industry nationalized, as should be very clear from his utterances.

There are other considerations involved here, such as intentions on the part of the government which are not fully known at present, adjustments in the freight rates, the full impact of the removal of passenger service from the CN rail system and other consequences of government policy. For these reasons we believe the bill should not be proceeded with at this time.

Other speakers have dealt in detail with certain of our misgivings; I have myself expressed them in committee and I do not wish to cover the whole ground again. Nevertheless, I shall attempt to outline some of the circumstances which have led me to believe that it would be wise to defer this legislation. Mr. Speaker, we see this bill as an exercise in financial manipulation. When it was introduced, the Prime Minister (Mr. Trudeau) said: Pass it, and it will save the taxpayers $100 million. As a result of the cross-examination which took place in the committee hearings we found out that this statement was utter nonsense. We can only conclude that, like the Prime Minister, the Minister of Finance (Mr. Chrétien), who confirmed it, has become a master in the art of deceit. That statement about saving the taxpayers money is totally inaccurate and untrue. Anyone who cares to read the transcript of evidence will find that such is the case.

The other argument which was put forward concerned depreciation. That argument was almost as phony. If the depreciation had been assessed when we were told it should have been, perhaps at the time of the last recapitalization in 1952—or it could have been calculated on an annual basis thereafter—it would have had the effect of increasing the deficit by some $24 million annually. The CN would have ended up with a debt equity ratio of 1 per cent to 99 per cent, which would have been totally unacceptable.

What did happen was this. Throughout the course of the CN recapitalization of 1952 the net effect was to put the company on a debt equity basis comparable to that of the North American industry. It was at that time of the order of 65 per cent, which was reduced to some 40 per cent as a result of recapitalization. To achieve a debt equity ratio which would be similar to that of the North American industry we have, with the conversion of $808 million worth of debt which was considered unclaimed appreciation in the equity, here again improved the debt equity ratio from 62 per cent to 42 per cent.

The minister said this was required. I cite from page 2621 of *Hansard:*

> However, the result of this long-standing obligation for the company to rely on loans for the bulk of its capital requirements has been a debt ratio of about 62 per cent compared with the rail industry average in North America of approximately 35 per cent, and about 35 per cent for the CPR in particular.

There, again, is a statement which is completely untrue. We found out during the committee hearings that there was no inherited debt to speak of after the 1952 recapitalization, so there really was not any long-standing obligation, as the minister stated. The evidence before the committee confirmed that all the inherited debt had been removed by 1952 and that the CN debt ratio was improved from about 65 per cent to 32 per cent, putting the company on the same basis as its major competitor, the CPR. So the depreciation argument is another argument which amounts to nothing more than hogwash.

What really happened after the 1952 recapitalization was that CN went on a spending spree. It purchased new equipment, bought out many trucking companies and engaged in the acquisition of many allied ventures. Then it found within ten years that it was back in the position it had occupied prior to recapitalization. Mr. Speaker, I am sure there are many private companies which would like to carry on their refinancing on such a basis. I would point out that the trucking industry, which the hon. member over there wants to nationalize, has to finance its requirements out of earnings, not from debt cancellation or the accrual of unused depreciation.

During the committee hearings I was talking about the ability or otherwise of Crown corporations to make a profit. I will mention two major hotels. First, the Macdonald Hotel in Edmonton, in 1973, showed a loss of $.1 million. It broke even in 1974, 1975 and 1976 and then showed a profit of $.1 million in 1977. So over a five-year period it was a break even

proposition. I suggest that there probably is not another hotel in the city of Edmonton with that kind of record. The same holds true for the Fort Garry, except it is a little worse: $.1 million for 1973, $.1 million for 1974, $.2 million for 1975, $.2 million for 1976 and $.3 million for 1977, all losses. When we look at legislation like this, we are concerned about those kinds of things. Legislation like this really does nothing more than relieve the burden of debt from a Crown corporation which should do better.

● (2142)

I now come to what I refer to as the impact of the unknowns. Things which are taking place, either being enacted at the present time as a result of government policy or being contemplated, I submit will have a very significant impact upon the earning power and the operations of CN. I refer to branch line abandonment. Branch lines are constantly being abandoned, and branch lines will continue to be abandoned over the next 10, 15 or 20 years. This will place a heavier burden on farmers because the result of consolidation in the grain handling system will be more efficiency, and it will be easier for rail lines to move grain from country elevators to ports. However, it will entail much longer hauling distances for the average producer.

We have also talked about the withdrawal of passenger services. That too removes a liability or a deficit operation from the railway, some of which has been taken into consideration in the projected figures. We also have the prospect of an adjustment in the statutory freight rates, which the minister indicates will come about in due course and which will have a major and significant impact upon the earning potential of the CNR. There are fairly hefty grants from the government for railway rehabilitation and for the upgrading of tracks. The minister has indicated the figure of some $600 million going to both railways, the bulk of which will probably go to the CNR. We have budget relief measures which will accelerate depreciation on the purchase of equipment. There will be further purchases of hopper cars and continuing maintenance of a number of articles of rolling stock. Stated government policy provides for the payment of subsidies for the provision of any service which may not be economic, but which is deemed necessary in the public interest. We have the record of the CNR in terms of its improving its efficiency and its rationalization and in terms of cutting down its labour force, thereby improving productivity.

The total impact of these measures has not yet been felt, but I suggest that they will have a very major and significant impact upon the operations of the CNR from a cash generating point of view. The evidence in the committee suggested that taking into account some of these items, but not necessarily all of them, would result in CN's showing a profit of up to $294.2 million by the year 1981. Of course, this raises a couple of questions. First, can CN justify that level of profit? It is a Crown corporation. Second, we have to question what impact that much profit may have upon labour-management relations and particularly the negotiations which would take place between the unions and management. I think those two points

are very important, relevant and germane to this legislation. In addition to those two points the impact upon CN's competitors will, I suggest, be very substantial.

That brings me to the point which I consider to be the most important in this bill, and that is the impact upon other modes of transport, particularly those which are in direct competition with CN. Of course, once again I refer particularly to the trucking industry. I think that the minister and his colleagues have failed to recognize the legitimate concerns of the trucking industry. I think those concerns have been sloughed off. Notwithstanding, the minister has made assurances, and the officials of the CNR have made assurances, that these fears are unfounded. However, unfortunately the words expressed in the committee are not enshrined in the legislation. Therefore, any guarantees which may have been suggested or implied during consideration of this bill in committee are hollow and meaningless.

I believe that the Canadian trucking industry can say with some justification what it said in a statement which I wish to place on the record at this time. This statement was contained in the submission presented to the Standing Committee on Transport and Communications by the Canadian Trucking Association. The Association said this:

> CN management should be encouraged to compete in the marketplace on an equitable basis with private enterprise where transporation services can be self-supporting. We do not believe this can happen where the Crown-owned railway is given an overwhelming financial advantage. To be more specific, we are concerned that given enough financial leeway, CN management will again be tempted to try and buy their way into a self-contained empire of inter-connecting services where they would otherwise have to compete with other carriers for much of the interline business they would control. CN might decide that with one final cast of the dice they could revolutionize domestic transportation on a multi-modal basis and in the process effectively bury the competition.

The Association made the following concluding statement:

> A condition precedent to passage of C-17 should be some kind of guarantee to parliament that CN will refrain from indulging in massive new investment schemes in an attempt to corner profitable domestic transportation markets while neglecting its responsibility to maintain, if not upgrade, services in those regions of the country where CN may be the dominant transportation undertaking and where return on investment is less attractive. Present procedures obviously aren't adequate.

I think those concerns are very fundamental and should be considered very seriously, because fundamental to sustaining an efficient and effective transportation system, the concept of equal treatment for all modes of transport by the government must certainly prevail. In this case I see this legislation discriminating against the trucking industry and, for that matter, the CPR.

I come to my final point. It is touched on in that final passage which I quoted, and it has to do with control and accountability and the assurance that the CNR will not be back to this parliament in 20 years for another recapitalization or another debt cancellation.

Mr. Benjamin: It will be if you are running it.

Mr. Mazankowski: We do not have that assurance in this legislation. We tried to build in that kind of mechanism. We tried to have the Auditor General appear before the committee

to give us his advice and wisdom. The loudmouth from Regina-Lake Centre was not at the committee at that time, so he really would not know what I am talking about.

● (2152)

Mr. Benjamin: I was so. I voted for your motion, you idiot.

The Acting Speaker (Mr. Turner): I suggest to the hon. member he should watch his language, and I also suggest that he withdraw the remark.

Mr. Mazankowski: He may have been there in body, but he certainly was not there in spirit.

Mr. Benjamin: I voted for your motion, you dummy.

Mr. Mazankowski: He certainly was not there in spirit. In committee we attempted to improve the legislation so as to ensure that the mechanism which we provide for a greater degree of control and accountability to the House, and thereby to the shareholders of this major Crown corporation, is put into place; and in that connection we attempted to have the Auditor General appear before the committee. We felt that he would have been the expert on this matter, given the fact that he had undertaken a major comprehensive study of the financial management and control of Crown corporations and that he had advanced some very thoughtful suggestions. Unfortunately, members of the Liberal government were not prepared to explore ways and means of improving the legislation and they voted our motion down.

We hear that the government is proposing new Crown corporation legislation. We know there is a royal commission to study the financial management control and accountability of Crown corporations. Perhaps that is all the more reason why we should not be fooling around with this legislation at this time, writing off an $808 million debt without providing as a balance an adequate control mechanism. It is with a great deal of concern that we express our belief that this bill is not complete in terms of providing an adequate check and balance of one of the largest Crown corporations in Canada.

I must remind you, Mr. Speaker, that this is a very large corporation which has some 50 consolidated companies in addition to CNR, plus 20 companies which are jointly operated with other entities. Had we been able to look at this piece of legislation with a view to improving it, it could very well have become the example for other Crown corporations to follow. At least there should have been a sincere attempt to explore every conceivable avenue, and we thought the Auditor General would certainly have been the right person to have come before the committee. We felt we would then have been in a position to advance some thoughtful suggestions and proposals which could have been incorporated into the legislation.

I think we should ask ourselves this question: will we have a better national railway as a result of this piece of legislation? Will the corporation be able to discharge its mandate in a more effective fashion? Will it be much more efficient? Will we have a railway which will cut down the car cycle? When I speak about car cycle I am referring to the movement of grain. Until now it has been 23 days from the elevator to the port. I need not remind hon. members about the problems we have had with moving grain, about the ships waiting in the harbour and the grain piling up on the prairies. Yesterday I had a call from a point where six box cars had been waiting for the last six and a half months. Surely that is no way to run a national railway.

There was no commitment that the passage of this bill would give us a better railway and a better service. We have had no assurance that there will not be more towers, more shopping centres and more investments in other allied and collateral ventures. The president of CNR indicated that he was committed to making CNR the finest railway in North America. He said he was committed to improving the over-all efficiency and effectiveness of the corporation. But again those words are not carved in the legislation before us; they are only recorded in the committee proceedings. We must look at this legislation on the basis of how it will stand the test of time. Judging from the evidence that we have elicited, we can only come to the conclusion that there is no reason why we should proceed with this bill at present because of the various unknown factors and points which I have outlined here. We believe there is absolute justification for postponing and deferring this bill, and for that reason I support the amendment which has been advanced by the hon. member for Lisgar.

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, in the remaining one or two minutes this evening I want to re-emphasize one or two of the points made by my colleague, the hon. member for Vegreville (Mr. Mazankowski). A little later in the adjournment debate I will deal with one or two specifics, which I will take up at greater length tomorrow.

Before calling it ten o'clock I should like to indicate to hon. members opposite the disappointment of those of us on this side of the House as well as of the whole of Canada that neither the Minister of Transport (Mr. Lang) nor his parliamentary secretary are present in the chamber this evening. I find this to be a measure of contempt for the House, which characterizes the attitude—

Mr. Cullen: Mr. Speaker, I rise on a point of order. It is hardly fair for the hon. member to make the comment he just made. The minister was very concerned that this bill should be passed tonight. He was hoping it would be passed and made a specific request that I be here to follow the debate, in the hope the bill would be passed. He has a concern about this bill. The hon. member of all people should know that there are times when members of parliament have responsibilities in other parts of the country.

Mr. Forrestall: I accept that chastisement, if that is what it is, from the distinguished member who is here representing the Minister of Transport. Notwithstanding that, if this bill is so damn important, where the hell is the minister? What is he doing in the dying days of this parliament? My point is this: such an attitude as characterized by the absence of the Minis-

ter of Transport tonight epitomizes the attitude the government has taken toward transport in this country in the last couple of years.

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

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

THE CANADIAN ECONOMY—FORECAST OF UNEMPLOYMENT FIGURES AND REAL GROWTH

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, the question which is under debate this evening was one asked by myself of the Minister of Finance (Mr. Chrétien) on April 21. My question was twofold. I asked the minister to indicate what was the estimated level of unemployment that had been used by his department in the April 10 budget which was tabled in the House; and secondly, what did he anticipate the real growth in the economy will be in the current year. Unfortunately the Minister of Finance indicated that it had not been the government's custom to indicate unemployment levels, and in effect he fudged that issue. So far as real growth is concerned, he stated that it would be approximately 5 per cent, which is slightly down from the earlier figures the minister had indicated for real growth.

I think it is particularly important when we are considering the economic plight of Canada that the government be pressed to indicate what they see in the coming years in terms of unemployment, real growth, inflation and the other standard indices. We cannot operate in a vacuum. Certainly to judge from past years, it is alarming to see the dramatic increases which occurred in Canada respecting unemployment. As far as numbers are concerned, unemployment has approximately tripled compared to the level in 1968. Inflation has more than doubled since 1968. Real growth has gone down. Government spending has soared. It is not enough for a budget to be introduced; it would also be helpful if the government would indicate what it sees for the unemployment level this year and in coming years.

● (2202)

The government has been inclined to rationalize its sad performance. It likes to pull various pictures out of the air to convince the public that it is doing a little better than most of us believe. For example, it is customary for the government to talk in terms of creation of jobs in Canada. It uses that as an excuse to justify the relatively high unemployment level in the country. In short, the government likes to say that it is not so much the fact that jobs have not been created as that the participation rate has been rising. Also it indicates that unemployment levels are higher than anticipated, and it is difficult to identify what unemployment levels will be in the coming months or years. That is not true.

If one takes a look at the past 30 months in Canada, it is startling to see since controls were imposed on our economy in October 1975 that inflation has gone up a full 4 per cent faster than in the United States. I compare our percentage to that in the United States because that country is our main trading partner and has no controls. On the other hand, real growth has been 4 per cent faster in the United States than in Canada. But most significantly, employment growth has been virtually nil in Canada, compared to 7 per cent in the United States. If Canada had had even half the rate of growth in the past 30 months of that in the United States, our unemployment levels would be down to the 5 per cent range. That is what we are talking about tonight. If the government are not anticipating unemployment at those levels, they owe the House and Canadians an explanation.

If we take a look at the past record, we find unemployment in Canada has risen from 5.3 per cent in 1974, to 6.9 per cent in 1975, to 7.1 per cent in 1976 and to 8.1 per cent on the average in 1977. The figure for 1977 indicates that there are 862,000 Canadians out of work. If that trend continues, it is startling to realize that by 1981 there will be 1,280,000 Canadians out of work and our unemployment level will be 10.6 per cent.

Dealing with real economic growth, on average the real economic growth has been 3.06 per cent since 1973. If that trend continues, it will mean the loss of a full three years of real growth by 1981. That will be tough to catch up with. Surely the government must indicate in more concrete terms where it is going. For example, in the "Economic Review" of April 1978, which was tabled approximately a week ago, at page 88 it is indicated that on a cyclically adjusted basis our deficit will be $4.4 billion in 1977 if various things are taken into account.

● (2207)

At committee we asked the minister what level of unemployment would have given the $4.4 billion deficit figure that they referred to. I was startled to find that they said 6.2 per cent unemployment would still leave a $4.4 billion deficit in this country. Clearly the government is holding back facts concerning our economy at the present time. Private forecasters, for example—

The Acting Speaker (Mr. Turner): Order. I regret to inform the hon. member that his allotted time has expired.

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): I want to thank the hon. member for York-Simcoe (Mr. Stevens) for asking this question in the adjournment debate because it gives me an opportunity to expand on the minister's answer which he gave on April 21. I am sure the hon. member will agree there was a great deal of confusion and misunderstanding generated by the perhaps less than clear

report of the most recent Conference Board numbers. It seems that the hon. member was one of many who have been captured by this confusion.

First of all, and most importantly, the Conference Board has not revised down its 4.5 per cent forecast for real growth as measured by the increase in real gross national product. Moreover, this 4.5 per cent forecast does not include the effects of the budget which everyone agrees will give a significant boost to real growth this year, nor does it include the Quebec budget which is also stimulative.

The 3.9 per cent figure referred to by the hon. member relates to the increase in real domestic product, not to g.n.p. What has happened is that the rates of increase for two quite different measures of output have been taken from the same forecast and reported as the same number. This confusion arose partly because the Conference Board released its national forecast, from which the 4.5 per cent g.n.p. number was taken, a few weeks before its provincial forecasts, from which the 3.9 per cent RDP number was taken. But the provincial forecasts in aggregate are consistent with the national forecast of 4.5 per cent real growth in g.n.p. It is my understanding that the Conference Board itself is quite concerned that this confusion has arisen. In fact, the Board is actively considering releasing the national forecast and the provincial detail simultaneously in the future precisely so that this mix-up will not arise again.

Secondly, the aggregation of unemployment rates from the Conference Board's provincial forecasts shows a national rate of 8.5 per cent compared to a rate of 8.4 per cent in their national forecast. The reason for this is again one of timing. The Conference Board's national forecast was prepared before the March labour force data was available while their provincial forecasts included this information. Despite very strong employment growth in that month, the unemployment rate rose as the participation rate increased by more than anyone had thought likely, the Conference Board included. The inclusion of the unexpectedly high March figure had the effect of raising the annual average marginally. Thus, there has not really been any revision in the forecast of the unemployment rate; rather, new past historical observations have been included in the 1978 base.

On the conceptual side, gross national product measures, as its name suggests, national product; that is, the boundary of production is drawn to include all of the production of Canadian factors of production irrespective of what country the production originates in. With the real domestic product, on the other hand, the boundaries of production are confined to the geographic boundaries of Canada, irrespective of whether the factors of production are Canadian or non-resident.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. parliamentary secretary but his allotted time has expired.

Adjournment Debate

TRANSPORT—HALIFAX—GOVERNMENT ACTION TO REDUCE RATE FOR CONTAINERS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, the temptation, of course, is to continue where I left off at ten o'clock, but I will do that when the debate resumes tomorrow, as I hope it will, with respect to the CNR finances.

My question this evening involves Canadian National Railways and its rate structures out of Halifax. Almost three months ago now, I made inquiries of the minister with respect to the 115 per cent increase in container rates out of and through—I am sorry, it is not you responding this evening?

Mr. Lumley: Yes. I am sorry.

Mr. Forrestall: Of course, come back when you are ready.

● (2212)

The question of the 115 per cent increase in the cost of moving containers from the port of Halifax to the port of Montreal was raised in the face of a clear indication from the Minister of Transport (Mr. Lang) that the rate would be raised again early in June. Subsequently, we had an indication from Canadian National that it might not be necessary to increase by 6 or 8 per cent the cost of moving containers from the port of Halifax. Now we have every indication that the CNR is backing away from that and once again there is likely to be an increase on June 1.

My concern is that we have a 115 per cent increase since the base year of 1969-70 against reported increases in costs of some 50 per cent. The usury aspect of this is what bothers me. Notwithstanding the important matters that keep the Minister of Transport out of this chamber, he should be here once in a while to respond to the concerns expressed by some of the ports outside the St. Lawrence River area.

We are on the brink of being priced out of the North American container business by a government which permits a 115 per cent increase in 8 or 9 years and sits still while Canadian National Railways proposes an additional increase on June 1. Dart Container Lines claim that every move in this direction takes us one step closer to moving out of the business and moving Canadian traffic and mid-west United States traffic through a principal Atlantic east coast port, which I suggest in this particular instance could be either the port of Halifax or Saint John, New Brunswick.

It is not good enough, Mr. Speaker. The response from the minister was equivocal, evasive and had nothing to do with whether he had any intention of bringing the influence of his office in government to bear on this crucial problem. I should like to put my question to the parliamentary secretary this evening, who is good enough to be here and to bring us his judgment with respect to these matters.

Have Canadian National's costs from 1969-70 up to today gone up by 115 per cent or 50 per cent? Users of the service are convinced that the cost increase is somewhere in the order of 45 to 50 per cent, yet the company has increased its container rates 115 per cent and are threatening us with a

further increase on June 1. That is not fair, Mr. Speaker. We are talking about Canadian National Railways and their attitude toward east coast ports.

I continue to be concerned that Canadian National Railways have invested in Cast Lines, a company which is owned outside Canada and is competing with non-conference line carriers of containers between Europe and North America. They can only do that at the expense of the ports of Halifax and Saint John, and to the advantage of the port of Montreal. Canadian National Railways have a substantial financial investment in Cast Lines.

We have had a 115 per cent increase in rates over the last 8 or 9 years against a 50 per cent increase in costs, and right in the middle of this period Canadian National invested in a foreign-owned company moving containers outside of the non-conference line into North America. The port of Halifax is getting the short end of the stick, Mr. Speaker. I have no bias against any of the ports in eastern Canada but I expect my government to have a bias towards non-positions with respect to the various ports. To remain silent and let the principal Crown corporation, the principal carrier, exercise its right, indeed its might—

• (2217)

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired.

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, first of all I want to apologize to the hon. member for Darmouth-Halifax East (Mr. Forrestall) for the confusion at the start of the adjournment debate. I have been asked by the Minister of Transport (Mr. Lang) to reply on his behalf. I did not want to interrupt him at the start of my discussion with his colleague, the hon. member for York-Simcoe (Mr. Stevens).

As the hon. member is aware, the government through proposed legislation in the last session, Bill C-33, recommended new freight rate provisions which would lead to more equitable rates and better regulatory procedures. The minister in response to the hon. member's questions invited the opposition to prove their sincerity in wishing to clear up the freight rate inequities by consulting with the government with a view to swiftly passing amendments to the National Transportation Act which would do just that.

The government's proposals to amend the legislation governing railway freight rates are generally intended to promote a greater degree of fairness, both regionally and to shippers, while taking into account the financial need of the Canadian railways. The government envisages that Canadian railways should continue to exercise considerable freedom in establishing freight rates where competitive forces can be expected to protect the public interest. Nevertheless, because of the importance of the railway system to the national economy and the continued existence of some railway monopoly power in certain markets, it is proposed that the maximum and minimum rate provisions of the Railway Act should be strengthened.

[Mr. Forrestall.]

New legislation would also address the problem of long-haul/short-haul rate differentials. This proposal is intended to modify an element of railway pricing which has been perceived as an example of unfair discrimination. At the same time, it will permit exceptions where a complete prohibition could place Canadian producers at a competitive disadvantage vis-à-vis foreign producers.

In his question of February 15, the hon. member called attention to the Halifax gateway study by A. O. Little. With respect to rail freight rates for containers the study indicates that those involving Halifax are quite reasonable relative to equivalent rates charged for container movement by rail in the U.S. Specifically, with respect to the existing container rate from Halifax to Chicago of $510 as opposed to $359 from Montreal to Chicago, this difference is reasonable when the distances for the two movements, 1,600 miles as compared to 800 miles, are considered. Mr. Speaker, rates reflect both distance and the cost of providing the service.

The study findings foresee continued growth in port and related distribution activity for Halifax and are therefore positive in terms of a growing and expanding role for the port of Halifax. Toward this goal, Mr. Speaker, the government of Canada will continue to work with all concerned. I think the hon. member opposite will agree that federal moneys for the construction of $35.6 million container handling facilities at Fairview Cove, Halifax, is just one demonstration of the federal government's commitment to this goal.

POST OFFICE—REMOVAL OF TELEPHONES FROM RURAL POST OFFICES

Mr. Cecil Smith (Churchill): Mr. Speaker, just prior to April 14 I received a phone call from a constituent in Ashern, Manitoba. I was informed by that constituent that the local post office had just been advised that their telephone was to be removed. I could not believe my ears when I heard that the post office, as part of their restraint program, was going to start removing telephones from rural post offices in Manitoba. That is why on April 14, under Standing Order 43, I brought up a motion which I felt was an urgent and pressing matter asking the post office to stop any further removal of telephones from rural post offices, because the telephone in a rural post office is the lifeline of the community.

At that particular time I thought the Post Office Department may have had the courtesy to advise me that telephones were to be removed from rural post offices in Manitoba. I was anxious to know if this procedure would be done Canada-wide or if it would be strictly confined to the province of Manitoba. I am glad to see the Postmaster General (Mr. Lamontagne) in the House tonight so he can answer this important question. To the rural people of Manitoba and maybe to people right across Canada I think this is certainly a sign that this government does not have much respect for the rural people and for the service which the post office should give them.

• (2222)

On May 4, the hon. member for Brandon-Souris (Mr. Dinsdale) asked the Postmaster General why the post office was going back some 100 years to the Thomas Edison and Alexander Graham Bell era. The Postmaster General replied:

Mr. Speaker, I would like to answer this question but it seems quite irrelevant to me since the telephone does not come under the jurisdiction of the Post Office.

I learned something. I thought that would be under the jurisdiction of the post office. I was wondering if the Postmaster General had actually issued the order to remove the telephones.

Just what does the telephone mean to the local community? Let us take a typical rural community in my constituency in Manitoba. The postmaster knows everyone in that area. When someone's seed order, a COD parcel, eyeglasses that have been repaired or senior citizen's parcel arrives, it it only courtesy for the postmaster to telephone and inform that person. In many cases rural people live ten or 15 miles from the post office. The government says we must conserve energy. With the telephone removed from the post office, a person must drive to town to find out if a parcel has arrived. The post office is there to provide a service. When a parcel shipped by bus arrives in a rural community, the manager of the bus depot calls the person to tell him the parcel has arrived. If a parcel arrives by rail, the railway office makes a similar call. I feel we have gone back 100 years in this regard.

About 12 years ago in Manitoba, telephones were installed in grade five and grade four post office so that they could supervise the operations of some five or six smaller post offices in that region. Grade four post offices were generally in the immediate area of a grade five. The grade five postmaster was the supervisor of that area. He could make telephone calls regarding regulations and generally advise people of what was going on in the post office. It was toll free at that level.

The supervisoryship has been done away with. Some of the smaller post offices still telephone as a service regarding regulations and the availability of forms which post offices keep for the general public. Nowadays there is the steady telephone trade that has been created by the use of postal codes.

It appears that the decision to remove the telephones in Manitoba was made by one of the supervisors in Winnipeg. I understand his name is Mr. Gardner of the Winnipeg district office. While it may not be looked on as a cost-saving device, I understand it is a way of getting a little more money at the district level.

Most of the mail in the rural areas is now trucked from the major centres. There is always the chance that the truck driver may have trouble on the road, and he can call the postmaster and say that he will be four hours late. The postmaster will then not call in the extra help required for sorting mail.

I feel we have gone backward instead of forward. I would like to know exactly what security the Postmaster General is now giving the mail. The Queen's mail must have top priority as far as security is concerned.

What will happen in the rural post office if there is a fire? What can the postmaster do? He cannot telephone the local fire department. That is why on May 4 I asked the Postmaster-General whether he had requisitioned hand bells. The postmaster could then run up and down the street, ringing his hand bell, shouting "Fire, fire". That is what was done before the telephone was invented.

• (2227)

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

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, the question the hon. member has raised with respect to the control by Canada Post of telephones in rural post offices is certainly a surprising one. We are constantly beleaguered in this House by members across the aisle about post office deficits and alleged extravagance and incompetence in the operation of postal services. Yet when we move to rationalize an area in which taxpayers can save money, they complain.

The issue goes far beyond the line costs. These telephones were in use for many purposes which had nothing to do with the delivery of mail. Much of the time used on the phone and attending to the phone was related to personal rather than to post office business. So this is not just a financial but also a social issue and our policy with respect to it has been going on for many years without complaint. The great majority of rural post offices are situated in private homes or in small local businesses which have telephones of their own.

Again, we are faced with a question intended to dramatize the problem. What problem, Mr. Speaker? The hon. member has asked why we are now expecting people from outlying areas to drive into town to find out whether there is a parcel for them rather than telephone ahead to the post office before they leave their homes. Mr. Speaker, the population of Churchill riding—and I have great respect for them—know better. Citizens in urban areas are faced with the same problem, if indeed this is a problem. If a person living in a city is at work when our courier calls, the post office will deliver a notice that the parcel is at the post office. There is no need for the telephone. Our customers in rural areas are treated in the same manner. They, too, receive a notice that their parcel is at the post office where it can be picked up during regular hours. In the constituency of the hon. member for Churchill (Mr. Smith), the communities of Church, Gillam, Lynn Lake, Leaf Rapids and Norway House still have phones and will continue to have phones if they wish. Our service concerns first class mail and we can efficiently maintain a good level of service by using first class mail.

The removal of the phone from some of these offices will not adversely affect the level of our service. If, for security or for some other good reason, a phone is needed, we at the post office are always open to consider such matters.

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

Motion agreed to and the House adjourned at 10.30 p.m.

HOUSE OF COMMONS

Tuesday, May 9, 1978

The House met at 2 p.m.

● (1407)

[*Translation*]

THE LATE ALDO MORO

EXPRESSIONS OF SYMPATHY ON TRAGIC DEATH OF FORMER ITALIAN PREMIER

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as you know, the death of the Honourable Aldo Moro has been confirmed. May I express my sadness and indignation following the murder of a great statesman who was a true friend of Canada, a man whom I had the privilege to meet on many occasions. I knew him as a humanist as well as a democrat. He was also one of the most famous sons of Italy, a nation, as we all know, to which we extend our thoughts and our friendship.

Our countries were closely connected not only through the great number of Canadians of Italian origin, those who came here and helped build our country, but also through the basic values of democracy and freedom which we both preserved and upheld.

Mr. Moro was a courageous champion of those values. He was elected to the Italian government in 1946. He was co-author of the post-war Italian constitution. We was to become justice minister, then education minister and finally external affairs minister. Several times he was president of the Italian cabinet.

[*English*]

It required enormous courage on the part of the Italian government not to give into the terrorists' contemptible threats. May that government's example of steadfast determination to maintain the rule of law in the face of sustained pressure, and despite the deepest personal anguish, be the lasting good which emerges from this vicious deed. The tragedy that has befallen Italy today concerns us all, because no free and open society is safe from terrorism that is devoid of any sense of human kindness, that attempts to discredit the state, its institutions and its values and to subvert its laws.

May these events strengthen the resolve of free peoples the world over to resist terrorism wherever it appears, so that the gun and the bomb in the hands of incredibly arrogant fanatics will not be allowed to weaken or destroy the democratic institutions which so many men and women have struggled for so long to create and preserve.

Only when the world community presents a solid front of unyielding courage and fierce resistance to terrorism will the hooded murderers of the innocent be persuaded that they have nothing to gain and everything to lose by violently challenging the democratic rule of law.

The nobility of the Italian government during this terrible ordeal has been a contribution of priceless value to the entire world community. While we mourn with Italy, let us also salute what the Italian government has done for the cause of freedom.

While our attention is understandly focused on the enormity of the crime which has been committed, let us also be mindful of the private grief and anguish of those who were closest to Aldo Moro. To Signora Moro and her family, I extend the profound sympathy of the government and the people of Canada.

I believe there will be agreement to adjourn the House later, but I will not move the motion at this time: I understand that other party leaders wish to express their grief.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my first words at this moment are of the grief and the outrage that all of us in this House feel at the death of the Honourable Aldo Moro. To the wife of Aldo Moro, to his four children, to the people of Italy, we express our heartfelt sympathy. This moment of loss is felt most intensely by his family, and for them we in this chamber grieve.

A devout Christian and leader of the Christian Democrats, the former premier was acknowledged to be one of the most able political leaders in Italy, and he would likely have been the next president. He spoke softly, but his convictions were strong and he saw the way to form a workable coalition to govern his country. His was the course of unity and moderation. And his reward was execution by extremists who seek to destroy freedom and reason.

The meaning of this senseless act of terrorism extends well beyond Italy and, indeed, becomes an essential preoccupation of all of us. Aldo Moro was, in the words of Pope Paul, "a common brother in humanity." Who can ever forget Pope Paul's appeal to the kidnappers? "I beg you, on my knees," he said, "free the Honourable Aldo Moro simply, unconditionally". Yet an appeal to compassion was rebuffed. The barbarians who commit such acts know nothing of charity, of justice, of humanity itself.

● (1412)

[*Translation*]

In the face of steadily increasing terrorist acts in our changing world, violent as well as senseless, the world community must continue to stand firm. We cannot eradicate international terrorism by gracing it with some form of respect or

recognition. The peoples of the world must all join in one common voice to oppose terrorism.

[*English*]

These terrorists think of themselves as heroes. They are not heroes; they are vicious and ruthless killers who, unable to make a case of rational and democratic argument, can resort only to the tactics of terror and murder. The hero we acknowledge and mourn is Aldo Moro.

If we learn anything from the tragic events of today, it is this: like-minded governments must join together, as the Prime Minister (Mr. Trudeau) has said, to defeat the perpetrators of terrorism. Never can we admit that terrorism may be permitted for supposedly good ends. The work of the United Nations in producing a strong convention on terrorism must be intensified. Nor can we take refuge from terrorism in simple acts of defence.

[*Translation*]

The world community must concern itself with the sources of terrorism and violence. The economic and social problems that beget frustrations, alienation and revolts in today's world, those are the problems we must face with greater courage and greater zeal than ever before.

It is not good enough to sincerely express our grief today: the House owes it to itself to reaffirm its will to create a world of peace, a world devoid of terrorism, a world in which the distressed can hope anew.

[*English*]

Today we suffer the outrages of extremism. Let us go on in a spirit of renewed determination to make of our world a safer place. That will become our lasting tribute, our real memorial to the martyrdom of Aldo Moro.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, today a cruel act of terrorism has struck down a distinguished politician, a distinguished Italian, a distinguished European, a distinguished human being. Today's act was a tragedy for Mr. Moro and his family, a tragedy for Italian politics, a tragedy for free men and women everywhere who believe that non-violent means in politics are the only legitimate means for changing things in a free society.

On behalf of my colleagues in and out of the House, I extend our deepest sympathy to Mr. Moro's family, to his countrymen and to all those in this country, and indeed the world, who will be so sadly moved today by this tragic, violent, unnecessary event.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, on behalf of my party, I wish to join all party leaders who have just taken the floor to speak about the tragedy that has happened in Italy. We have always steadfastly denounced violence in the world in this century, a violence which has been tolerated far too long in all countries. It seems that no country has the will to oppose this violence.

We may wonder today if we have too much freedom or if we do not properly interpret the notion of freedom in democratic countries. We are always afraid to limit individual rights but terrorists do not. The Bill of Rights has no meaning for them. Mr. Speaker, I wonder when all governments throughout the world will decide once and for all to learn from the lesson that we have been given again today in Italy, and that we have been given in our own country, Mr. Speaker, but we may still wonder who is really behind all those crimes. I read that Italy was asking itself the same question. We read in today's newspapers that a party is wondering if a mysterious individual is not hindering the proper development of the inquiry into the Moro case. When we scrutinize all those acts of terrorism we realize there is always an underlying force in the background and I say that the Red Brigades are only the tools of terrorism.

Mr. Speaker, all of us as well as all governments all over the world must find out what is the underlying force supporting and directing all those organizations. Only then, shall we be able to eradicate evil in our society.

I join all my colleagues to offer my deepest sympathy to Signora Moro and her family. It is a terrible ordeal and probably the most painful experience one can go through on this earth. Even prayers and appeals by the Pope himself failed to sway those terrorist brigades. We must realize that those brigades are appropriately named. They get their orders, they are not the real culprits; the same is true of many governments nowadays who, when they take some form of action are not the real culprits either. Mr. Speaker, we have the duty as democratic governments to find the real culprits and in particular to assume the responsibilities which are truly ours.

• (1417)

Mr. Trudeau: Mr. Speaker, I move, seconded by the Leader of the Opposition (Mr. Clark):

That this House do now adjourn.

[*English*]

Some hon. Members: Agreed.

Mr. Speaker: I declare the motion carried. Therefore, this House stands adjourned until tomorrow at two o'clock in the afternoon.

Upon motion of Mr. Trudeau the House adjourned at 2.20 p.m.

HOUSE OF COMMONS

Wednesday, May 10, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

FISHERIES

AGREEMENT WITH U.S. ON WEST COAST FISHING—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Because of the importance of the matter and the wish to strengthen the hand of the Minister of Fisheries (Mr. LeBlanc) in these difficult days, I hope I will be granted unanimous consent.

In view of the injunction issued in the state of Washington last week, designed to prevent Canadian fishermen on the west coast from drawing all expected advantage from the interim agreement worked out by the two negotiators for the purpose of providing a temporary legal umbrella under which the fishermen of our two nations could fish in the waters of our two nations under certain conditions, and under which, as well, the negotiators could push forward toward a definitive bilateral agreement covering fishing rights and obligations, on the one hand, and an acceptable delineation of the boundary between our two zones of national jurisdiction, on the other, I move, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

That this House instruct the Minister of Fisheries to notify U.S. authorities immediately that any application of the injunction granted last week by a Washington judge, under which Canadian fishermen would be prevented from fishing in U.S. waters in accordance with the terms of the interim agreement, would create a completely new set of circumstances in the bilateral talks and would, specifically, have two immediate and unfortunate consequences, namely, a total prohibition applied to U.S. fishermen who might otherwise have been able to fish, for the time being, in Canadian waters in accordance with the terms of that interim agreement—

Mr. Speaker: Order, please. May I remind the hon. member that there is a limited time for motions pursuant to Standing Order 43.

Mr. Munro (Esquimalt-Saanich): I am just coming to the end, Mr. Speaker.

—and a complete re-examination of Canada's stand on all issues on which interim agreement had been reached.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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INDUSTRY

CANADA-U.S. AUTO PACT—EQUITABLE SHARING OF BENEFITS—MOTION UNDER S.O. 43

Mr. Derek Blackburn (Brant): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity arising out of reports yesterday that the federal government has decided to subsidize the construction of two new auto parts plants by General Motors Limited and Ford Motors Limited to the tune of $116 million.

In light of the fact that the auto pact signed by Canada and the United States in 1965 commits both countries to policies that would allow the industry on both sides of the border to "participate on a fair and equitable basis in the expanding total market of both countries", I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the Minister of Industry, Trade and Commerce be instructed to reopen talks with the major auto makers in order to impress upon them the view that a level of investment consistent with our share of the North American automobile market is a legal and moral obligation on the part of the auto makers; that he be instructed to demand from them, within six months, plans as to how they intend to meet this quota of investment every year between now and 1985; and, finally, that he be instructed to refuse any requests for assistance from the auto makers in the form of grants or subsidies until they have presented satisfactory plans for meeting their target levels of investment and jobs in line with the Canadian share of the over-all North American automobile market.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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POST OFFICE

SUGGESTED REDUCTION OF HOME MAIL DELIVERY—MOTION UNDER S.O. 43

Mr. Jake Epp (Provencher): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the remarks of the Postmaster General (Mr. Lamontagne) in Vancouver that just as door to door milk and bread deliveries were discontinued, and hinting that a reduction of home mail delivery service from five days to three days a week may be one way of combating the $550

million Post Office deficit, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That the Postmaster General end the confusion by stating whether it is the policy of his department to begin phasing in three times a week door to door mail delivery service.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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ELECTIONS

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

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on an urgent matter concerning the recent, obvious fact that the government and parliament are no longer running the country, which is now in the hands of an unholy triumvirate, the Gallup poll, the Goldfarb poll and Senator Keith Davey. I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That the House deplores the failure of the government to deal with unemployment, inflation and the fallen dollar, that the House condemns the Prime Minister for withholding, up to now, an election from the Canadian people whereby they can pass judgment on this situation and, finally, that the Prime Minister request dissolution of the House by the Governor General immediately, in order to permit democracy to function and to dispel the widespread idea that the Liberal party colour has turned from red to yellow.

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HISTORIC SITES

BIRTHPLACE OF J. S. WOODSWORTH, FOUNDER OF CCF—MOTION UNDER S.O. 43

Mr. W. Kenneth Robinson (Toronto-Lakeshore): Mr. Speaker, I rise under Standing Order 43, on a matter of urgent and pressing necessity and appeal for the unanimous support of this House. In view of the fact that the birthplace of James Shaver Woodsworth, the founder of the CCF in Canada, is in the borough of Etobicoke and is threatened with imminent demolition to become the site for an apartment building, I move, seconded by the hon. member for Vancouver-Kingsway (Mrs. Holt), who represents the riding formerly held by Grace MacInnis, the daughter of J. S. Woodsworth:

That this home be declared a national historic site, that the government take immediate steps to prevent its demolition and take action to ensure that this home be preserved in perpetuity for future generations of Canadians.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Epp.]

• (1412)

PUBLIC SERVICE

REQUEST FOR WITHDRAWAL OF BILL C-28—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, in view of the complete absence of consultation by the government with the public service unions prior to the introduction of Bill C-28, and the grave misgivings it has caused, I would move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That Bill C-28 be withdrawn until there has been open and extensive consultation with all the affected parties in the public service.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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LABOUR CONDITIONS

STUDENT SUMMER EMPLOYMENT SURVEY—MOTION UNDER S.O. 43

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing business. During the summer of 1976, the government, in an attempt to conceal the poor performance of its summer job-creation program, cancelled the summer student employment survey. Through public pressure, it was forced to reinstitute this survey in 1977.

Now that the summer of 1978 is almost upon us and university and secondary school students are about to enter the labour market, we find that the government has again discontinued the student summer employment survey, as a result of which student summer employment will no longer be reported by Statistics Canada. Since this will make long-range planning impossible for both the private and public sectors, I would move, seconded by the hon. member for Leeds (Mr. Cossitt):

That the government stop playing games with the future of Canada's young people, undertake to be forthright in the reporting of student unemployment, and stop trying to hide its job-creation failures by deleting reports; and further, that the student summer employment survey be conducted through the summer of 1978.

Mr. Speaker: Such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

CANADIAN WHEAT BOARD

GOVERNMENT URGED TO INCREASE SHIPMENTS OF GRAIN THROUGH CHURCHILL, MAN.—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. A steady movement of grain from the prairies through Prince Rupert and Vancouver would appear to present problems which the government has been unable to correct. The port of Churchill is the most efficient grain handling port in Canada and is not being utilized to its full capacity. I would therefore move, seconded by the hon. member for Provencher (Mr. Epp):

That the minister responsible for the Wheat Board direct an increase in grain shipments through the port of Churchill for the 1978 season by a minimum of five million bushels.

Mr. Speaker: The motion can be debated only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

RIGHT OF ISRAEL TO PEACE—MOTION UNDER S.O. 43

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order with respect to proceedings under Standing Order 43. It relates to a matter raised in the House on Monday by my hon. friend from Edmonton Centre (Mr. Paproski) when he sought unanimous consent for the following motion:

That this House reaffirms the right of the State of Israel to exist in peace with its neighbours, and further reaffirms the right of Israel to secure borders consistent with the need of all the peoples of the Middle East for a just and lasting peace.

Your Honour called for the consent of the House on that occasion, and the government House leader said this:

Mr. Speaker, this is an important motion and we would like to consider it before registering an opinion. Perhaps it could be held over until tomorrow.

As you know, Mr. Speaker, the House adjourned yesterday because of the tragic death of the Hon. Aldo Moro. Could the government House leader now indicate the feelings of the government with respect to this motion, so that it might be proceeded with today if your Honour agrees with that procedure?

Mr. Speaker: Perhaps the more appropriate thing to do would be to put the question immediately.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): With regard to the matter the opposition House leader has just raised, I may say there is no objection except as far as the precise wording of the motion is concerned. I should have been in touch with the hon. member this morning: it is my error. It is not a matter of the substance, but on questions of this kind I believe the wording should conform to that which is traditionally accepted in connection with these matters. If I might have the indulgence of the House for another day, I can assure the hon. member there will be no problem tomorrow.

Mr. Paproski: I agree, Mr. Speaker. I will consult with the Secretary of State for External Affairs.

● (1417)

ORAL QUESTION PERIOD

[*English*]

FISHERIES

POLICING OF FISHING QUOTAS WITHIN 200-MILE LIMIT

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Minister of Fisheries and the Environment. In light of the open and apparent disagreements and conflicts in policy which have been so evident over the past few months between the federal Minister of Fisheries and the Environment, provincial premiers and provincial fisheries ministers, can the federal minister indicate whether there has been some reconciliation of views or a common approach to the very serious problems affecting our east and west coast fishermen, and can he indicate whether there has been a final solution to the inadequate policing and surveillance of fishing quotas which presently exist within the 200-mile limit?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, in the consultations we had with provincial ministers in December and February there was general agreement as to the policy direction which should be taken. I recognize that provincial ministers will differ in degree with some of the policies we are putting forward, but the fact remains—I have indicated this before—that I cannot delegate and, in fact, the constitution as it is presently written does not allow me to delegate the final authority for management of the fisheries.

On the second question raised by the hon. member, there have been reported acts of violation. Legal advice is being sought as to whether identification of fishing vessels' locations by plane will stand up in court. If they will, violators will be taken to court.

Mr. Crouse: Mr. Speaker, since the fishing industry needs a program covering the licensing of inshore and offshore vessels which will ensure the present balance in the catching capacities of these two segments of the industry, plus a licensing policy which will permit Canadian-owned freezer trawlers to catch some of the quotas of silver hake, squid, round-nosed grenadier and capelin which are being allocated by the present government to foreign countries, will the minister agree to meet with his provincial counterparts and fisheries' representatives in the hope that the present shortsighted policy of the

federal government as it relates to freezer trawlers may at least be examined and, hopefully, altered?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, perhaps the hon. member does not know it, but this is the second year in which there has been a fishing plan for the whole Atlantic region. The fishing plan is working astonishingly well, with regions and quotas reserved both for inshore and for offshore. This, of course, is subject to consultation with representatives of the industry, processors and fishermen, provincial governments and those who have an interest in the subject.

With regard to the second question, I have before me no applications for licensing of freezer trawlers which would take species like capelin, hake, grenadier or argentine. All the applications I have for licences—although they do mention these species in the first paragraph of the letter—always seek access to red fish, flat fish or northern cod. I have indicated very clearly that the present fleet has the capacity to catch the stocks which are available to Canada, which are over 80 per cent for 1979 and 76 per cent for 1978. The problem is not one of expansion; it is one of increasing the catch rate of the vessels which are just now becoming economical.

Some hon. Members: Hear, hear!

Mr. Crouse: Mr. Speaker, the minister is well aware that we do not have any freezer trawlers, and therefore we are incapable of catching and processing the soft species to which I referred. We certainly cannot accept his answer as it presently stands, because without freezer trawlers it is impossible to catch, process and market the species to which I have referred. Has there been any final solution to the Digby scallop fishermen's problem? The economy of the entire area has been threatened by the minister's arbitrary regulations.

● (1422)

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, contrary to what the hon. member says, some trawlers in Newfoundland have a freezing capacity and, in fact, they were used in the fishery in the far north in the past season. I am trying to explain to the hon. member—I am sure that as a former fishing captain he understands this—that a freezer trawler, with the type of expenditure it represents, would never be economical just fishing for underutilized species. The other species are now being caught by our fishermen and utilized in our plants. I am sure the hon. member is not suggesting that I should direct the industry to go into uneconomic ventures.

As for the question of the Bay of Fundy scallop fleet, the disaster to which the hon. member alluded is really not taking place. In fact, fishing in the Bay of Fundy and on Browns Bank had a higher catch rate last year than in the years before. I am looking at possible alternatives. However, I have to remind the hon. member, as I did the other day, that transferring the problem to another group of fishermen, although it may be temporarily popular, will not be popular when the Georges Bank fishery faces what the biologists are predicting, which is a lowering of the catch level, because the Georges Bank fleet will find itself with fewer and fewer scallops to catch.

[Mr. Crouse.]

CANADA-U.S. DISPUTE ON WEST COAST FISHERIES

Mr. Donald W. Munro (Esquimalt-Saanich): In view of the deterioration in the situation of west coast fisheries, particularly in light of the injunction which was issued last week, will the minister tell us what positive steps he has taken to ensure that the Canadian viewpoint is given a good hearing during the injunction proceedings before the U.S. courts?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, there is no disaster on the west coast: in fact, the fishing which was covered under a temporary agreement is going on; the injunction is not yet operative. Whether or not it will be sustained—if that is the legal term—this week remains to be seen. Meanwhile, the special negotiators, Ambassadors Cadieux and Cutler, are meeting in Ottawa tomorrow. Our point of view is well known to the United States authorities. In fact, they are before Congress now, arguing for quick passage of the temporary agreement which would contain the problem covered by the injunction.

Mr. Munro (Esquimalt-Saanich): In light of the one-week delay in the imposition of the injunction, has the minister any special words of comfort to issue to the fishermen as they set out this weekend for the salmon fishing grounds, so that they may know with assurance that they will be able to go into those grounds freely and fish under the terms of the interim agreement? Or are they going to be harassed?

Mr. LeBlanc (Westmorland-Kent): They will not be harassed if the injunction is not sustained. If the injunction is sustained, then there will be real difficulty. We will meet with the special negotiator again; we are meeting with him tomorrow and on Friday. We also said that if the agreement was not respected by the other side, we would not feel bound by it.

REQUEST PRIME MINISTER PERSONALLY INTERVENE WITH PRESIDENT CARTER RESPECTING DISPUTE

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister arising out of the hardship which may be imposed on British Columbia fishermen by the ban which has been imposed by the court in the United States with respect to Canadian fishermen operating in U.S. coastal waters.

I ask the Prime Minister if he would personally intervene with President Carter so that, if the ban is upheld, the U.S. government would undertake not to enforce it until such time as the two negotiators for Canada and the United States are able to work out a temporary agreement pending ratification of the Canadian-American fisheries agreement.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I should like to remind the hon. member that it was as a result of my representations to President Carter a little more than a

year ago, assisted by the Minister of Fisheries, that we obtained this interim agreement.

I should also like to remind him that the form in which his question was put is not correct, in the sense that there has not been a ban. There is a question of a ban, an injunction, before the courts now and, as the Minister of Fisheries reminded the House, President Carter's administration is fighting against this injunction. Surely that indicates that President Carter is not only aware of what Canada told him last year through the minister and myself, but is fighting to uphold the message that both of us agreed to last year. Regarding the rest of the question, the hon. member will recall that in its very form it was hypothetical.

● (1427)

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, in view of the fact that the proposed temporary agreement has not been ratified by the United States Congress, there is every likelihood that the prohibition on Canadian fishermen will be upheld by the courts.

In view of the fact that Monday, May 15, is the opening of the halibut season, and that the fisheries' representative on the Pacific coast has informed already British Columbia fishermen that they should plan to continue their fishing off the Alaska coast, and I am sure the Prime Minister recognizes what could happen if there were confrontations, does he not think it is sufficiently important to take it up with the American government, so that we do not have a situation wherein British Columbia fishermen are intercepted off the Alaskan coast in the event that the prohibition and the injunction are sustained in the course of the next few days?

Mr. Trudeau: Mr. Speaker, I am afraid, once again, the question indicates that the hon. member is misinformed. He suggests that I take something up with the American government. He knows, or he should know, that the American government is on our side on this question and, indeed, is before the courts to plead our side of it. Therefore, it is of little avail to suggest that I take it up with the American government: they are on our side and they are acting in a sense for us.

The hon. member has suggested the difficulty: it is that Congress itself has not passed this agreement. But the administration is doing its best to get it passed. I do not think the hon. member would suggest that I could tell Congress what it should be doing. Neither do I agree with the hon. member when he predicts what the courts will decide. If the courts go against us, Your Honour will realize that we are in an hypothesis here and the question is hypothetical. Let me just remind the hon. member what our government, and particularly the Minister of Fisheries and the Environment, did last year when we had to apply pressure on the Americans. We banned some of their fishing in our waters.

One does not like to talk like this, because we are hoping Congress will see where justice lies in this question. Perhaps the hon. member is unintentionally provoking the government into making some retaliatory threats before even the cause for such threats has become evident. So I suggest this line of questioning is not appropriate.

Some hon. Members: Hear, hear!

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I am not asking the government to make threats; I am asking the Prime Minister to get some assurance from the American government, if British Columbia fishermen go up next Monday to the coast of Alaska to fish for halibut, that the American government will not enforce any injunction which may have come into effect until such time as the two countries can work out an agreement.

Also, I am asking the Prime Minister to state categorically to the American government, not only here, but to President Carter, in the event that Canadian fishermen are barred from American waters that the Canadian government will have no choice but to take a similar course of action in respect of American fishermen operating in the coastal waters of Canada.

Mr. Trudeau: Mr. Speaker, the hon. member suggests that we do not make threats; then his question ends up with a suggested threat to the American administration.

Mr. Douglas (Nanaimo-Cowichan-The Islands): It is not a threat.

Mr. Trudeau: Also, he is suggesting that I make representations to them to do something if they should lose the case they are pleading before their courts. The administration intends to win their case, which is our case. It seems very, very unproductive for me to get them to say now to the courts that if we lose, we will not do certain things, including obeying the injunction.

I should like to remind the hon. member that this situation prevailed last year when this danger existed and President Carter gave me the personal assurance that he would work out some interim arrangement. The hon. member has been told by the Minister of Fisheries and the Environment that Mr. Cutler and Mr. Cadieux are meeting tomorrow in this city. Surely it is a little premature to talk about threats, as the hon. member is doing.

Some hon. Members: Hear, hear!

* * *

● (1432)

[*Translation*]

FINANCE

AID TO QUEBEC FISHERMEN—GOVERNMENT POSITION

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, may I put a question to the hon. Minister of Finance?

The Information Division of the Department of Finance indicated in a news release issued on May 2 that $5.778 millions were used for loans to fishing operations throughout the country. I notice that of this amount no loan was made either in 1976 or in 1977 to Quebec fishermen. Would the minister indicate whether this is under a special agreement between the federal government and the province of Quebec or whether he considers that Quebec fishermen are rich enough to finance their operations themselves?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I know that there is a particular problem as far as Quebec fisheries are concerned, but I am not aware of the details on this matter. This special matter I am going to inquire on, and report to the hon. member. I do not know if my colleague the Minister of Fisheries is more knowledgeable about this than I am.

Mr. Caouette (Témiscamingue): Mr. Speaker, I should like to put a supplementary question.

Since the minister does not know whether there is an agreement with Quebec or if it is a direct instruction, can he assure us that between July 1 and December 31 this year there will be, at least if it was not the case last year or in 1976, some advertising for Quebec fishermen so that they can also obtain their fair share of special loans for fishing operations?

Mr. Chrétien: Mr. Speaker, all federal programs are entirely applicable to Quebec. It is a special program but we will consider why the hon. member has come to that conclusion. However, under all circumstances we endeavour to make all government programs applicable to Quebeckers, even if it is suggested in some parts of the country that programs dealing with Quebec are more generous than those elsewhere.

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[*English*]

FISHERIES

SUGGESTION MEASURES BE ADOPTED TO IMPROVE INDUSTRY CONDITIONS

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I would like to direct a question to the Minister of Fisheries. I am sure the minister is aware of the feelings of hostility by some fishermen toward the imposition of regulations that seriously affect their livelihood, without what they consider proper consultation.

Is the minister considering a directive or a general investigation to see what can be done to improve relations, not only between his department and fishermen but to co-ordinate policy among federal and provincial ministries so that inshore fishermen can be given better bait-freezing and storage facilities, improved slipways and things like this which are required to improve conditions in the industry?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, where the federal government is responsible in the case, for example, of the management of stocks, changes in the conditions of access to stocks, licensing, etc., obviously we have a very high level of consultation. In fact, I decentralized, not only to Halifax as a region and to St. John's but to area managers in places like Sydney, northern New Brunswick, etc., a fair level of authority so local problems can be dealt with by local officials in co-operation with local fishermen. I also instituted a program whereby 20 community service officers of the Department of Fisheries have the responsibility of constantly being in touch with the fishermen.

Obviously, there are times when decisions have to be made, for conservation reasons, where no level of consultation will produce agreement and at one point you simply cannot delegate the final decision to anyone. In the area of federal-provincial co-operation, it is obvious that, for example in respect of both subsidies and other programs, they are synchronized with programs such as the fishermen's loan boards of the provincial governments.

Mr. MacKay: Mr. Speaker, I thank the minister for his answer and I ask him, with respect—while most fishermen, I believe, will concede he has their best interests at heart—will he not take a look at the attitude that prevails among scallop fishermen, people who are concerned with aquaculture, for example, and people very much concerned that there is no sensitivity shown to setting proper seasons for scallop fishing, for example, in Nova Scotia, in order that he can be satisfied that his officials, the people he has appointed, are really doing their job in consulting with and getting the benefit of the experience the industry has? Will he give us that assurance?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, not only can I give him the assurance but I can indicate the fact that when the fishermen in his own area, the Northumberland Strait area, came up with alternatives and proposals which appeared to be better than the policy which we had suggested, we were quite willing to adjust. There is a problem at times, obviously, when that fishery is in competition with another fishery—I am thinking of scallops and lobsters—or when there is an obvious need for conservation and a season may have to be shortened or a freeze on licences is required; but in this case we are trying to protect the long-term interests of the fishermen, whose continued income is obviously of great concern to us.

* * *

INDUSTRY

GATT NEGOTIATIONS—MEASURES TO INCREASE JOBS IN MANUFACTURING SECTOR

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. On January 30, the minister presented a paper to the provinces in which he pointed out that the manufacturing industry in Canada was supplying 80,000 less jobs at the end of 1977 than

it was three years earlier. In April, the Minister of Finance continued certain temporary tariff cuts that were instituted in 1973, without any *quid pro quo* at Geneva.

An hon. Member: Question.

Mr. Crosbie: Don't worry, the question is coming, hon. gentlemen opposite. My question is: What steps has the minister taken to increase the number of jobs in the manufacturing sector and, secondly, what instructions have been given our negotiators at Geneva as to which of the most vulnerable Canadian industries are to be protected by exemptions in the GATT negotiations?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, we seem to go over and over this question of manufacturing in Canada. The hon. member asks what steps are being taken. I have informed the House that we have called together 22 sector studies, and involved in those studies we have management, the provincial governments and the unions. We are studying the role of governments, taxation and regulations in respect of industry; we are studying potential markets for each industry in those 22 sectors.

Having particular regard to the tariff negotiations at Geneva, I have told the House over and over again that all things are on the table: none is being exempted in the negotiations. However, if one examined that manufacturing paper, he could readily see there are five specific industries in which imports have already made great inroads into our market. One could assume from that that those five might be the most vulnerable, of course. Our negotiators are very much aware of this and we are bearing it in mind during our negotiations.

Mr. Crosbie: Mr. Speaker, there have been sector studies going on now, it seems to me, for at least six years. Sectors are being studied more than sex these days, and I am asking for action. Let me give the minister a specific example. In the manufacturing of colour television sets, the Canadian industry sold 12,000 sets in March, compared to 22,000 last March. Five companies have closed; or the fifth one is closing in June. These are companies manufacturing colour television sets. The United States has exempted colour television sets from the GATT negotiations. It has done that now.

I would like to ask the minister, in connection with this industry—because Canadian workers and Canadian manufacturers want to know—are they to be exempt from these tariff reductions at GATT, and what other industries are to be exempt? Surely, the thousands of Canadian workers and the people who have their money in these industries are entitled to know, just as they know in the U.S.

Mr. Horner: Mr. Speaker, I do not know what the hon. member knows of what is going on in the U.S. I do know, though, that the U.S. put forward its proposals, we put our proposals forward, and the U.S. government and its negotiators there were not at all satisfied with our proposals. They said we had not been generous enough in our offer. Now the hon. gentlemen is suggesting to the House that we have been too generous. We are attempting to negotiate all stages of the negotiations. Our negotiators are bargaining very hard, as is obvious from the United States government's complaints about what we have put on the table.

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URBAN AFFAIRS

HOUSING AND COMMUNITY PROGRAMS FOR BRITISH COLUMBIA

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, my question is for the Minister of State for Urban Affairs. Will he inform the House when the new housing and community programs will be implemented in British Columbia?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, some elements of the new federal housing proposal are already in force, or will be, subject to ratification by the provinces. As for the new community services program, it will become operational after steps relevant to each province have been clarified.

● (1442)

In this regard I concluded this morning some very fruitful discussions with the minister of housing and municipal affairs for British Columbia who came to Ottawa with his officials specifically to discuss these proposals. I would like to draw to the attention of the House the presence of the minister in the gallery, the Hon. Hugh Curtis of British Columbia.

Some hon. Members: Hear, hear!

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INDUSTRY

CANADA-U.S. AUTO PACT—EQUITABLE SHARING OF BENEFITS

Mr. Derek Blackburn (Brant): Mr. Speaker, my question is to the Minister of Industry, Trade and Commerce. Since the auto pact between Canada and the United States commits both countries to "participate on a fair and equitable basis in expanding the total market" of both countries, and since Canada has lost approximately 25,000 jobs by not getting its fair share, can the minister indicate to this House and to the Canadian people why the federal government has decided to subsidize the construction of two new auto parts plants by General Motors and Ford Motors Limited to the tune of $116 million?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I am indeed grateful for the opportunity to answer this question because I want to clear up once and for all, if I can, the whole question of the Canada-U.S. auto pact. I have a copy of the agreement with me and I will read the pertinent clause to which the hon. member is referring:

The liberalization of Canadian and United States automotive trade in respect of tariff barriers and other factors tending to impede it, with a view to enabling the industries of both countries to participate on a fair and equitable basis in the expanding total market of the two countries—

If hon. members will look at the expanding total market since that agreement was signed, they will see that in 1965 we produced something like 855,000 vehicles and in 1976 we produced approximately 1,641,000 vehicles. So our market has expanded considerably since the signing of the automotive pact. Dealing specifically with the so-called imbalance, we have a surplus in automobile production to the tune of $2 billion. We have a surplus in the production of automobiles.

An hon. Member: What about parts?

Mr. Horner: The hon. member wanted to hear about parts. Let me say clearly, there are no—

Mr. Speaker: Order, please. I will recognize the hon. member for Brant on a supplementary, but it is obvious that the general nature of the question is provoking an answer which perhpas, quite necessarily and justifiably, may be too long for the question period. Perhpas consideration might be given to dealing with it under the adjournment debate proceedings.

Mr. Blackburn: Mr. Speaker, my supplementary will be very brief. In view of the fact that both these corporations are multinational giants, and in view of the fact they have an obligation under the auto pact to invest in the interests of both sides of the border, why is $116 million of ordinary, Canadian taxpayers' dollars going toward subsidizing these two huge, multinational conglomerates which should have already invested money in the parts industry in this country?

Mr. Horner: Mr. Speaker, I will neither confirm nor deny the article that was printed in the *Globe and Mail* yesterday with regard to the $116 million. Let me point out quite clearly, as I did when I was ending my last answer, we had a surplus of $2 billion in automobile manufacture in Canada last year. In the automotive agreement there are no requirements put on the independent parts manufacturing and reproduction levels in Canada.

What I am saying, for the benefit of the House in answering this question, is there is no part of the automotive agreement which deals with independent parts producers. Therefore, if we have a deficit in parts, it behooves us, as the Canadian government interested in the Canadian automobile manufacturing industry, to do everything we can to entice greater manufacturing of parts and automobiles within this country. I would like to assure the House that we are doing our utmost to encourage all three of the large manufacturers to build more plants in Canada.

GATT NEGOTIATIONS RESPECTING CERTAIN INDUSTRIES

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I would like to direct my question to the Minister of Industry, Trade and Commerce. Last year we had a trade deficit in communications equipment, heating, refrigeration and domestic appliances of $2.336 billion, according to the figures from Statistics Canada. The government helped put together the CAMCO and white goods business, and their employment is down from 1,000 people to 500—a 50 per cent drop. We have heard about strategies, strategies and strategies—

Mr. Speaker: Order. Would the hon. member please put his question.

Mr. Kempling: What I would like to know is, when are you going to exempt these industries at the GATT negotiations? Is a $2 billion market not large enough to protect?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, the hon. member has listed a number of commodities and suggested that we have a deficit in their trading. I do not deny that, because his figures are more than likely correct. However, with regard to refrigeration in particular, I have toured the plants, and we have a tremendously automated refrigerating industry in Canada today.

We hope to work out a duty remission deal of some kind respecting the manufacture of refrigerators in Canada. That industry is eargerly looking forward to getting into the American market, because it has the capacity and can manufacture in competition with American manufacturers. In fact, just two weeks ago the plant I toured hired an additional 112 people and it now has a labour force of 700 men and women.

Mr. Kempling: Mr. Speaker, there is almost $1 billion alone in refrigeration equipment. Let me ask the hon. minister this: A report out of Geneva said that the industrial equipment and machinery business may go by the boards as a result of negotiations. Considering that we have a $3 billion deficit in industrial machinery and equipment—we imported $16 billion last year—is that market not large enough to protect, and what are you doing about it?

Mr. Horner: Mr. Speaker, we on this side of the House believe that with greater liberalization of free trade, the whole of Canada will benefit. I would be interested in hearing about the protectionism of the Conservative party. If it is as protectionist as the hon. member says, it is a good thing I did leave it, because I was never that way.

Some hon. Members: Oh, oh!

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TRANSPORT

RECALL OF AUTOMOBILES FOR MODIFICATION

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is to the hon. Minister of Transport. Because of safety considerations there has been a massive recall of certain Ford products in the United States over the last few days, ordered to be policed by the federal authorities in Washington. Can the minister inform the House of the situation in Canada because, obviously, a number of these makes—namely, Pintos

and Mercury Bobcats are on the Canadian market? What has the Canadian government done to make sure a similar recall has been effected in Canada, and what has it done to police this matter?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, our ordinary procedures are in play, which means that we are attempting on our own to determine the state of the evidence in relation to this particular vehicle. We have had contact with the makers as well as watching the situation very closely in the United States. The hon. member may know that the automobile manufacturers very frequently, and almost invariably, follow their actions in the United States with parallel action in Canada.

Mr. Grafftey: Mr. Speaker, because the proof was very conclusive in the United States that there was a major infraction of safety considerations relating to the Pinto and Mercury Bobcat, and there are thousands of these cars on Canadian roads, will the minister assure the House that his department will order their recall and make sure, as is done in the United States, that the recall is properly effected?

Mr. Lang: Mr. Speaker, I think the hon. member knows that the legal regime in Canada is slightly different from that in the United States; but I can assure the hon. member that within that limitation we will do everything we can.

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AIRPORTS

GOVERNMENT ASSISTANCE IN DEVELOPING HAMILTON AIRPORT

Mr. Gus MacFarlane (Hamilton Mountain): Mr. Speaker, my question is to the Minister of Transport. Early in the year he committed the government to the support and development of the airport at Hamilton. At this time, can he give the House any kind of time-frame as to what is occurring there, particularly with regard to runway 06 which seems to be in all the plans; and is anything being done that will prevent the costly diversion of Nordair aircraft to Toronto which seems to occur on a daily basis?

● (1452)

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I believe that runway, in fact, is one which has been identified as being a clear part of the development plan at Hamilton, and accordingly we will be moving forward immediately with improvements to the landing system. I can assure the hon. member that in Toronto not long ago, I stated that in my view the Mount Hope airport stands in a really good position to help with the overload that we see at different times at Malton. I will certainly try to see that my officials move forward as rapidly as possible with the Hamilton development plans and, indeed, encourage additional flights by regularly scheduled airlines through Hamilton.

NATIONAL SECURITY

GOVERNMENT'S KNOWLEDGE OF KCIA ACTIVITIES IN CANADA

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is to the Solicitor General. He will be aware of reports on the activities of foreign security service agents in Canada, namely, agents employed by the Korean Central Intelligence Agency, the alleged harassment of Vice-Consul Yang in Toronto, subsequent reports of harassment of Korean nationals resident in Canada and, indeed, Canadian citizens of Korean origin. Could the Solicitor General tell the House when he was first made aware of the activities of KCIA agents and what steps have been taken to terminate those activities?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, with reference to the question of alleged harassment, I want to assure the House and the hon. gentleman that the allegations are under very close investigation by the security forces. In view of the fact that there is an investigation being carried on, I am sure the hon. gentleman will understand my desire not to comment further.

Mr. Jarvis: Mr. Speaker, I am becoming accustomed to the Solicitor General not commenting. When he indicates to the House that there is an investigation being carried on, does it relate in part to the three documents supplied to the law enforcement agency by Reverend Lee of the Korean community? In answering that question, could the minister indicate to the House whether the three or four KCIA agents who allegedly came to Canada did so under some diplomatic status?

Mr. Blais: Mr. Speaker, I understand there were four alleged KCIA agents or officials who were supposed to come into Canada. I suggest there has not been any entry into Canada of any officials from South Korea. With reference to the alleged three documents to which the hon. gentleman refers, again, that would be subject to a comment that I am not ready to make.

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NATIONAL DEFENCE

REPORTED TRAINING OF ANTI-TERRORIST SQUAD

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, in a media event several months ago, the CBC showed what was purported to be a Canadian anti-terrorist squad in training. Can the minister now inform the House if such a squad has actually been formed and, if so, where are they and who are they?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, no, I cannot.

Mr. McKinnon: Mr. Speaker, my supplementary question is for the Minister of National Defence. If the formation of such unit has been authorized by the cabinet, who is to be the responsible minister: the Minister of Transport, the Solicitor

General, or the Minister of National Defence? If it has not yet been authorized, has he made application for it to be authorized?

Mr. Danson: Mr. Speaker, I cannot say.

RECRUITMENT OF ARMED FORCES PERSONNEL

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, my question is for the Minister of National Defence. In light of the fact that numerous qualified young people, after passing the necessary tests to join the armed services, are told that there is little chance they will be accepted into the forces due to lengthy waiting lists, can the minister explain how he justifies a continuing aggressive advertising campaign designed to attract individuals to apparently non-existent positions in the service?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, it gives us an opportunity to be highly selective in the armed forces. We have highly skilled people and it is not that easy to get in. At the moment we probably have five times as many people who would like to get in as we have positions.

An hon. Member: With a million unemployed it is not difficult.

Mr. Danson: That maintains the high standard of our armed forces and makes them among the best in the world.

RECRUITMENT OF PERSONS COMPLYING WITH COURT ORDERS

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, I have another question for the same minister. In the past, individuals on probation could sign up for the forces and thus come under the type of situation which assisted in their rehabilitation. Now, however, policy has changed and individuals are not accepted until proven free of court orders for six months. Will the minister consider reverting to the former system, so that probation officers will once again be assisted, rather than hindered, by the forces in their efforts at rehabilitation?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, as the hon. member is aware, there is a six months' waiting period after that. This is something that has been considered, and it is always under consideration. We wish to co-operate to the extent we can. As the hon. member indicates, there is a long waiting list to get into the armed forces. We have to balance these requirements and our requirements against the other needs of society, which we also serve.

[Mr. McKinnon.]

TRANSPORT

LIABILITY FOR COST OF EXPANDING PORT OF PRINCE RUPERT, B.C.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is for the Minister of Transport. On March 7 the Minister of Transport gave the impression to the country that the government is providing a $16.3 million grant to expand the port of Prince Rupert in B.C. Recently, the Alberta Wheat Pool was informed by the National Harbours Board that the users, mainly the farmers in this case, will have to pay for the capital cost of that expansion.

I ask the minister whether he could clarify the government's position. Is it the government's intention to pay for the total cost of these facilities, namely, $16.3 million, or will the users have to pay for them?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, what was announced, and what is the fact, is that the government is making available $16 million for the development of the Ridley Island site initially for grain facilities and, indeed, for other purposes. No doubt a bulk handling coal facility will also be possible there. It is our ordinary practice to have charges against the product, and those who make use of these sites, through leases and the like. Obviously, that is designed initially to cover operating and maintenance costs. In addition to that, in certain cases, when it is appropriate, more than that. I think that will be part of our over-all approach to our ports throughout the country.

Mr. Nystrom: Mr. Speaker, I think that is a bit of a departure from the policy of the government at airports such as Mirabel. I ask the minister whether he can say categorically that the farmers of this country will not be held responsible for paying any of that $16.3 million? Or, indeed, through the minister's announcement in the House today, will the farmers be responsible for paying some of this capital cost?

Mr. Lang: Mr. Speaker, first of all, the hon. member is quite wrong in his reference to Mirabel, since that airport, as with other major airports, is now part of our airport revolving fund. Those costs are incorporated into the over-all costs of flying in the country, which I hoped the hon. member would endorse, rather than seeing them constantly put onto the backs of the taxpayers. I am really amazed that the hon. member is so negative about our action in moving forward with a major development. I hope he will applaud when the grain companies, hopefully, get together and put up the money to place a terminal in Prince Rupert.

Of course, a great portion of that is part of the ongoing costs and operations of marketing our grain. The hon. member need not be negative about that. This is a fantastic development of what could be a great port for the whole of the west. Let him not spread his negativism about to further dampen spirits in the west.

Some hon. Members: Hear, hear!

OPERATIONS OF NORTHERN TRANSPORTATION CO. LTD.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Transport. It relates to Northern Transportation Co. Ltd. which the minister will know has a mandate that is limited to serving as a common carrier in the Mackenzie watershed in the western Arctic. The minister will also know that that particular Crown corporation has gone beyond its mandate to acquire Grimshaw Trucking and Distributing Ltd. which is now underbidding private employee-owned trucking companies like Byers Trucking Co. in serving routes into Hinton, Grande Cache and Fort McMurray, Alberta.

Will the minister tell the House of Commons why a government-owned company is underbidding a private employee-owned company in a way that may result in the government company gaining a monopoly on certain trucking routes?

● (1502)

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I will be glad to look into the question and see whether this is an ordinary aspect of competition between the companies involved. Obviously, I would not want to see the fact that the parent corporation is government-owned lead it into encouraging loss operations in competition with private enterprise. I can give the hon. member great assurance about that. I am interested, though, in apparently indirectly encouraging, that we see to it that certain freight rates are higher than they otherwise would be.

I gather the hon. member has been reading the speeches of a couple of his colleagues who were worried about rail freight rates getting so low that they would compete with various truckers throughout the country. That is a delightful general statement but, as with the previous hon. member's question, if he has any examples let him specify where it is thought that their freight rates are so low as to be a danger.

Mr. Clark: I ask the Minister of Transport whether it is the policy of the government to have Crown corporations establish subsidiaries that go beyond the original mandate of the Crown corporation, entering into activities which are wholly foreign to the original mandate, and under that new, expanded mandate to enter into competition with private sector companies. Is that the policy of the government?

Mr. Lang: Mr. Speaker, the policy of the government is to take careful consideration of any subsidiary operations by one of our Crown corporations. Put simply, the answer to the Leader of the Opposition's question would be no, it would not be the intention, ordinarily, to see them go into business that is completely unrelated to the original mandate.

However, one may want to look at that mandate to see whether there is a relationship which makes a particular acquisition desirable. I think I gave the Leader of the Opposition adequate assurance when I told him I did not want to see the fact that a Crown corporation exists lead to an operation being subsidized in competition with private enterprise. That is very important and it is a principle that I have adhered to constantly.

* * *

PRIVILEGE

CONSIDERATION OF OUTSTANDING QUESTIONS

Mr. Speaker: There are outstanding two questions of privilege, one raised by the hon. member for Capilano (Mr. Huntington) and the other raised by the hon. member for Halifax (Mr. Stanfield). With regard to the one by the hon. member for Capilano, I can proceed with that tomorrow.

With regard to the point raised by the hon. member for Halifax, I wish to indicate to him and the House that I want a little further time to consider it. In fact the basic subject matter of the motion of the hon. member for Halifax, as I have indicated on a previous occasion, gives me no difficulty. I am in great sympathy with the concern that has been expressed that any suggestion that the offering for candidacy by any citizen of this country for membership in this House might result in even the slightest surveillance of any sort, be a matter of very high priority for the House. However, I am having difficulty in extending the concept of parliamentary privilege into the field of candidacy for election. It would be quite a considerable extension on the basis of precedent. I simply want to indicate that the matter is under careful and very intensive study and I would like a few more days to consider it.

MR. CROSBIE—PUBLIC SERVICE—INCORRECT STATEMENT ON LAY-OFF OF 60,000 PUBLIC SERVANTS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of a breach of my privileges as a member of this House. It relates to a motion put to the House on Monday, May 8, page 5219, by the hon. member for Cape Breton-East Richmond (Mr. Hogan). I was not here at that time. I will try to be succinct. The relevant part of that motion is where the hon. member stated:

However, it is no funny matter for that member to say publicly that if his leader becomes prime minister of this country, 60,000 public servants will be laid off.

That is not a correct statement. It is an incorrect statement. It is part of a deliberate campaign by members of the NDP to allege across this country words that I have never said.

Some hon. Members: Oh, oh!

Mr. Crosbie: If I might continue, Mr. Speaker. I spoke in Thompson, Manitoba, on Friday, April 7. Not being a Liberal, I did not have a script. I spoke off the cuff for 40 minutes. That speech was reported in the Winnipeg *Free Press* of April 11, four days later. There was a small report. I need to refer to that to show how this canard got started. It is being used by the NDP outside this House, and now inside.

In that report in the Winnipeg *Free Press* it states that I said that a federal Progressive Conservative government would make, and I quote:

—"Premier Sterling Lyon look like a pussycat" in cutting back on excessive civil servants,—

It adds that I told the federal PC meeting for Churchill that "Joe Clark's government would trim 60,000 civil servants by attrition". I never mentioned 60,000; I never mentioned 100; I never mentioned one civil servant being cut, in the speech.

I wrote the Winnipeg *Free Press* on April 19 telling them that their account was inaccurate, and telling them what I did say. What I did say was that the Conservative party would free the private sector from unnecessary regulation, restrain the growth of government expenditure, restrain the growth of government public servants and that we meant what we said, not like the Liberals, and that in that direction we would make Sterling Lyon look like a pussycat. Nothing was mentioned about laying off any civil servants.

On April 25 I sent a copy of that letter to the Leader of the NDP (Mr. Broadbent) because I knew he was going to prevaricate around the country with this statement. I already had a tipoff on that. Therefore I sent the Leader of the NDP a copy of my letter to the *Free Press*. It was published in the Winnipeg *Free Press* on April 26.

Next, the hon. member for Oshawa-Whitby, the Leader of the NDP, used it outside the House. Now the hon. member for Cape Breton-East Richmond changes even what I was supposed to have said by the Winnipeg *Free Press*, stating that I said that 60,000 public servants will be laid off. That is a libel on a member, in my opinion. As Mark Twain said, "A lie can travel half way around the world while the truth is putting on its shoes." While I am putting on my shoes, this lie is travelling around the world.

Some hon. Members: Hear, hear!

Mr. Crosbie: As the election approaches, the New Democratic Party becomes the "nasty, devious, prevaricating" party. The hon. member suffers from "pseudomnesia". He has a memory for things that never happen. I call on him now to retract his inaccurate statement, play the game fairly, and stop trying to put this lie half way around the world while I am putting on my shoes.

Some hon. Members: Hear, hear!

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I think the libel has been perpetrated in this House this afternoon by the hon. member for St. John's West (Mr. Crosbie) against me. I am quoting from the Ottawa *Journal*, which I was told was a notorious PC paper, although the hon. member for Ottawa-Carleton (Mrs. Pigott) told me before the House today that that is no longer true. I want to quote from that article of May 6, 1978, datelined Manitoba, by Mr. Cleverley, a correspondent. This is what got me upset. I quote:

The present Conservative member of the federal parliament for Churchill, Cecil Smith, was visibly uncomfortable during his own nomination meeting when John Crosbie of Newfoundland promised that the next federal Conservative government would make Sterling Lyon "look like a pussycat" in reducing the size of the civil service. Crosbie said Joe Clark would cut 60,000 federal jobs.

[Mr. Crosbie.]

There are two different reports. I am a relatively new member in this House, as is the hon. member for St. John's West. I am sorry if I did not know the *Journal* is a Tory paper. I quoted Mr. Cleverley on this point.

The hon. member says he did not say it, and he says he has nothing in writing. I was told by their members to see what he had in writing, but he was not here yesterday, so I raised the matter largely because I did not think we should be talking like this when there are one million unemployed in this country. People from the Atlantic region should be talking about decentralizing the bureaucracy, not cutting people off from it.

Mr. Speaker: Order, please. The basic point still remains that the hon. member for St. John's West (Mr. Crosbie) has indicated that he is clearly referred to in the motion by the hon. member for Cape Breton-East Richmond (Mr. Hogan) as having used a specific figure of 60,000.

I took it from the latter sentences of the hon. member for Cape Breton-East Richmond that he was indicating to the House that, if he had said that on the basis of mistaken information, he was apologizing to the House for that. At least I understood that was the sense of that remark. If I have not that confirmed, I would certainly want to insist.

There may be a dispute as to facts generally involved here. However, if the hon. member for St. John's West says that he did not use the specific figure of 60,000, and that figure is contained in the motion of the hon. member for Cape Breton-East Richmond, I would think it appropriate that the hon. member for Cape Breton-East Richmond indicate to the House now that he either stands by that figure and that statement, or that he withdraws it.

● (1512)

Mr. Hogan: I never said the hon. member said it. I quoted from the newspaper, the *Journal*.

Some hon. Members: Oh!

Mr. Speaker: Order, please. I have in my hand the text of the hon. member's motion and it does not make any reference to any quotations or any other source of information. The text reads:

All members of this House have learned to appreciate the humour of the hon. member for St. John's West (Mr. Crosbie). However, it is no funny matter for that member to say publicly that if his leader becomes prime minister of this country, 60,000 public servants will be laid off.

That seems a very direct allegation to me, and if the hon. member does not have any information upon which it is based it appears to me he should withdraw it.

Mr. Hogan: As a member of this House I take the hon. member's word. But I was quoting the *Journal*, not the hon. member.

Some hon. Members: Withdraw!

Mr. Speaker: Order. I have formally asked the hon. member for Cape Breton-East Richmond to withdraw that allegation.

Mr. Hogan: I will withdraw it in the light of what the hon. member for St. John's West has said today, but I should like to see the evidence presented to me directly because, although I did not say it in the motion, I was quoting a *Journal* article. Very well, I withdraw.

ROUTINE PROCEEDINGS

[*English*]

VETERANS AFFAIRS

ANNOUNCEMENT OF PENSION INCREASES FOR DISABLED VETERANS

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, it is a pleasure to inform the House that it is the intention of the government to introduce legislation to increase the basic rate of pensions for disabled veterans by $310.76 annually to $7,471.

Some hon. Members: Hear, hear!

Mr. MacDonald (Cardigan): The proposed increase is in addition to the automatic increase provided under the Pension Act each January in accordance with the consumer price index.

This increase is significant at a time when, as all Canadians recognize, government expenditures must be restrained, and it demonstrates the government's determination to honour a long-standing commitment to ensure an adequate income to disabled veterans and their dependents in recognition of the service they have rendered to their country. The enabling legislation will be introduced as soon as possible to make the increase effective July 1, and will provide for proportionate increases with respect to lesser disabilities and related pensions. Similar appropriate increases will be provided to those who qualify for prisoner of war compensation.

I am sure all hon. members will co-operate to ensure that this legislation receives quick passage.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, on behalf of the official opposition I want to say we welcome this announcement. I am sure the House will understand if, in the course of my short statement, I pay tribute to the former member for Humber-St. George's-St. Barbe who, along with other members—and I have no hesitation about mentioning particularly the hon. member for Winnipeg North Centre (Mr. Knowles)—worked hard to obtain this benefit for our veterans.

I regret that this announcement should have come so late in the session, especially when there is some question as to how long the session will last.

An hon. Member: Lots of time yet.

Mr. Baker (Grenville-Carleton): But whatever the situation might be, I want to say on behalf of my party that we shall be

prepared to discuss ways in which the legislation flowing from this statement could be expedited. The proposals announced by the minister go a significant distance in honouring the obligation which all of us have, and will have for our lifetime, to those who served in the wars in which our country has been engaged and who were disabled as a result of that service. We owe them, as a nation, a great obligation. It is in that spirit my colleagues and I welcome the statement made today. I assure the minister that if he would confer with his colleague, the government House leader, with respect to the expedition of this legislation we would be most pleased to co-operate.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as one who has raised this matter scores—perhaps hundreds—of times during the last two or three years, I congratulate the Minister of Veterans Affairs (Mr. MacDonald) on his success in getting the cabinet to approve the announcement he has made today. I am happy to join with the hon. member for Grenville-Carleton (Mr. Baker) in making reference to my good friend, Jack Marshall. As has been said, he and I have been working very hard for this. The only thing one can really say today is that we welcome the announcement most warmly.

I suggested the other day, in a motion under Standing Order 43, that a bill of this kind could be put through the House in all its stages in one day. I now believe, in the light of the statement just made by the House leader for the Progressive Conservatives, that we could do it in about half an hour.

Mr. Baker (Grenville-Carleton): Hear, hear!

Mr. Knowles (Winnipeg North Centre): I hope the government will make arrangements to bring in the necessary bill right away so that it can be put into effect and not get lost in any shuffle which could take place.

I must say I am sorry this proposed increase is to be simply on an ad hoc basis. As I understand it, the raising of the basic rate to the average level of the five designated levels in the Public Service is for the current year only, leaving increases in future years to be determined by the rise in the consumer price index. I hope that some day there will be built into the act itself an automatic provision which will keep the level of the 100 per cent disability pension in line with the level of the five categories in the Public Service. But for the moment we have corrected a wrong which veterans have suffered for a few years, and I am glad to indicate our full support.

Now that the minister has won this battle I hope he will work just as hard to get a correction in the rule regarding widows of veterans. Some day, and some day soon, we must alter the provision which deprives widows of any pension at all if the veteran's disability pension was below 48 per cent. We welcome the announcement and give the minister the assurance that, if he will bring in legislation, we will pass it quickly. I believe my estimate of half an hour is probably correct.

● (1522)

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, first of all I must inform the minister that I did not receive a copy of the statement he has just made, but I listened carefully. It sometimes happens that we do not receive the French copy, but this time I received neither the French nor the English copy, but I do not hold it against him. He is a very decent fellow; only yesterday I was speaking with him and I congratulated him on the excellent measures he introduced and which have been passed by parliament since he has been minister.

I am satisfied that the legislation he has just outlined will be tabled before the House and will contain all the provisions mentioned in his statement. In extending my gratitude to the minister, I am certain that I am speaking on behalf of all veterans and all those who were waiting impatiently for even more improvements in that sector. As the leader of the New Democratic Party said, we hope that the legislation will be introduced shortly and that we may pass it so that those who stand to benefit from it will be able to do so as soon as possible.

[*English*]

Mr. MacDonald (Cardigan): Mr. Speaker, I would like to apologize to the hon. member in the Social Credit party. I understood that the statement was sent to all parties.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I would like to ask the minister whether the legislation is in fact drafted and whether there has been consultation between the government House leader and the minister. If so, can the minister tell us when he plans to introduce the legislation, bearing in mind the assurance which has been given by all opposition House leaders today?

Mr. MacDonald (Cardigan): Mr. Speaker, the legislation is not drafted. We went as far as we could go without finalizing it. I am not worried about discussions with the government House leader. I am not worried about whether the legislation will be forthcoming. I think it will be coming in quite soon.

* * *

CRIMINAL CODE

AMENDMENT TO RESTORE CAPITAL PUNISHMENT

Mr. Dean Whiteway (Selkirk) moved for leave to introduce Bill C-454, to amend the Criminal Code (death sentence).

Some hon. Members: Explain.

Mr. Whiteway: Mr. Speaker, this amendment would, in effect, reinstate capital punishment for all capital crime, excluding that of high treason.

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

[Mr. Knowles (Winnipeg North Centre).]

Mr. Speaker: As I have indicated in the past with respect to the subject matter of bills, the House should understand that I choose a seconder to afford an hon. member the right to introduce a bill, and that seconder is not necessarily associated with the subject matter of the bill itself.

* * *

PETITIONS

REQUEST FOR ACTION TO DEAL WITH OBSCENITY

Mr. Jake Epp (Provencher): Mr. Speaker, I rise this afternoon to present a petition. As the House is well aware, the last year has seen much progress made in an attempt to define pornography and obscenity in Canada. A bill has been introduced by the Minister of Justice (Mr. Basford). The bill is in conformity with the report made by the Standing Committee on Justice and Legal Affairs. The public outcry has been—

Mr. Speaker: Order. If the hon. member has a petition, he should simply explain its contents.

Mr. Epp: Thank you, Mr. Speaker. The petition I have with me today calls on the government to re-define obscenity and encourages the government to move forward with the bill it has introduced.

QUESTIONS ON THE ORDER PAPER

[*Translation*]

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 464, 937, 1,120, 1,232, 1,329, 1,385, 1,393, 1,414, 1,415, 1,422, 1,430, 1,451, 1,470, 1,501, 1,508 and 1,534.

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

[*Text*]

EXPENDITURES IN NEW WESTMINSTER

Question No. 464—**Mr. Leggatt:**

In each fiscal year since 1970, what amount was spent in the Constituency of New Westminster by the Department of Justice and those agencies that report to it?

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): In so far as the Department of Justice is concerned:

Fiscal Years	Amounts
1970/71	$ 2,171.95
1971/72	1,937.10
1972/73	Nil
1973/74	276.00
1974/75	12,383.05
1975/76	59,868.18
1976/77	52,739.69
April 1, to November 7/77	113,416.05

In so far as the Law Reform Commission, the Tax Review Board, the Canadian Human Rights Commission are concerned: Nil.

UNEMPLOYMENT INSURANCE COMMISSION

Question No. 937—**Mr. McKenzie:**

1. Is the UIC initial claims data form still in use and, if so, what methods are taken to test if a claimant's card is authentic?

2. Did Mr. Guy Cousineau, former Chairman of the UIC or the Honourable Robert Andras, former Minister of Manpower and Immigration direct persons to destroy Special Investigation Division documents into criminal fraudulent activities in 1975?

3. Did Mr. Raymond Dupont, Parliamentary Secretary to the Minister of Employment and Immigration state in the House on December 5, 1977, that 60,000 fines were imposed and, if so (a) what is a breakdown of the regions, by numbers, when such fines were levied (b) how many were due to the fraudulent use of social insurance cards (c) how many of the individuals charged had more than one SIN number (d) how many of the individuals charged had inside assistance?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. Yes, the initial claims data form is still in use. The computer verifies all claimant's cards and will reject, for investigation, any card that it cannot authenticate.

2. No.

3. He stated that an estimated 60,000 fines were imposed. (a) The estimated breakdown of these administrative penalties is: Atlantic, 10,000; Quebec, 20,000; Ontario, 20,000; Prairies, 5,000; Pacific, 5,000. (b) Statistics of this nature are not available. (c) Statistics of this nature are not available. (d) Of the people prosecuted by the commission, seven had inside assistance.

EXPENDITURES IN NICKEL BELT

Question No. 1,120—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of Communications and those agencies that report to it?

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): In so far as the Department of Communications is concerned: none. In so far as CRTC is concerned: none.

CANADAIR LIMITED

Question No. 1,232—**Mr. McKinnon:**

1. Did the government approve a proposal by Canadair Ltd. to raise $70 million (US) in five year promissory notes in international capital markets for use in the CL-600 Challenger Programme and, if so, in what manner is the financing to be arranged and what is its purpose?

Order Paper Questions

2. Is money for the Challenger Programme still being supplied by Canadian banks and (a) if so, by which banks and in what amounts (b) if not, for what reason?

3. What are all the conditions to which the government has agreed with respect to the financing?

4. Will the financing agreement have any effect whatsoever on the government's declared intention eventually to return Canadair to the private sector and, if so, in what way?

5. Has a foreign partner been found to participate in the Challenger Programme and (a) if so, what is that partner's name and what is the extent of its participation (b) if not, is a foreign partner being sought?

6. Has Canadair repaid the $6 million loan plus accrued interest it received from the Defence Production Revolving Fund in 1972 and (a) if so, what was the total amount and on what date was repayment made (b) if not, what is the total amount due and on what date will repayment be made?

7. What is the total amount of the government's involvement in Canadair, including (a) original purchase price (b) additional investment (c) loans (d) guarantees for loans raised in (i) international (ii) domestic markets?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): 1. (a) The government has approved a proposal by Canadair Limited to raise $70 million US in five year promissory notes in international capital markets. (b) The notes will be placed by an underwriters group led by the Merrill Lynch group. (c) To remove the need for direct government guarantees to the Canadair bankers against a line of credit of up to $70 million established for the Canadair Challenger program.

2. (a) At present the financing of the Canadair Challenger program is provided by a credit line of $120 million in the form of demand loans with two Canadian banks. 80 per cent of the funds would come from the Canadian Imperial Bank of Commerce and 20 per cent from the Provincial Bank of Canada. (b) Not applicable.

3. The associated undertakings and acknowledgements of the government are as follows: (i) So long as any of the notes remain outstanding, Her Majesty will not sell, nor transfer ownership of, nor dispose, nor alter, nor assign, nor encumber any shares of Canadair if the effect thereof: (a) is to reduce the voting rights of Her Majesty associated with the shares of Canadair to less than 66⅔ per cent. (b) does not permit Her Majesty to continue to elect all of the members of the board of directors of Canadair. Unless prior thereto Her Majesty shall have fully and unconditionally guaranteed the payment of all amounts then due and to become due in respect of the notes. (ii) The government confirms its dedication to seeing Canadair operated in a manner consistent with the honouring of all its obligations to creditors, including the notes. (iii) The Minister of Industry, Trade and Commerce confirms that it would be his intention to seek authority from parliament, if necessary, for appropriate financial measures to enable Canadair to meet unforeseen expenditures resulting from cost overruns which might occur in the CL600 development and production program. (iv) The minister recognizes Canadair's covenant that so long as any of the notes are outstanding Canadair will not reduce the amount of its share capital nor will it pay dividends on any of its shares nor will issue any additional shares except to Her Majesty.

4. The undertakings place a time constraint on the full return of the company to the private sector so long as the notes remain outstanding unless prior thereto Her Majesty shall have fully and unconditionally guaranteed the payment of all amounts then due and to become due in respect of the notes.

5. Participation has not been arranged with a foreign partner in the Challenger program. The desirability of such an arrangement declined as the program progressed. (a) Not applicable. (b) No.

6. Yes. (a) The principal sum of $6 million plus accrued interest of $2,599, 853.35 was paid to the Defence Production Revolving Fund on March 31, 1977. (b) Not applicable.

7. (a) Original purchase of Canadair, $38,150,000; (b) Additional investment as at December 31, 1976, $8,468,715; (c) Refundable inventory financing, during period since Crown took ownership of Canadair resulting from agreements standing at the time of purchase, $16,006,996; (d) (i) Nil. (ii) The Government of Canada is currently guaranteeing a line of bank credit to Canadair up to $70 million in connection with the financing of the Challenger program.

AIR CANADA'S PASS POLICY

Question No. 1,329—**Mr. Mazankowski:**

1. Does Air Canada have a policy on free travel passes and, if so (a) what is it (b) to whom does it apply (c) is it presently under review?

2. How many such passes are issued each year and on what basis?

3. What is the average annual cost to Air Canada for such passes?

4. Does Air Canada obtain any kind of approval from the Canadian Transport Commission regarding free travel passes and, if so (a) what is the rationale for this approval (b) what effect does the dispensing of the passes have on applications made by Air Canada to the Canadian Transport Commission to increase the rate of air fares?

5. Did Air Canada obtain a ruling from the Department of National Revenue with respect to the application of complimentary passes under the conditions of the Income Tax Act?

Hon. Otto E. Lang (Minister of Transport): The management of Air Canada advises as follows: 1. (a) and (b) Air Canada's pass policy applies to its 20,000 employees and their qualified dependents who are eligible for limited personal passes which are subject to the availability of open seats at flight time. Passes are also issued to employees as required for company business travel, and to non-company persons such as cabinet ministers, Transport Canada officials with aviation responsibility, officials of Canada Post Office, of other airlines, and to certain CN employees performing functions for Air Canada. A certain number of individual trip passes are also issued for commercial promotional purposes. (c) Like all the airline's policies, it is under constant review.

2. The issuance of free and reduced rate transportation by all Canadian airlines is governed by the Air Transport Committee of the Canadian Transport Commission under the Aeronautics Act. Air Canada's practice in the application of these passes is similar to other Canadian carriers and the airline regards details of its promotional pass issuance as proprietary.

[Mr. Horner.]

3. Employee personal passes are contingent upon the availability of open seats and a service charge is levied; blackout periods during heavy travel peaks apply to promotional passes with the result that these passes are also normally used when there are open seats available and the cost is minimal.

4. (a) See No. 2. (b) Pass issuances have no effect. Rate increase applications to the Canadian Transport Commission are accompanied by a comprehensive economic justification of costs for the airline to operate its approved schedule at a load factor reflecting the convenience of scheduled service. This load factor for the airline as a whole averages in the mid 60 per cent range which means there are generally unused seats available for pass travel.

5. No.

CANADIANS WORKING IN THE UNITED STATES

Question No. 1,385—**Mr. Dionne (Kamouraska):**

During (a) 1975 (b) 1976 (c) 1977, did any Canadians work in the forest industry in the United States, particularly in the States of Maine and New Hampshire and, if so, how many?

Hon. Bud Cullen (Minister of Employment and Immigration): The commission does not maintain any record of Canadians working outside the country.

UNEMPLOYMENT INSURANCE ACT

Question No. 1,393—**Mr. Dionne (Kamouraska):**

From 1965 to 1977, what amount did the government spend annually to administer the Unemployment Insurance Act for (a) salaries of (i) employees of different categories (ii) members of the Appeal Board (b) the upkeep of buildings?

Hon. Bud Cullen (Minister of Employment and Immigration): (a)(i) As the financial system is not designed to identify salaries by categories, the information cannot be provided. (ii) The information is not available prior to 1975. 1975, $1,207,-748; 1976, $1,471,562; 1977, $1,490,227. (b) As the financial system does not identify the upkeep of buildings separately, the information cannot be provided.

CNR—PENSIONS

Question No. 1,414—**Mr. Knowles (Winnipeg North Centre):**

1. How many retired employees of the Canadian National Railways are in receipt of pensions of less than $25.00 per month?

2. How many are in receipt of a pension of $25.00 per month?

3. How many are in receipt of pensions of (a) $25.01 to $29.99 per month (b) $30.00 to $39.99 per month (c) $40.00 to $49.99 per month (d) $50.00 to $59.99 per month (e) $60.00 to $69.99 per month (f) $70.00 to $79.99 per month (g) $80.00 to $89.99 per month (h) $90.00 to $99.99 per month (i) $100.00 to $124.99 per month (j) $125.00 to $149.99 per month (k) $150.00 to $199.99 per month (l) $200.00 to $299.99 per month (m) $300.00 to $399.99 per month (n) $400.00 to $499.99 per month (o) $500.00 to $599.99 per month (p) $600.00 to $699.99 per month (q) $700.00 to $799.99 per month (r) $800.00 per month and over?

Hon. Otto E. Lang (Minister of Transport): The Management of Canadian National Railways advises as follows: 1. One hundred eighty three.

2. Five hundred thirty five.

3. (a) 181; (b) 144; (c) 454; (d) 378; (e) 433; (f) 372; (g) 1,011; (h) 454; (i) 1,015; (j) 1,106; (k) 2,628; (l) 5,991; (m) 4,566; (n) 2,964; (o) 2,071; (p) 1,348; (q) 898; (r) 1,606. In a number of cases, the amount of pensions paid by Canadian National Railways do not represent the total pensions payable to employees for railway service. Pensions payable by CNR to international employees (service in both Canada and the United States) relate to their service in Canada only. Such employees also receive annuities respecting eligibility for which CN has made contributions payable under the U.S. railroad retirement act or the social security act for service performed in the United States. For example, in the group receiving pensions under $25 a month, in 1977 there are 30 former international employees who receive U.S. railroad retirement or social security annuities in respect of CN service rendered in the United States. In addition, there are various pension agreements between CN and other companies, such as Canadian Pacific Limited, CP Telecommunications and the Ontario Northland Railway, where each company issued separate cheques for its portion of the total pension. Only the pension payable by CN is in this statement Also, since the passing of the Pension Benefits Standards Act by the federal government on October 1, 1967, there are 60 employees who have terminated service with CN and are receiving rather small compulsory deferred pensions for service performed only from October 1, 1967. The balance of those receiving small pensions are employees who elected early retirement (before age 65) with reduced basic pensions ($25) and employees who had very short service and very small contributions.

CNR—PENSION FUNDS

Question No. 1,415—**Mr. Knowles (Winnipeg North Centre):**

1. What was the total amount on the books of the pension funds of the Canadian National Railways as at December 31 (a) 1975 (b) 1976 (c) 1977?

2. What rate of interest was earned on such funds during (a) 1975 (b) 1976 (c) 1977?

3. What amount of interest was credited to the funds during the year ending December 31 (a) 1975 (b) 1976 (c) 1977?

4. What amount was added to the funds from employee contributions during the year ending December 31 (a) 1975 (b) 1976 (c) 1977?

5. What amount was added to the funds as regular or current contributions by the Canadian National Railways during the year ending December 31 (a) 1975 (b) 1976 (c) 1977?

6. What amount was added to the funds in any other way by the Canadian National Railways during the year ending December 31 (a) 1975 (b) 1976 (c) 1977?

7. Is money owed to the above funds by the Canadian National Railways and, if so, how much and what arrangements are being made to meet such debt?

8. What was the total amount paid of the above funds in pensions during the year ending December 31 (a) 1975 (b) 1976 (c) 1977?

Hon. Otto E. Lang (Minister of Transport): The management of Canadian National Railways advises as follows: 1. As at December 31, 1975, $1,295,992,657; As at December 31, 1976, 1,461,873,667; As at December 31, 1977, 1,615,469,748.

2. To calculate the yield we have used the Statistics Canada formula, under which the investment is deemed to be opening investments plus closing investments, less earnings, divided by two: On this basis, the yield is: 1975, 5.95 per cent; 1976, 6.33 per cent; 1977, 6.75 per cent.

3. Year ended December 31, 1975, $69,727,964; Year ended December 31, 1976, 83,377,841; Year ended December 31, 1977, 99,146,414.

4. Year ended December 31, 1975, $51,609,714; Year ended December 31, 1976, 50,057,197; Year ended December 31, 1977, 55,857,289.

5. Year ended December 31, 1975, $94,746,365; Year ended December 31, 1976, 116,673,842; Year ended December 31, 1977, 122,454,430.

6. Year ended December 31, 1975, $14,766,374; Year ended December 31, 1976, 25,080,781; Year ended December 31, 1977, 1,131,400.

7. At December 31, 1977, Canadian National Railways owed $6,198,839 representing December items. This amount was paid in January, 1978.

8. Year ended December 31, 1975, $93,567,159; Year ended December 31, 1976, 109,308,650; Year ended December 31, 1977, 125,003,230.

AIRPORTS

Question No. 1,422—**Mr. Broadbent:**

1. For the years 1970 to 1977, what was the annual number of passenger movements through Dorval Airport?

2. For the year 1977 (a) what was the number of passenger movements through Mirabel Airport (b) how many of these passenger movements involved a transfer to or from Dorval Airport?

3. For the years 1970 to 1977, what was the annual number of passenger movements through the Toronto International Airport (Malton)?

4. For the years 1970 to 1977, using the 1973 population distribution datum that is referred to in the Airport Inquiry Commission (AIC), what is the number of persons annually exposed to a noise level of 28 NEF or larger?

Hon. Otto E. Lang (Minister of Transport): 1. Lists below present arriving/departing passenger data for Dorval Airport for the years 1970 to 1976 (see also 2(a)).

2. (a) Annual 1977 figures are not yet available and therefore nine months of preliminary data on passenger traffic at Dorval, Mirabel and Toronto International Airports have been provided in lists below. (b) Formal statistics are not kept on the number of passengers connecting between Mirabel and Dorval. Estimates based on passenger surveys and other sources range from 70,000 to 120,000 for the year 1976.

3. Lists below present arriving/departing passenger data for Toronto International Airport for the years 1970 to 1976 (see also 2(a)).

4. With respect to the final question regarding noise exposure, these data are presently being produced for the years

required. This information will be supplied as soon as it is available.

Passengers Travelling on Scheduled and International Air Charter Services at Dorval, 1970-76

Year	Revenue Passengers Arriving	Departing
1970	2,661,982	2,640,737
1971	2,888,734	2,897,586
1972	3,349,163	3,322,244
1973	3,898,443	3,893,370
1974	4,243,086	4,262,983
1975	4,009,426	3,993,802
1976	2,715,498	2,743,219

Passengers Travelling on Scheduled and International Air Charter Services at Toronto International Airport, 1970-76

Year	Revenue Passengers Arriving	Departing
1970	3,256,784	3,198,219
1971	3,651,854	3,597,700
1972	4,167,247	4,078,440
1973	4,956,211	4,915,823
1974	5,605,819	5,532,178
1975	5,610,793	5,529,282
1976	5,732,570	5,663,739

Passengers Travelling on Scheduled and International Air Charter Services—January-September 1977 (Preliminary)

1977	Revenue Passengers Arriving	Departing
Dorval	2,120,900	2,109,900
Mirabel	1,039,700	1,002,000
Toronto	4,597,200	4,530,600

CANADIAN NATIONAL TELECOMMUNICATIONS

Question No. 1,430—**Mr. McGrath:**

1. Did CNT make a decision to move its personnel from St. John's to Gander and, if so (a) for what reason (b) how many persons will be affected?

2. What is the total number of persons to be moved from Toronto to Gander by CNT?

3. What provision is CNT prepared to make for long-term employees who, for family reasons, do not wish to make the move?

4. Is CNT prepared to pay a special allowance to persons who are unable to move their families to Gander?

Hon. Otto E. Lang (Minister of Transport): The Management of Canadian National Railways advises as follows: 1. Relocation of the headquarters for CNT's operations in Newfoundland from St. John's to Gander has been approved in principle. No detailed implementation plan has yet been formally ratified but the matter is under active study. (a) Telephone operations is the major sector of CNT's business in Newfoundland and Gander is the centre of such services. (b) The number of persons who may be affected is not yet determined. In any event relocations would be placed gradually over a period of several years in order to minimize inconvenience to employees and impact on communities involved.

2, 3, and 4. A study of the functions to be transferred from Toronto areas has not yet been sufficiently advanced to enable the determination of the precise numbers of persons who will be affected or to indicate what assistance should be provided; this information will be determined following analysis of all aspects of the relocation and will have an influence on the decisions to be reached.

CHALLENGER AIRCRAFT

Question No. 1,451—**Mr. McKinnon:**

As of November 1, 1977, December 1, 1977, January 1, 1978 and February 1, 1978, what amounts have been received as deposits for orders of the "Challenger" business jet to be produced by Canadair?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Value of deposits held on Challenger aircraft orders at Canadair Limited are reported as follows: November 1, $20.9M; December 1, 22.4; January 1, 24.3; February 1, 24.6.

OPPORTUNITIES FOR YOUTH PROGRAM

Question No. 1,470—**Mr. Allard:**

1. Since the implementation of the Opportunities for Youth Programme, did the government allocate money to the Constituency of Rimouski and, if so, in what amount?

2. For each project accepted, what was the (a) name of the project (b) amount allocated (c) year of acceptance (d) name of the municipality involved (e) number of jobs created?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. and 2. The Opportunities for Youth Program did not operate on a constituency basis and as a result the data is not available by constituency.

GRANTS IN FRASER VALLEY

Question No. 1,501—**Mr. Patterson:**

1. What amount was spent by the government in the Constituency of Fraser Valley East under the Opportunities for Youth Programme in each year of its duration?

2. What amount was spent by the government in the Constituency of Fraser Valley East under the Local Employment Assistance Programme (LEAP) in each year since its inception?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. The Opportunities for Youth Program did not operate on a constituency basis and, as a result, data is not available by constituency.

2. $66,444 in 1973-74.

IMPAIRED DRIVERS STUDY

Question No. 1,508—**Mr. Huntington:**

1. Has the government been involved in a research study investigating drinking and driving carried out by the Cranfield Institute of Technology in

Beds, England and, if so (a) for how long (b) what has been the total contribution by Canada to date, in terms of dollars (c) how many Canadians are involved in the study and how many man-years does this represent (d) for what period of time does the government plan to remain involved in the study (e) what does the government hope to gain from its involvement in the study?

2. Will a report or summary of findings be published and, if so, will they be utilized by proper agencies in Canada and will they be available to the public?

3. For what reason is this type of research being carried out in England and not in Canada, thus utilizing Canadians in the study?

Hon. Otto E. Lang (Minister of Transport): 1. Yes. (a) Since October 1, 1977. (b) Approximately $11,000 has been paid to date on a contract with a total value of $20,000. (c) One Canadian is involved in the study and his time represents almost nine man-months. (d) The contract with the Cranfield Institute of Technology is to be completed on August 1, 1978 with the submission of a final report on the project. (e) An evaluation of the feasibility of using simple on-highway driving tests to identify drivers whose ability is impaired by alcohol, thereby to increase the efficiency of conventional enforcement practices.

2. A full report of the study will be published and the results will be communicated to responsible federal and provincial agencies. The results are expected to be used principally by law enforcement agencies.

3. A combination of factors, specifically the availability in one location of: (i) an instrumented vehicle and the necessary technical support functions (ii) an extensive, paved, off-highway test area with controlled access; (iii) maximum available test time provided by a temperate climate and long nights; and (iv) a co-investigator with expertise in relevant research areas.

TAXATION—HUTTERITE COLONIES

Question No. 1,534—**Mr. Schumacher:**

1. How much tax money was declared owing to the government by the Hutterite colonies as a result of the recent court decisions and what arrangements were made by the government to collect?

2. Has the recent counter action by the Hutterian Brethern stopped the government collecting the taxes declared owing in the original judgements by the Supreme Court of Canada and the Federal Courts?

3. Has the government made provisions to ensure that, in the future, taxes will be properly (a) levied (b) collected in each case involving Hutterian Brethern?

Mr. Yves Demers (Parliamentary Secretary to Minister of National Revenue): 1. The appeals submitted by the Hutterite colonies have not yet been heard by the Tax Review Board or the courts.

2. No. Revenue Canada has proceeded to fully secure the outstanding accounts by registering encumbrances against land owned by the colonies who have appealed the assessments.

3. (a) Revisions to section 143 of the Income Tax Act, explained in Revenue Canada's Information Circular 78-5, have clarified the determination of taxable income for communal organizations. (b) Collection of taxes from these organizations is no different than from all other taxpayers.

Ways and Means

[*English*]

Mr. Speaker: The questions enumerated have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

[*Translation*]

MOTIONS FOR PAPERS

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

Mr. Speaker: Shall the notices of motions for production of documents be allowed to stand?

Some hon. Members: Agreed.

* * *

[*English*]

BUSINESS OF THE HOUSE

Mr. Chrétien: Mr. Speaker, I understand that there would be agreement at this time to concur in the notice of ways and means tabled on April 10, 1978, relating to income tax.

Mr. Baker (Grenville-Carleton): Mr. Speaker, there have been some discussions with respect to that. We are now agreeable.

Mr. Knowles (Winnipeg North Centre): That is correct. We agree.

Mr. Speaker: The consent of the House is required for the disposition of this matter at this time. I understand that the House does consent to the disposition of the ways and means motion standing in the name of the Minister of Finance (Mr. Chrétien).

Some hon. Members: Agreed.

* * *

[*Translation*]

WAYS AND MEANS

CONCURRENCE IN MOTION TO AMEND THE INCOME TAX ACT

Hon. Jean Chrétien (Minister of Finance) moved:

That a ways and means motion to amend the Income Tax Act, laid upon the table, Monday, April 10, 1978, be concurred in.

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

Motion agreed to.

GOVERNMENT ORDERS

[*English*]

RAILWAY ACT

MEASURE TO AMEND AND REPEAL CERTAIN STATUTES

The House resumed, from Monday, May 8, consideration of the motion of Mr. Abbott (for Mr. Lang) that Bill C-17, to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes in consequence thereof, be read the third time and do pass, and of the amendment (Mr. Murta) (p. 5176).

Mr. Peter P. Masniuk (Portage): Mr. Speaker, I rise today to participate again in the debate on Bill C-17, the CNR refinancing bill, as it is known. I also want to support the amendment moved by my colleague, the hon. member for Lisgar (Mr. Murta). I spoke during second reading debate for the purpose of making known some of my views on this CNR refinancing and also on the Hall commission and on railway abandonment in my home province of Manitoba. A little later I would like to add to some of those earlier remarks.

As hon. members know, our party intends to vote against this bill. Our reasons for not supporting Bill C-17 have been put on the record by other members of the Progressive Conservative party. We do not feel that this bill serves any real purpose. The government has tried to make it appear as if the passage of this bill will save Canadian taxpayers money, but a close examination shows that this is merely an illusion, a stage trick.

The CNR's own profit projections for the next five years show that the capital restructuring provided in this bill is not necessary for the corporation to make a profit. The first quarter of this year has produced a healthy profit for the railway, and its own projections show that this is going to be the case for the next few years whether this bill is passed or not. With this bill the profits will be only that much greater.

● (1532)

CN is a Crown corporation, and therefore its shareholders are the citizens of Canada. Under our democratic parliamentary system we are the peoples' representatives, and therefore CN is accountable first and foremost to parliament and not to the capital market. The problem, however, is how to make CN accountable to parliament.

As hon. members are aware, there is at present another royal commission in existence apart from the McDonald commission which is getting so much publicity, namely, the commission on corporate concentration, which will shortly hand down its recommendations on the basis of which the government has promised to prepare its legislation governing Crown corporations. We think that the bill before us should be deferred until that time.

The last time that CNR came before parliament asking to be relieved of its debts was in 1952 when the railway began a huge program of capital expenditures, and less than a decade later, in 1961, generated a debt of slightly under $1 billion. But despite all the expenditures, CN transportation service began to decline after that. The CN became involved in many other ventures, but CN railway transport has not improved at all in the 26 years since 1952.

We in the Conservative party believe that now is not the time to give passage to Bill C-17. There are just too many questions hanging over the future of rail service in this country. The government has committed itself to a large expenditure in order to upgrade the grain handling lines in western Canada. There may be an adjustment of the Crow rates—something which I personally fear—but that is uncertain, and I am not reassured by the odd noises from the Minister of Transport (Mr. Lang) to the effect that there will be no tampering with the Crow rates. However, that is another subject.

Also, CN has been relieved of what is perhaps its biggest burden, that is, the rail passenger service, with the formation of VIA Rail, but no one really knows yet whether VIA Rail will prove to be a wise decision or a big mistake. Personally I support VIA Rail but the experience in the United States with Amtrak, in a country with a much larger travelling public to support such a venture, has brought a mixed reaction. I wonder what our experience in Canada will be. In light of these uncertainties, we believe that this is not the time to consider Bill C-17 and that it would be more sensible to defer it until these various uncertainties have been cleared away.

Now I would like to make some comments about a subject that is of great concern to me and to my constituents, that is, railway abandonment. It continues to be a very hot topic in Manitoba, particularly in my constituency where there are so many branch lines. Perhaps the reason is that, according to the Hall commission, the province of Manitoba was the province most "overbuilt" with railways during the great period of railway expansion in Canada from about 1880 to 1920. The result is that today there is a multitude of branch lines in the province which are concentrated in the narrow southern quarter of Manitoba. Most of these lines are not economical and some have already been abandoned, or will be soon.

In the central Interlake region of my constituency there is an 80 mile long CNR branch line which is known as the Inwood subdivision. The grain receiving points on this line are three Manitoba pool elevators, one at Broad Valley, and two at Fisher Branch. The Fisher Branch facilities were expanded not too long ago. The amount of grain handled by these three elevators fluctuates, depending on the type of crop year in that region. As of March 1 of this year, the three elevators at Fisher Branch and Broad Valley together handled a total of 8,585 metric tonnes of grain. In other words, this is what the Inwood line handled in the first three months of this year.

The Hall commission recommended that this line be abandoned. I am against the abandonment of this line, and I have always been. I want that clearly understood. I have argued for the retention of this line as part of the basic rail network on many occasions. However, the Hall commission recommended its abandonment, in spite of my representations as well as

those of many others, of course, made to Mr. Justice Hall and to the other commissioners.

For the Inwood line, the Hall commission made a unique recommendation. It suggested that the two elevators at Fisher Branch be retained in service on the abandoned line as off-line loaders and that farmers continue to deliver to Fisher Branch. From Fisher Branch the grain would be trucked by commercial truck to the CP's Arborg railhead, which is about 20 miles distant. This off-line loading experiment has not been instituted by this government, and may never be. However, I have a great many reservations about the practicality of such an operation.

In the Interlake there are four branch lines. Of these, the Inwood line is the only one which is not paralleled by a paved provincial trunk highway along most of its length. There is some pavement in the north, but it is not parallel to the Inwood line. The roads are all low grade. The Inwood subdivision is in the very special position of being the primary mode of transportation in most of the area which it serves.

The principal commodity moved over this line is, of course, grain, but there is some other traffic as well. Grain makes up about 85 per cent of the total, pulpwood makes up 7 per cent, and the other 8 per cent is made up by coal, fertilizer, lumber, and farm implements and machinery. For the grain traffic, the Hall commission recommended the off-line concept. I must admit that I would be very interested to observe such an experiment in operation but, for all that I know of this region, it is not really an answer to the grain handling problems of the Interlake.

The biggest single reason that such an operation is neither practical nor viable is that the roads in the area are completely inadequate for large capacity grain trucks. The Inwood line runs through two of the three local government districts, or LGDs, in the Interlake, Fisher and Armstrong. These LGDs do not have the resource tax base to undertake the road development and upgrading which would be required for heavy hauling by truck. It is not only the expense of truck hauling, and which would be very great in any case, which is involved. There is also the consideration that trucking is an inefficient and fuel-wasteful means of transport as compared with the diesel locomotive which the experts variously estimate to be 18 times more efficient than the gasoline powered truck, based on ton capacity and fuel consumption.

In all of Canada only about 8 per cent of the total land is farm land, and this is declining every year. However, this is not true of the Interlake. If hon. members want to see a real frontier where raw virgin land is still being broken by the plough, they should visit the north central Interlake area of Manitoba in my constituency.

In the Dallas-Red Rose area Canada's arable farm land is being developed at present. This is in contrast to what is happening in most other parts of the country where agricultural land is disappearing. This is only possible in that part of the province of Manitoba because of the existence of the Inwood rail line. Even so, the local delivery point for these new farms now is Fisher Branch, which is more than 40 miles away for many of the producers. However, the off-line concept would involve a further haulage by truck from Fisher Branch to CP's Arborg railhead, a further 30 miles or so. Of course, this would make the new farms in the Dallas-Red Rose region completely uneconomic. It is clear that closure of the Inwood subdivision would effectively halt agricultural expansion in the north central Interlake.

When I last spoke in the House on March 2 about the problems of rail transportation in the Interlake, and about the Hall commission's recommendations for the Inwood line, I believe I stated that the farmers of the area wanted the commission's off-line experiment for Fisher Branch to be undertaken. The farmers have told me, however, that this is decidedly not the case. Naturally they do not want to lose their Inwood line, any more than I do. We are not against the experiment, but we do not want to lose our railway for the sake of it.

I should like to quote from a letter which I received a short time ago from the president of the Fisher Branch and District Chamber of Commerce, Mr. Tom Magnusson. I believe it sums up very well how the grain producers of the Interlake feel about the Inwood subdivision. In part the letter reads as follows:

● (1542)

. . . In our investigations locally, the farmers do not feel that the off-line elevator concept is indeed the most economical in the long term, nor even feasible, given the present infrastructure and circumstances. The Fisher Branch and District Chamber of Commerce takes the following position in support of our local farmers: (1) that rail service must be maintained to Fisher Branch through either (A) continuance of the present line and the upgrading of same, or (B) construction of a spur line from Fisher Branch—Broad Valley area to either the CPR Arborg line or the CNR along provincial trunk highway number 6; or (2) should the off-line elevator concept be instituted, that the CNR Inwood subdivision be left intact and maintained until the success and feasibility of the trucking operation to Arborg be determined. This would allow the CTC to reverse its decision if the trucking operation is not successful.

My position is exactly the same. It is the only way in which I would support the Hall recommendation. Mr. Magnusson's letter continues:

You will likely be aware of why our farmers have taken this stand. I would point out, however, that the data the Hall commission based its recommendations on is not without challenge and therefore the recommendations should not be etched in stone. In fact our information is that the Prairie Rail Action Committee has commissioned another study on the cost factors involved in this "off-line elevator" recommendation. Also, our last year's crop indicates that we indeed have a much greater production potential than the 750,000 bushel handle used by the Hall commission as the basis of their recommendation.

On many occasions the Prime Minister (Mr. Trudeau) stated that he believes that in Canada today nothing is carved in stone—not the constitutional arrangements, not federal-provincial relations, not anything. He is very flexible and willing to negotiate anything except outright separatism. Members of the Conservative party are not entirely convinced that all things are negotiable. However, in view of the government's stated willingness to be amiable and flexible, perhaps the Minister of Transport will re-examine the matter of the Inwood line and the recommendations of the Hall commission. Certainly there are extenuating circumstances here. In any case, the recommendations of the commission are now two

years out of date. I urge the Minister of Transport to re-examine the entire question of the future of the Inwood subdivision.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to make brief comments on the bill now under consideration.

The primary objective of Bill C-17 is to allow the CN to proceed with recapitalization. The conversion of the $800 million debt in no par value capital stock will allow the CN to reimburse the treasury through dividends on its earnings instead of being compelled, mostly in theory it must be added, to repay its debt. Considering that the CN balance sheet has shown profits for the past two years, that fact seriously prompts us to pass the bill. We would thus show our confidence in the management of that Crown corporation. In light of those factors, I feel that the bill is constructive. On the other hand, as a member of the opposition it is my duty to point out some dangers of giving carte blanche to the CN.

One of the indirect and no less significant results of the adoption of this bill would be to place the Crown corporation in a favourable position to borrow funds on money markets. This is not bad in itself, for everything would depend on the final use of these funds. If these funds are to be used to improve the railway system, make it more practical both for travellers and shippers, that is to serve the Canadian public better, this indirect result is desirable. On the other hand, if these funds are earmarked for investments in areas which are not consistent with the traditional vocation of the CN, I am against it. The CN is not an industrial and commercial holding company but a public utility. Its first function is to transport people and merchandise to destination, and to do so economically, whenever possible. It is a fact that there are circumstances where we cannot have both effectiveness and profitability. Under such circumstances, the service to the public must prevail over profitability, at least within certain limits. In fact, the CN is a Crown corporation because it is a recognized public utility. I feel many hon. members in this House would like to know more about the CN's medium and long-term plans in light of this possibility of getting new funds.

I know that several of my western colleagues are not satisfied with the CN performance in their region. On the other hand I would not like them to feel that everything is perfect in the east. If western shippers cannot find cars to ship grains, there is a similar problem in the east in relation with the lumber industry. Many lumber companies cannot get the cars they need to ship sawed lumber to American markets. Those companies are faced with the impossibility of meeting their delivery schedule and are therefore losing many new contracts. The problem does not stem from the employees' slow productivity or lack of leadership by the management which made efforts to get those contracts abroad. Everyone knows that the government likes to use both those excuses to hide its negligence. No, in this case it is the lack of foresight by the Canadian National which is clearly responsible for those lost contracts.

I was saying the CN must not launch into all sorts of investment which are not within its field of competence. To this I would add that the CN will have to be monitored closely even for some investments which may be within its field of competence. A related example which comes to mind is the proposed acquisition of Nordair by Air Canada. Although by doing so Air Canada would stay in its particular area of competence, it is not at all certain this transaction would be to the advantage of travellers and Canadians in general. On the other hand, whoever cares to open his eyes will see clearly that this transaction would severely limit the possibilities of expansion of another airline, namely Quebecair. I do not think a Crown corporation should have the right to take advantage of some privileges that are peculiar to nationally owned corporations to harm privately owned corporations. That kind of abuse should never be allowed.

We will have to be on our guard and see to it that this kind of abuse does not happen in the CN. For this reason, I wish the government had taken advantage of the presentation of this legislation to introduce controls and the obligation for the CN to report on a more direct basis than it does now. I would not want this wish to be interpreted as a lack of confidence in CN management. On the opposite, as I said earlier those people are to be commended for their healthy financial administration in the last few years. Indeed, the figures are revealing: in two years the CN went from a deficit of $16 million in 1975 to profits of $28 million in 1977. But if its record is so good, I do not see why the CN should be afraid of the right of representatives of the people to have some control and especially to ask some questions. We sometimes make a lot of noise in this House, but God knows that we are not so bad. After all, we are entitled to know about the operations of such an important company, a Crown corporation. It would be only normal for the elected representatives of the people to be better informed on the operations of this company.

Finally, I would like to suggest a possibility that I believe very progressive. Following passage of this bill, the CN will most probably decide to look for new capital on the money markets. According to tradition, these funds will come either from the Canadian market or, as is the case too often, from foreign markets. I believe that if the government really wanted to innovate and be progressive, it could consider allowing the Bank of Canada, which is the bank of all Canadians, to lend to the CN the funds it might need. Of course, the interest rate charged would be the minimum. Canadians should not exploit one another. It would be quite normal for them to co-operate.

Since the Bank of Canada belongs to the people, I think it would be quite normal for it to help a Crown corporation like the CN. Under the formula that I have suggested, the develop-

ment of the CN would benefit all Canadians and not only the bankers, whether Canadian or foreign. Moreover, this would allow better control over the development of the CN since the loans could include very specific conditions which would meet the needs of Canadians. Mr. Speaker, I believe that this suggestion should be considered very seriously and I hope that, in doing so, the government will be open-minded and even innovative.

I believe that the cabinet should review this bill so as to include the means of financing this utility that I have suggested, which would make it more acceptable. This is why I sincerely believe that consideration of this bill should be postponed for some time as suggested in the motion which has been moved to allow the cabinet to make the improvements that I have suggested.

● (1552)

[*English*]

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, it may be, as Gordie Lightfoot said, there was a time in this great land when the railroads did not run, but it seems that must have been a very long time ago. I am always amazed in looking back at some of our history, economical and political, to find since how many years railways have had almost a fatal fascination for politicians, perhaps even before they did for economists.

Railways in Canada, said Robert McQueen in the "Canadian Historical Review" back in 1936, are far from being an economic problem. He said, they are born of, nourished in, are and will continue to be a part of Canadian politics.

Back in 1851 that great Nova Scotian, Joseph Howe, in a speech in Quebec, said in respect of railways, when talking about the future of what was then the colonies in North America:

To the advocates of legislative union I say, your scheme is impracticable without the railroads.

He went on to say as well, on another occasion:

I am neither a prophet, nor the son of a prophet, yet I will venture to predict that in five years we shall make the journey hence to Quebec and Montreal and Home through Portland and St. John by rail;—

This is the part that fascinates me:

—and I believe that many in this room will live to hear the whistle of the stream-engine in the passes of the Rocky Mountains and to make the journey from Halifax to the Pacific in five or six days.

He said that in Halifax on May 15, 1851.

With 127 years or so having passed, we are still not able to get to the Pacific from the eastern coast in much less than five days by rail.

I suggest, when we look at this particular bill and the amendment that I am speaking on today, we should consider why the railways, despite the fact that many hundreds of millions of dollars have been written off capital indebtedness, have been so slow in many areas to adopt modern technology.

Since the war, for example, in the U.S.S.R., a country with climatic and geographical conditions resembling Canada, we have seen the electrification of literally thousands of miles of railway track. This point was made very strikingly by Professor J. Lukasiewicz, a well known Carleton University professor, who has written from time to time on both the modernization and the obsolescence of the Canadian railway system.

As members of parliament, and as Canadians, I think we should demand to know more from the top management of the major railways in this country why they have been so slow to adopt in trains what would appear to be fairly rudimentary technological advances. Now with the advent of VIA Rail, the Minister of Transport (Mr. Lang) quite rightly is emphasizing that it would be to the advantage of all Canadians, for many reasons, to promote greater use of passenger facilities. Yet I do not understand why more has not been done to make the use of railways more attractive to businessmen and, indeed, to all types of commuters and passengers.

I believe it is possible in this day and age for railway passengers to be provided access to telephones so that businessmen, for example, who wished to make a trip from Montreal to Toronto or from Montreal to Halifax would be able to use the railway as sort of a mobile office, if they had reasonable access to radio or some other type of telephone communications.

The same is true, I suggest, of other technological advances that could be brought in to make the trains more attractive for a journey which is, of necessity, much longer than one has to endure by aircraft. Why should television not be available in some parts of the modern train? Why should there not be a rudimentary library available, and a more attractive and less expensive canteen service? All these things would do a great deal in a practical way to help encourage greater usage of the railways. This, of course, has to be the bottom line; if railways are not used by a greater percentage of travellers, then certainly they will not be profitable and we will continue to be the recipient of requests by the CNR to come in every once in a while and write off several hundreds of millions or, as one member said, "another great train robbery" at the expense of the taxpayers.

I think it is also pretty obvious that the benefits the legislation we are discussing today is supposed to provide, while superficially attractive, are not necessarily indicative of what will really happen. We are told that one of the main purposes of the bill is to convert approximately $800 million of debt owed the government by the CNR to equity. A lot of benefits are supposed to flow from this. We are supposed to eliminate the necessity of the federal government picking up deficits which occur from time to time.

We are supposed, as well, to improve the debt-equity ratio, as was done recently with our national air carrier, and it will also supposedly free the government from having to purchase 4 per cent of preferred shares at an annual cost to the government of $80 million, which supposedly is based upon 3 per cent of the gross revenues of the CN system. However, it was well documented before the committee that the governmemt was never obliged to purchase preferred shares of the CN from

1960 onwards. The government was compelled to purchase the shares only from 1952 to 1960 as stipulated in the 1952 recapitalization act. However, the statement that was first made in this House by the Prime Minister (Mr. Trudeau) some time ago, that the passing of Bill C-17 would be an automatic saving to the public of Canada because of the readjustment of the capital structure, is not at this time very self-evident. It places the bona fides of the entire bill under some suspicion.

● (1602)

As I understand it, the CNR has proven that it is going to make a modest profit in the next few years anyway whether this bill is passed or not. The projection for 1979 is a profit in excess of $60 million without Bill C-17. If it does become law the projection is for $136 million profit. By 1982, the profit, if Bill C-17 is not passed, is supposed to be in the vicinity of $140 million, whereas if it is passed the profit will be $267 million. This may be, however laudable the bottom line from the point of view of the accountant or economist, an excessive profit, taking into account that CN, like Air Canada, also has a primary duty to provide service as well as to make a profit. Ideally, of course, they have to do both, but to concentrate too much on the profit motive is not necessarily in the best interests of either the railway or the country.

Coming back to the object of the CNR and how, in the past, I feel in some ways it has been derelict in its duties, I would like to make a suggestion to the Minister of Transport, and to CN management as a whole, that greater emphasis be placed on carrying non-perishable commodities by rail. It is not only inefficient, as my colleague from Portage just pointed out, to carry some of these commodities by truck, but it is also energy wasting and very destructive to our highways. Pulp wood, particularly in the province of Nova Scotia, is one of the commodities that lends itself to being moved far more efficiently by rail. In doing this it would be more energy efficient, make our highways safer and less congested, and it would also be a much more satisfactory method for the industry.

However, herein lies another problem, Mr. Speaker. Car allocation by the CNR to do this, periodically presents a problem. It presents a problem in my constituency for many industries, but principally it presents a problem for pulp companies. Another problem that we find is that the CNR is not very aggressive in its attempts to go after new business, which is part and parcel of making railways profitable. Like most businesses, if you do not achieve a reasonable amount of volume you are not going to be able to achieve very much efficiency. The Halifax *Chronicle-Herald* in an editorial a few weeks ago commented, and they were speaking about the CNR at the time:

> The railway has not made an impressive showing in seeking new business. One wonders, for example, how much better business might be on the south shore line (of N.S.) if as much energy has been poured into an aggressive marketing and service as was expended in trying to get permission for abandonment.

Assuming that the railways eventually gets the benefit of this recapitalization, and assuming that management have additional funds, either as a result of the capital they generate in profits or as a result of the benefits which parliament may see fit to give them, surely they must undertake a comprehensive effort to purchase more railway rolling stock and to upgrade not only the quality and quantity of their cars—refrigeration cars, pulp cars, flatcars, and so on—but they have to do some more meaningful work on upgrading the roadbeds. It is literally possible between Halifax and Montreal, on some of the passenger trains, on the steep grades, to jump out of the car and run alongside the train for several hundred yards, and get back on again. I do not know whether or not this is a fault of the diesel engines that are pulling the train because they are under powered. I rather suspect it is as a result of the conditions of the roadbed in some areas, which make it very hazardous for these trains to achieve a reasonable amount of speed. When one examines the average speed of a passenger train in Canada, and I am relying on my memory for this and going back to something that Professor Lukasiewicz wrote, it is something around 35 miles an hour, which is a very painful contrast to the 500 miles an hour that one can achieve with most jet aircraft today.

Railways must also take a more human view and more direct interest in their customers and employees as well. As a member of parliament I have received representations from people who complain bitterly that the service reps and the railway management in general are not interested sometimes in providing cars for some of their seasonal and short-term needs. I would trust, in connection with this more or less general consideration of the future of the CN, that management will take a sweeping look at their sales promotion techniques as well as their labour-management techniques because, as I started to say a few moments ago, at times the shortage of railway rolling stock is exacerbated by the fact that many of the needed cars are kept in the United States and cannot be recalled to Canada during certain peak periods of usage when they are needed.

I am quite prepared to admit that I have a special interest in seeing the CNR purchase a reasonable amount of modern and much-needed rolling stock. In my constituency in Trenton, Nova Scotia, we have one of the most capable railway producing industries in Canada, or in the world for that matter. As I said publicly a few days ago, I want to express my appreciation to the Secretary of State for External Affairs (Mr. Jamieson) for keeping me informed, and for his encouragement in making certain that we recently had an order for railway rolling stock for the continent of Africa, and he indicated several other countries where we might expect further business. The Secretary of State for External Affairs went on to say at that time that one of the reasons that Canadian manufacturers in this area are able to compete internationally is because of the efficiency and capability of our domestic industry. I am particularly proud that we have an industry in Nova Scotia that, despite its geographic disadvantages, has proven over the years that it can produce a very fine product.

One of the obvious failures of Bill C-17, and one of the justifications for this particular amendment, is that it is not necessarily the time to pass this legislation until we see, for

example, what the Sullivan commission in Newfoundland is going to say, until we see how the activities of VIA Rail are going to be reflected throughout the system, and particularly because Bill C-17 does not appear to provide or strengthen accountability to parliament to any significant degree.

Coming back to the primary purpose of our national railway system, our transportation policy in general has always been based on competition where market forces are in play. There has been some vacillation in this regard over the years. The current Minister of Transport has brought forward a user-pay policy, and his predecessor had a different policy, in some cases there was no policy, and in some areas there may still be none, but by and large any transportation company of the size of CNR affects to a great extent the entire transportation network across the country.

It is fair comment to say, and it may have been said already, and perhaps the CPR has said something about this as well that the CPR has been very, very quiet on this particular bill, and I am wondering why that is. Do they see it as a forerunner to the nationalization of the CPR? It is no secret that CPR in recent years would have been very pleased to get out of the transportation business.

• (1612)

For several reasons, some of them have been stated by previous speakers and some I have enumerated today, it will do no harm and it will provide a better opportunity to assess the whole situation with regard to our national railway system if this particular piece of legislation is given a six-months' hoist and not passed at this time. There is no particular need at this time for this bill to be passed. Therefore I am pleased to speak in support of the amendment of the hon. member for Lisgar (Mr. Murta).

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I appreciate the opportunity to speak on the amendment standing in the name of my colleague, the hon. member for Lisgar (Mr. Murta), regarding Bill C-17, an act to recapitalize the CNR.

I am far from being the oldest member of this House and yet I can remember in my lifetime—and I do not mind saying I am under 34 years of age—of going up to what we called the "tank" in Shelburne, Nova Scotia. Literally it was a tank on a tower by Blacks Brook. Anyone from the south shore of Nova Scotia will certainly know where Blacks Brook is. Once or twice a day the steam engines would come up to the tank at Blacks Brook and fill up, and I used to watch them. So, in my lifetime we have changed from that kind of locomotion in the rail industry to the modern diesels.

I can remember the first day when a diesel came down the tracks into Shelburne and the whole town turned out. It was a great spectacle to see what a diesel engine looked like. That is all in my short lifetime.

I am in support of the amendment that will hoist this legislation for some six months primarily because of what the bill and what the government have not done. Here it is, May 10, 1978, and we are in the House of Commons without legislation regarding rail transportation within our cities—I am talking about modern rapid transit systems—despite the promises made some four years ago during the election campaign of 1974 by this government. I have a copy of those promises. I see the Minister of Transport (Mr. Lang) is in the House. I know that this government hoped that these election promises had been lost. But not so, sir. I diligently kept them over the years. Later on I will read them to this government and ministers can hear what they promised to do for rail transportation in this country.

Why should this bill not contain matters relevant to rapid transit systems? There are several reasons. Our major centres in Canada are centres of consumption. We know that right now some 65 per cent of Canadians live in urban centres. In another ten to 12 years, at least by 1990, 90 per cent of Canadians will live in urban centres, and yet today we do not have in place in Canada a strategy for rapid transit systems for our major centres. I am speaking of Montreal, Toronto and Vancouver, at least those three cities, if not others.

We know as well that this country is facing an oil gap. Prior to 1975 the term "oil gap" was unheard of. It was not in the vocabulary of Canadians. We know that at the moment half of the energy consumed in Canada in terms of oil and gas is in intra-city transportation. By the projections of the National Energy Board, and I am somewhat alarmed as other Canadians are that these projections change from time to time, their last projection showed that we will be facing a critical shortage of energy within the next 15 to 20 years. This means that Canada will import offshore oil in an amount of around 25 per cent to 30 per cent of our needs.

If we could put into place in our large urban centres, which will house 90 per cent of Canadians in another decade, mass rapid transportation systems that Canadians in those cities would use, we could effectively reduce the energy consumption of the automobile by 25 per cent. Translated to the national scene that would mean a saving of at least 12 per cent to 14 per cent of our oil needs. If that is then projected ten to 15 years hence, we are talking about a dramatic reduction in our reliance on offshore oil.

Lastly we need mass rapid transit systems in our cities because of the quality of life Canadians expect to find in large urban centres. Surely every member in this House has been in an automobile in a traffic jam at rush hour. These traffic jams could be avoided by rapid transit systems. Yet, we are debating a bill that would recapitalize the CNR and there is not a murmur from this government and the minister relating to mass transit systems. It is difficult to understand that a government that has been in power for 15 years in this country has yet to put in place that kind of a national urban transit strategy.

I see the former minister of consumer and corporate affairs in the House. He is from Toronto and I hope he stays around for awhile because I will have some things to say about him.

Just a couple of weeks ago the Premier of Ontario, the Hon. William Davis, took up a chisel officially to start a $58-million program in alterations in Toronto's union station. I do not

know whether my friend, the former minister of consumer and corporate affairs was there, but I would not expect so because he would be somewhat embarrassed by the fact that the province of Ontario has had to go it alone. I do not live in Toronto but I have been there and I have been to Union Station. Union Station ought to be perserved for history. Sir, that is a usable archive. If hon. members have ever been to Union Station during lunch hour, they will have noticed that it is jammed packed with people. The vision of the Ontario government was its GO Transit service. It has gone it alone to modernize and upgrade the facilities, especially at Union Station.

This government promised $100 million of the $258 million for mass transit systems in this country, and in particular for metro Toronto. Of the $58 million the province is spending, at least $26.5 million should be coming from the federal government as said by those election promises made in June, 1974. We have facts with relation to Toronto. However, there is another city that found it necessary to go it alone, Edmonton. That is as a result of this government reneging on its grandiose statements and promises which it makes so fluently during an election campaign.

● (1622)

The city of Edmonton had to go it alone for $65.9 million. The provincial commitment was $45 million, and $20.9 million for the city of Edmonton. The federal government did not put up even one devalued dollar, in fact not a penny. The province of Alberta and the city of Edmonton pleaded with them to put into place a mass rapid transit system there.

I could speak of the south-west transit study in my city of Winnipeg. That study was undertaken as a direct result of the election promise in 1974. I know the former minister of consumer and corporate affairs is anxious to hear about that. I am sure he is one of the Liberals who hopes these promises will be long forgotten by Canadians.

Because of the promises made during the election campaign in 1974, Manitoba, and in particular Winnipeg, undertook the south-west transit system study to see whether it would be feasible to use existing rail lines owned by CNR and CPR which run from downtown Winnipeg to the university. That is the most heavily populated area of Winnipeg. Phase two, and a million and a half dollars later, the then mayor of Winnipeg, Mayor Juba, a fine man who has done our city proud, received word that the game was off, he would have to go it alone.

What was the result? Neither Winnipeg nor Manitoba has the kinds of funds that it can commit up to $100 million for a mass rapid transit system. The dream of Mayor Juba and of many Winnipeggers of a uni-rail or a rapid transit system went down the drain. A million and a half dollars later, that study had to be shelved because of this government reneging on its promises.

I am going to quote from a document dated June 17, 1974. The Minister of Finance (Mr. Chrétien) has just entered the Chamber. His eyes lit up because he recognized that date. The Prime Minister (Mr. Trudeau) was speaking in the great city of Toronto. What I have in my hand is a copy of the very paper that the Prime Minister held in his hand on June 17, 1974, in Toronto. Your Honour will recall that the election was on July 8. We were only a couple of weeks from polling day. I will read only the main points of what the Prime Minister said. I quote:

[Mr. Whiteway.]

The Liberal government will—

Notice the word "will", not maybe, hopefully, or "we promise." He did not say the Government of Canada, the government of the nation, but the Liberal government. That did not commit the opposition or the hoped-for Stanfield government. He said:

The Liberal government will pay 100 per cent of the cost of new commuter vehicles manufactured in Canada, . . .

The Liberal government will pay 25 per cent of the capital cost of all vehicles purchased each year for public transit within Canadian cities and which are manufactured in Canada.

Financial support will be made available to encourage Canadian design . . .

For Canada's smaller municipalities, the Liberal government will offer assistance . . .

Canadian industry will be encouraged to develop "off the shelf" standardized systems . . .

The Liberal government will encourage urban transit systems innovations, . . .

The Liberal government is committed—

I looked up the word "committed" because I wanted to know exactly what the Prime Minister was getting at. I looked it up in both the Oxford and Webster dictionaries. I certainly did not want to be biased in any definition I might find. Forgive me, Mr. Speaker, but I have a cold. Otherwise I would be much more adamant in what I am saying today.

Mr. Blais: More eloquent, too.

Mr. Whiteway: The Solicitor General (Mr. Blais) has just entered the chamber. He speaks well in both official languages, but says nothing in either. I am glad he has come into the chamber to be refreshed with regard to these Liberal government pledges and promises of June 17, 1974. I was talking about the word "committed". It means entrust. The Prime Minister was saying that if the Canadian people would elect a Liberal government, that government would entrust. That is a very interesting word for this government.

The Liberal government is committed to removing the 12 per cent sales tax—

That was four years ago.

The Liberal government will offer the best use of existing railway rights of way and track in urban and suburban areas for new commuter and urban transit lines—

It was that which precipitated the south-west transit study in Winnipeg. On February 16, in Toronto, that was scrapped after a cost of $1.5 million. What is a million and a half dollars to this government which this year is spending $10 billion it does not have?

The Liberal government will rapidly implement the Railway Relocation Act, to ensure that railway relocation in cities also contributes to the right kinds of city growth.

I am not saying the only reason the people in Toronto voted Liberal was because of that statement of the Prime Minister,

but it certainly gave them something to hope for, a vision, a dream, a quality of life, that they would no longer have to ride in automobiles along crowded streets during rush hour.

It was promised that the Union Station would be upgraded. There would no longer be the mass confusion that exists in Union Station. In large part the hopes of Torontonians were placed in this government because of those promises made on June 17, 1974. This government was re-elected. I do not know exactly how many members it has from metro-Toronto, but I expect the number would be around 18 or 19. Two years passed. Then came the black day for Toronto, indeed for all urban centres in this country which had placed hope and trust in this government as far as urban transportation is concerned.

On February 16, 1977, at eleven o'clock in the morning, the then minister of finance, Mr. Macdonald, made an announcement. The headline in the *Globe and Mail* for that date read "Promised in 1974, $290 Million Transit Plan Dead". It was finished. Two years before that the cities and municipalities were told that the government had a scheme, that they could count on the government. Two years later, when half the cities across this country had proceeded with plans, they were told that the government was withdrawing, the game was over. First they were in, then were out; now they don't know. This is the kind of government we have.

Here it is May 10, 1978, and we have not heard a peep, not even a squeak, about urban transportation. I expect the game plan is to wait until the writ is issued. Then they will take this sheet I have been reading from, resurrect these policies, and reprint it word for word. Well, it will not work. Canadians will not buy it. They do not trust the government.

● (1632)

I have other articles here. This is from the *Globe and Mail* of March 3, 1977: "The Liberals Might Break Ranks Over Transit Grants". The subheading reads: "Broken Election Promise Upsets two MPs." There was a great stir among the backbenchers of the Liberal party at that time. The members from Toronto were not going to stand for what was happening. They were elected on this promise and they were determined to stand up and be counted. There was a revolution, and one of the leaders was the hon. member for York East (Mr. Collenette). We understood that all the Toronto members were joining. The ranks of the dissidents were growing daily to swell the strength of the revolution and oblige the government to make good the promise it gave in 1974. Mr. Speaker, I am sorry to say that the revolution was stamped out. It failed.

I want to go over the list of those revolutionaries and name them by their constituencies. There was the Minister of State for Small Business, the hon. member for Mississauga (Mr. Abbott). He failed. There was the hon. member for York South (Mrs. Appolloni). The hon. member for Davenport (Mr. Caccia) failed. The hon. member for York East failed. The revolution he started was stamped out. The Minister of National Defence, the hon. member for York North (Mr. Danson) failed. The Minister of Energy, Mines and Resources (Mr. Gillespie) failed. The hon. member for York Centre (Mr. Kaplan) failed. The Parliamentary Secretary to the Minister of Consumer and Corporate Affairs, the hon. member for Scarborough West (Mr. Martin) failed. The Parliamentary Secretary to the Minister of Supply and Services, the hon. member for Trinity (Miss Nicholson) failed. The hon. member for Scarborough-East (Mr. O'Connell) failed. The hon. member for Halton (Mr. Philbrook) failed. I remember him.

I raised this very matter only a couple of days after this bitter blow to the urban centres of this country and I remember the hon. member for Halton getting to his feet to speak—he, certainly, did not intend to allow this promise made in June, 1974 to be forgotten. He failed as well.

The Secretary of State from St. Paul's (Mr. Roberts) failed. The Parliamentary Secretary to the Minister of National Health and Welfare, from Toronto-Lakeshore (Mr. Robinson) failed. The hon. member for Eglinton (Mr. Sharp) failed. The hon. member for Spadina (Mr. Stollery) failed. I want to get all this on the record because those are the ridings which returned members of parliament who supported the Liberal government which on June 17, 1974, promised through its leader to provide a mass rapid transit system to meet the needs of the urban centres of Canada, in particular, Toronto. Yet today we are asked to debate a bill which has to do with the recapitalization of the CNR involving the transfer of millions of dollars from debt to equity. The government expects the opposition to agree to this notwithstanding the fact that the promise made in the election campaign of 1974 has been so flagrantly broken.

Bearing in mind the dearth of information which has been given to parliament on this subject, I think it is an act of responsibility on the part of my hon. friend from Lisgar to move that the bill be given a six-month hoist. It is idle for the government to expect us to pass this bill in the absence of proper information on the subject. Moreover, as my hon. friend has stated, the CNR will probably make a profit this year in any event. I oppose the measure for these reasons, but mainly because I, for one, along with most of the people who live in this country, cannot trust the government to do what it pledges it will do for the people.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I, too, am glad to join with other members on this side of the House in trying to give this bill a six-month hoist, and I hope that if the Prime Minister (Mr. Trudeau) can summon up his nerve tomorrow we can start the campaign to give the government a 20-year hoist.

Some hon. Members: Hear, hear!

Mr. Crosbie: I never thought a couple of weeks ago that we would still be in the chamber talking. I thought we would be into the election now and that the people of Canada would be given a chance to decide whether this shambles opposite should continue or whether it should be brought to an end. But we are still here. Hopefully, tomorrow we shall be off. So I am assuming, now, I am speaking on the last day of this parlia-

ment. I wish all members opposite Godspeed and I shall miss them here in the next parliament.

Some hon. Members: Hear, hear!

Mr. Faulkner: We shall miss you!

Mr. Crosbie: The bill should have a six-month hoist and the government should have a 20-year hoist. My hon. friend from Selkirk said the government had made some commitment in 1974 in Toronto. I say the government itself should be committed. That would put an end to it all. Hon. gentlemen opposite should be arrested on a charge of impaired governing. There should be an amendment to the Criminal Code to provide for impaired governing. Why should we pick on impaired drivers alone? Hon. gentlemen opposite should all be in the hoosegow.

I am glad to see the Minister of Transport (Mr. Lang) is taking his seat. I spoke in the adjournment debate on May 2. At that time I expressed my opinion on the action of the Minister of Transport and delivered a heartfelt wish that his 29-month tenure as Minister of Transport would soon be concluded. However, despite my words of warning, the hon. gentleman is still there, hanging on. I am glad he is here this afternoon. I do not want to repeat what I said on May 2. I was talking then about the action which was needed to repair the damage done to the trans-Canada highway in Newfoundland by the action of the CN and government, or by their lack of action, in diverting most of the freight and express from Newfoundland on to the trans-Canada highway. The highway itself is a rather inferior, narrow highway, not up to mainland standards. As I said the other night, the slogan in 1965 was "We'll finish the drive in '65, thanks to Mr. Pearson." That had a certain right sound to it.

This year the Minister of Transport has acted in a somewhat unfriendly fashion. He said he was only prepared to assist Newfoundland in improving and renovating the trans-Canada highway to the extent of 50 per cent of the cost. He brutalized the Newfoundland government into finally surrendering and accepting his offer—it was 50 per cent or nothing, and our government certainly cannot afford to spend $250 million on the trans-Canada highway in the next ten years out of its own coffers. So they had to accept this 50 per cent offer. The new slogan in Newfoundland is, "We'll drive at risk and with a bang until we're rid of Otto Lang." That time is coming. If the Prime Minister does his duty as a patriot and as a citizen of Canada he will call an election tomorrow and we shall terminate this whole business. Members opposite who want a copy of my remarks concerning the trans-Canada highway can just notify my office and we will send a copy to any member who missed my speech on that occasion.

• (1642)

Mr. Lang: Do they come autographed?

Mr. Crosbie: They can be autographed if necessary. Now, Mr. Speaker, to come back to transportation—

[Mr. Crosbie.]

Mr. Dionne (Northumberland-Miramichi): Can you write, John?

Mr. Crosbie: That is the hon. gentleman from New Brunswick there who signs all his mail with an X. I must say it much faster if you just put the old X there, and you do not have to sign your name.

To come back to transportation, Mr. Speaker, and this bill which deals with the CNR which is in all facets of transportation—and therefore we can be in all facets of transportation in discussing this—there was a commission appointed in March of 1977 to consider the state of transportation facilities in Newfoundland, the Sullivan commission, chaired by Dr. Art Sullivan, and an interim report is to be made by that commission by the end of May to the minister. What has happened to the commission is that Mr. Esau Thoms, from Freshwater in my district, Mr. Speaker, who was a member of the commission, has become seriously ill, which is sad news to all those people in Newfoundland who know him.

He has been a railway union leader for many years and has done a lot of work for the federal government on commissions and groups like that studying transportation questions. Esau has become seriously ill. The commission is putting in an interim report based on the recommendations that he had agreed to up to the time he became ill. They are naturally hoping that he will be back with them to complete the report, but the final report will not be in for some six or eight months because of it. Now, when the commission was appointed it was hoped that it would conclude its report by the end of '77. That has not been possible, so in speaking today, Mr. Speaker, I want to take this opportunity to express my hope that Mr. Thoms' health will improve and to let him know that we are thinking of him and that many people in Newfoundland are thinking of him and hoping that he is going to recover and continue his valuable contribution to our province.

Now, Mr. Speaker, there was a royal commission on transportation in Newfoundland in 1962, and it must have been a royal commission that had never heard of the phrase "user pay" that became the motto of the present Minister of Transport.

An hon. Member: An Otto motto.

Mr. Crosbie: It became the motto of Otto. It's going to become the political death of Otto also.

There was an article in the Newfoundland *Telegram* on March 5, 1977. There is a cartoon in it about government taking over rail service, and somebody's got marked here, "It's too bad Newfoundland is not a part of Canada". Mr. Speaker, I come from the only province of Canada that has no railway passenger service. It was assassinated by the Liberal government in 1967 with the connivance of the then Liberal premier, Mr. Smallwood. He was an accessory before the fact and an accessory after the fact to the killing and the assassination of the railway passenger service in Newfoundland, and therefore he bears a lot of guilt particularly, Mr. Speaker, because in return he got an inferior trans-Canada highway that is less

than the quality of the highway in every other province of Canada and which now in 1978 is a fearsome sight indeed as you drive along that highway because of what has happened with the traffic it has had to bear in the last ten years.

This commission was the MacPherson commission of 1962 appointed by the right hon. gentleman from Prince Albert and his government. They did their study about ten years after we entered confederation, and they said, and I quote:

> The situation in Newfoundland is a special case distinct from the rest of Canada.

That was a finding of this commission, and our case is distinct from the rest of Canada. They went on to say, and I quote again:

> The situation in Newfoundland is such that it may prove necessary in the short run to eliminate competition, to favour by subsidization or special treatment one mode (of transport) against another . . . and to do other things that would be totally unacceptable in other parts of Canada . . .

The Liberal government certainly adopted part of that quotation because they have done things that would be totally unacceptable in other parts of Canada. They did away with our rail passenger service, Mr. Speaker. That is one of the things they did, so they did not carry out that recommendation, but they decided to do things that would not be acceptable in any other part of Canada, and we are not taking it lying down, Mr. Speaker. Another thing that they did and the minister did—and this minister is responsible—this Minister of Transport was the minister on July 16, 1976, when an order in council was passed here at Ottawa removing the CN bus service which had replaced the railway passenger service, removing the CN bus passenger service from the jurisdiction of the Newfoundland Public Utilities Commission which had regulated their affairs and services and putting them under the Canadian Transport Commission.

The Canadian Transport Commission, the federal body, since July of 1976 has been in charge of rates and jurisdiction over the CN bus service. Mr. Speaker, that was done without consultation with the Newfoundland government. It was an abysmal example of barbaric federalism, of Kung-Fu federalism. It was a barbaric act of arrogance here at Ottawa just to do that without consultation with the province. And what has been the result? The CN bus service has been removed from the Public Utilities Commission of Newfoundland, and it has been left by the Canadian Transport Commission to do what it wishes. The first thing that happened, Mr. Speaker, was that they got an 8 per cent increase immediately, and then, Mr. Speaker, last year the CN bus—yes, 1977—the CN bus system decided that they had to have another increase of 15 per cent in bus fares down in Newfoundland. So they had gotten 8 per cent in March of 1977. All right, Mr. Speaker, that is an 8 per cent increase in March, 1977, for the CN bus system. Then they applied in August to the Canadian Transport Commission for another 15 per cent hike in their rates in what they charged consumers in Newfoundland, and they wanted that on October 1.

Mr. Speaker, do you know that the commission came to Newfoundland to have a hearing, I believe, in November of 1977? October or November. The commission said that they had to give them the 15 per cent increase, that they didn't have the power to stop them, although they hadn't concluded their hearing. They hadn't made a decision. The commission said that they were going to allow the CN bus system to have another 15 per cent increase in fares, and they would give their decision later. I believe the last hearing was in March. Sorry, the last hearing was held down in Newfoundland in late November, 1977. Now, Mr. Speaker, that is December, January, February, March, April—this is May. It's about six months. December, January, February, March, April—yes, five months, almost six months since they held their hearings and, Mr. Speaker, I checked again today with the Canadian Transport Commission, and there is no decision yet on that application, and the CN for the last five months has imposed these higher fares, the 15 per cent hike, and the Canadian Transport Commission has not brought down a decision. Well, what are we in Newfoundland? Are we to be treated as nothings by the Minister of Transport opposite and his federal agencies here in Ottawa?

Mr. Murta: They just don't care.

Mr. Crosbie: All the CN has to do to get a fare increase is to make the application, and the Canadian Transport Commission says they can do nothing about it, and this commission comes and holds hearings and does not give an answer and does not make a judgment or a decision for five months. I say, Mr. Speaker, if the Minister of Transport and the Canadian Transport Commission cannot do better than that, he should put CN bus services back under the jurisdiction of the Public Utilities Commission of Newfoundland where they were not allowed to have increase until the rate hearings were over and the board had made a decision. Since the Minister of Transport took them away from the jurisdiction of Newfoundland in July of 1976 they have had increases in fares of 23 per cent, Mr. Speaker—23 per cent—and they are getting away with murder. They can do what they like.

Either there is something wrong with the Canadian Transport Commission, either they have not got enough personnel, they have too much work, or the committee that deals with these things has got too many hearings. Surely this is not right that the CN can apply and get an increase in their bus fares last October and the committee has the hearings in the fall of 1977 and there is still no announced decision. What is to happen if they decide they should not have had 15 per cent? How are you going to be able to prove who were the bus passengers and decide how much each bus passenger should get back if the board finds they should not have taken that 15 per cent increase?

Now, Mr. Speaker, that is just one example of how we are being treated in Newfoundland by the Canadian Department of Transport and its minister and the Canadian government. We do not like it, and we are not putting up with it. We have heard no one from the other side say anything about it. It is left to us poor people over here in opposition to raise our voices against this high-handed and arbitrary treatment by the

Canadian Transport Commission and the CN bus service. They are not strange bedfellows, but they are certainly in bed together if better than this cannot be done.

So I bring that to the attention of the House, Mr. Speaker, as some of the things that have been done in Newfoundland. It is totally unacceptable in other parts of Canada, but because it is down in Newfoundland, it is out of sight, out of mind. Only when we, members here, are aggravated or provoked, does anybody up here hear about it, and even then it is difficult to get coverage on the mainland, unless it is under Standing Order 43.

● (1652)

The MacPherson commission of 1962 went on to say the following. It pointed out that no part in Canada had prospered until it had good transportation facilities. It stated:

The history of Canada is replete with examples of massive public spending on transport facilities such as canals, railways and more recently highways and airports . . . There is no question that the economy of Newfoundland cannot develop at a satisfactory pace without more transportation facilities. A highway network of the size necessary is beyond the present (1962) resources of Newfoundland . . . The situation calls for assistance by the federal government and there are enough precedents for such a program.

This is still the situation 16 years later. The MacPherson commission's principles were never implemented. The Minister of Transport is not interested in doing anything in Newfoundland except to decrease his expenditures and costs. He is trying to crush with an iron heel the minister of transport in Newfoundland, and he is threatening the Newfoundland government that if they do not accept 50 per cent for reconstructing the trans-Canada highway, they will get nothing, not a sou. He sweetened it by saying that they would help Newfoundland with the cash flow, if it surrendered, which Newfoundland had to do, that the province would get 75 per cent of the money spent, the following year, a different percentage, and the third year 50 per cent, or in the third year it would decline to 25 per cent. In other words, the Newfoundland government will get 75 per cent now, but over a three year period it will receive a contribution of 50 per cent from the Government of Canada.

The provincial minister of transport has accepted this on the condition that if the Sullivan commission makes a contrary recommendation or recommends that the federal government should give more assistance, the Minister of Transport will agree that the trans-Canada highway can be opened up. Of course, the Minister of Transport wil not be here when the final report comes in. God willing, and the public of Canada willing, we will be over there dealing with that matter fairly and justly next fall.

Some hon. Members: Hear, hear!

Mr. Crosbie: Some people think that Newfoundland should lose its rail service altogether. We are not losing the rail service. I do not care what any royal commission recommends, there will be a rail service in Newfoundland and it will not be taken away from us. Unless the rail service is totally abandoned in Canada, it will not be abandoned in Newfoundland.

Some hon. Members: Hear, hear!

[Mr. Crosbie.]

Mr. Crosbie: We know what CN points out. CN did not come out before the commission and say we should abandon the rail service. It stated that their total loss on rail express in 1976 amounted to $24 million. Of that amount, CN rail lost $14 million—$7 million was lost on CN express and $2 million on the road cruiser service, the bus service. The total loss was $24 million. I do not blame the CN entirely for what has happened in these areas; I blame the government for it.

I should like to quote now from the *Evening Telegram* of Wednesday, September 21, 1977, reporting on CN's presentation to the commission. It says:

CN, like many other witnesses before the commission, feels the only possible way the rail service can be improved is by direct federal subsidy for losses.

We know that the minister does not like to hear that. This is a rail service that will not break even, not without a lot of money spent on it first. Mr. Gratwick of the CN told the commission that in Newfoundland we should do the same as is done out west. This sounds like an excellent suggestion, but I do not know that it is as easy as this. He said:

You apply to abandon a railway and then you get a federal subsidy . . . That's what happens.

If that is what happens out west, we want some of the action. We have no objection whatsoever to CN applying, or we can apply, to abandon the railway and that the federal government should then come in and give us a federal subsidy so that the railway can operate the same as it does out west.

The article goes on to read:

He suggested the same argument might not stand up in Newfoundland, but added, "I think it's worth a try."

The CN Railway in Newfoundland was owned by the Newfoundland government before 1949. It was taken over by the Canadian government and is operated by CN. The Canadian government should meet the deficits if deficits are unavoidable, but the Canadian government has not done that. The Canadian government has allowed losses on the Newfoundland railway to be absorded by CN, and CN, in their attempt to lessen their losses, has done everything it can to trash the Newfoundland railway, to let it go down and to put the freight and the cargo on the highway. It does not want more losses. So it is up to the Government of Canada to meet these losses directly.

The article goes on to read:

He said an application can be made for the abandonment of a "branch line",

In Newfoundland, of course, the railway might not be considered a branch line. However, if the government wants to consider it a branch line, it can. That will have to be the solution in Newfoundland.

The railway's share of the freight traffic in Newfoundland declined from 87 per cent in 1971 to 61 per cent in 1976, and it has declined more since then. The number of employees on the railway in Newfoundland has declined considerably, by at least 200, according to the evidence before the Sullivan commission, that is, on the railway part of the operation alone, not including all CN services. In 1974 there were 1,891 employees with CN Rail; in 1976 there were 1,715, that is, 176 less. We

do not want this attrition to continue. Once the Sullivan commission has reported, we want the government to confirm that the railway service is continuing. Improvements will be made.

The railway is necessary because heavy freight and cargo should be moved by rail. Also, the railway is found to be a better conserver of energy than having everything hauled by truck or car. There is railway service in every other province of Canada—we want it in Newfoundland. That is what we want the government to say and do if the commission's report comes out before we take over.

A loan of $100 million was made by the government to CNR in 1952 with no interest charge until 1974 after the government was re-elected. Now there is an interest charge of $5.5 million a year on that loan charged to the Newfoundland service of the railway. When we consider what CN is allegedly losing in Newfoundland, let us remember that the Liberal government imposed a further $5.5 million interest burden on the Newfoundland service in 1974. That has been included in those figures.

What else is the minister doing? He is planning to have the Newfoundland railway abandoned. That is what he hopes will result from the Sullivan commission report. He has allowed CN to do everything they want in removing CN employees of CN Marine and other services, moving them to Moncton and other places, moving them out of Newfoundland. I do not know whether the minister has been successful in this as yet, but he wants to remove federal participation in ferry services in Newfoundland. That is spelled ferry, not fairy, the leprechaun.

There was an interesting article in the *Globe and Mail* of May 12, 1977, which pointed out the various subsidies which were paid to waterborne services in Newfoundland and other areas, but principally in Newfoundland. It stated:

The shortfall of the CN operated Newfoundland coastal service alone was $23.9 million.

I do not know whether the article was supposed to lead everyone to conclude that the coastal service in Newfoundland should be eliminated. We know the coastal service cannot break even, Mr. Speaker, but I do not think even the government wants to eliminate it. It pointed out that the ferry service to Port aux Basques required $44.3 million, while the run to Argentia consumed $4.59 million. "Consumed", Mr. Speaker! You see the weasel wording that is supposed to induce the reader to say to himself, "By God, Newfoundlanders are consuming our money at a rapid rate". The run to Argentia consumed $4.59 million. What is the run from Montreal to Toronto consuming? What is the run from Ottawa to Quebec City, if there is one, consuming? What is the run from Montreal to Halifax consuming? We only hear such weasel words when they are talking about service to Newfoundland.

● (1702)

Is that an argument to do away with the service from the mainland to Newfoundland, to Argentia and Port aux Basques, because it loses money? We know it loses money. The ferry to Prince Edward Island loses money also.

Then they go on to say that the privately operated service from St. Barbe, Newfoundland, to Blanc Sablon Bay received $219,000 last year. The federal government now wants Newfoundland to take that over, Mr. Speaker. It wants to impose and push this burden on the province of Canada which can least afford any additional financial burdens imposed on it. The honourable crowd opposite who do not mind their own deficits in billions, are trying to push a $219,000 deficit, if you go on the vessel ferry from St. Barbe in northern Newfoundland to Blanc Sablon, on to the province. Then they say the ferry from Burnside and St. Brendan's—these are islands—St. Brendan's is an island off the coast of Newfoundland—they want to push $82,000 on to Newfoundland; and Cobbs Arm and Change Islands, $86,000. They want to push that on to Newfoundland. These are all in the district of the hon. member for Gander-Twillingate (Mr. Baker).

Then the minister wants to push on to Newfoundland the cost of the service between Carmanville and Fogo Island, $173,000; and from Greenspond to Badger's Quay, $55,750; and from Portugal Cove to Bell Island, $993,000; and from Middle Bay Islands to St. Patrick's, $209,000. All of these ferry services, Mr. Speaker, the Minister of Transport opposite now wants the Newfoundland government to pick up, assume, and carry that financial burden. What is wrong with the man? Has he any sense of honour or any sense of observing any commitments that this government has got?

Of the several millions of dollars of subsidies that the federal government has been paying out for many years, many of them were instituted because, Mr. Speaker, certain communities were resettled and the coastal boat service no longer went to these other communities. In other words, these services were instituted to assist the federal government which was saving money because the coastal service did not have to go to a lot of other small communities that were being resettled. Now ten years later the Minister of Transport of Canada said to the Newfoundland government, "You have got to take over these ferry services, and you have got to meet their losses". I mean, the man is a Barbarossa. He is a relic from the dark ages. He is Hagar the Hun gone berserk. This is user-pay to the utmost, Mr. Speaker. The Canadian public would have to be flagellating itself to re-elect the likes of them and put them back in power in Ottawa, Mr. Speaker. It would certainly be flagellating Newfoundland and giving us a whipping. The whip will be back on our backs if they are ever returned to office again. Now, Mr. Speaker, those are the certain ferry services the minister wants to force back on Newfoundland.

Then there is another peculiar group of subsidies, $3.6 million paid by the Government of Canada toward the major steamship service between Montreal, St. John's, and Corner Brook. There is a subsidy paid to Clarke Transportation. It has been going on for years. It is for them to provide a service from Montreal to St. John's and Corner Brook. The initial subsidy was $7 a ton. It was intended as interim assistance to Clarke Transportation. That subsidy has now gone to $15.64 a ton for

every ton of cargo they move between Montreal, St. John's and Corner Brook during the shipping season. That increase is not enough. Apparently Clarke wants the subsidy increased. They have a 13-year subsidy contract with the government now. It expires in 1986, I am advised. They want the subsidy increased from $15.64 a ton up to $25 a ton, I think it is.

At the old rate of $15.64 it cost the federal government $3.5 million two years ago for that subsidy. Now Clarke wants a much bigger subsidy, because they want to get another ship to put on the Montreal-St. John's run. They want a bigger subsidy and a longer commitment because of that.

I took this matter up with the minister. I am advised that the government does not control the rates charged by Clarke. They are only indirectly controlled. Clarke files its rates, and the Liberal subsidy can be changed, depending on the revenues and profits of the company. The government has access to Clarke's books in the annual subsidy review. This is all done behind the scenes. We have no access to know what they are making or what they are not making.

In the meantime, other shipping lines have started services from the mainland to Newfoundland by sea: Newfoundland Container Lines, Ltd., owned by A. Harvey & Company, from Halifax to St. John's; and Chimo Container Service, owned by Chimo Shipping, Ltd. has inaugurated a service from Montreal to St. John's, using the vessel *Sir John Crosbie*.

Let me say that Chimo Shipping Ltd. is owned by relatives of mine. I have no interest in it. I mention that because when I took this matter up with the minister in June, 1977, as is some people's wont, the first thing I saw was a story in the St. John's *Evening Telegram*. It was a statement by the manager of Newfoundland Steamships, the Clarke company in St. John's, one Elmer Edison, indicating that I have ulterior motives. He said that I never spoke before the Crosbies started their own service. Now, Mr. Speaker, I am an independent operator. I never spoke before because I was not a federal member before. Well, I am a federal member now, and I do not care if Chimo Shipping is owned by the Crosbies, the Smiths, the Langs, the Chrétiens, or who owns it. If I think this is not in the public interest, I am going to bring it forward in this House.

No pip-squeak of a Clarke's manager in St. John's is going to frighten me by suggesting that I have some ulterior motive. I say this House is entitled to know what is happening with this subsidy to Clarke. The Chimo Shipping service is operating without a subsidy. The Harvey service is operating without a subsidy. Clarke is getting a subsidy which we know cost $3.6 million in 1976. Are we going to know how the rates are regulated? If there is going to be a continued subsidy of rates why are other companies not entitled to a subsidy? What value is the consumer getting through these rates?

Is Clarke going to get another contract for higher subsidy rates? How are we going to ensure that the consumer gets the benefit, and it is not just a benefit to Clarke? That is what we want to know. How are we going to be assured that it is going to reduce the cost of cargo moving into Newfoundland and moving out? I do not know what has happened with their application to get an increase in subsidies, or what will happen with those services. It is time that there was some information given to this House and to the transport committee of it.

There is another matter I want to mention. I do not want to take too long here because this is our last day, I believe.

An hon. Member: Oh, oh!

Mr. Crosbie: We heard a great yelp of enthusiasm, a great screech and howl from the Liberal caucus this morning. When someone mentioned that there was going to be an election, they all howled no. They are like scared pups, Mr. Speaker. We are hoping the Prime Minister will go ahead anyway. So, this is our last stand in this parliament.

Mr. Dionne (Northumberland-Miramichi): Your last stand.

An hon. Member: Order!

Mr. Crosbie: One never knows with the electorate. They are very fickle, but I hope to be back, Mr. Speaker.

I happened to receive a letter. I am sure most members did. It was dated April 25, and it was from the Canadian Railways Employees' Pension Association. It brought up questions to do with their pension funds and whether the unfunded liability is going to be met in full. They seem to be quite concerned about it. Before concluding, I just want to point out that I brought that matter up before the Standing Committee on Finance, Trade and Economic Affairs, when we had the superintendent of insurance of the Department of Finance before us. I asked the superintendent if they also supervised pension funds, whether he was familiar with the CN pension fund, and whether he was satisfied with it. I am looking for the relevant page. At page 27:12 I asked Mr. Humphrys if he had any reason to be concerned about the soundness of the CN plan. He said:

> No, Mr. Chairman, we believe the plan is being managed and financed in accordance with the requirements of the Pension Benefits Standards Act and we believe adequate provision is being made to cover the liabilities.

Then I asked him, if I sent him a copy of the brief, would he look at it and give me his comments on it. He said that he would.

● (1712)

On May 5 I did write Mr. Humphrys and asked him to examine this submission from the Employees' Pension Association. I asked him to advise me whether, in his opinion, it is being managed and financed properly, and whether adequate provision had been made to cover liabilities; he had said that in committee. I have asked him to deal with the points and fears expressed in this brief from the railway pensioners. Certainly as members of this House we have to concern ourselves and make sure their concerns are needless, we hope, and therefore I have asked Mr. Humphrys to do that and he has said he would. He has already given the opinion that he does not think there is anything to be concerned about and that the liabilities to pensioners can be met.

I want the people who live in St. John's West who are railway pensioners to know that I share their concern, and I

am going to pursue this matter for them as they would expect me to do. I am sure other members take the same position in respect of pensioners of the CN with whom they are dealing.

I am going to come to a close because there are other speakers, and I think we want to conclude this today. I won't go into all the other points I could make on transportation in Newfoundland. We are concerned about a replacement for the *William Carson* which sank a year ago. It was very important to the ferry service of Newfoundland and she has not been replaced as yet.

An hon. Member: Like the *Frank Moore*; that should be replaced.

Mr. Crosbie: Mr. Speaker, I am talking about the *William Carson*, not the *Broadbent*, she has already floundered. I say replace the *Carson* with the *Broadbent*. That would be a good idea. He is going to need his bottom scraped before the election is over, Mr. Speaker. There has been no vessel ordered that we know of; the construction of no vessel has been ordered to replace the *William Carson*. There should be a vessel ordered from a Canadian shipyard, and it should be ordered now because of the time lag, and a vessel should be chartered in the meantime.

We are not satisfied with the ferry service to Argentia, nor are we satisfied with the ferry service generally from the mainland to Newfoundland. There are many complaints and I cannot go into them today, but it is not a satisfactory service for the travelling public. It has very badly affected the tourist trade. Tourists do not like to go through what they have to go through to get to Newfoundland and from it with their cars, when the tourist season comes. Because there are other speakers I will not go into anything else except to say this, Mr. Speaker. This is my last speech in the House, I feel sure—

Some hon. Members: Hear, hear!

Mr. Crosbie: Perhaps I could finish. This is my last speech in this House on this side. At the next session of the House I hope to speak from the benches opposite. It is my wish and hope that this House will be dissolved tomorrow and we can get on to the business of saving Canada from the hon. gentlemen opposite.

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise to take part in the debate on third reading of Bill C-17 concerning the amortization of $808 million in CN debt. I support the amendment moved by the hon. member for Lisgar (Mr. Murta), that this bill be given a six-month hoist.

When speaking on second reading of Bill C-17 I expressed a number of the problems that concern people of the constituency of Churchill about the track running from The Pas to Churchill, some 509 miles, and from The Pas to Lynn Lake, another 170 miles. I am only going to deal with that one small segment of the mass problem of the CN. Of course it has the same problem just mentioned by the hon. member for St. John's West (Mr. Crosbie). This problem runs all the way from Cobbs Arm Island in Newfoundland to Pukatawagan in northern Manitoba; the same problem seems to exist everywhere.

The CN's obligation, as far as I am concerned, is to provide service to all areas of Canada. What we have seen over the past five years is service which has now reached the point of desperation in many parts of the Churchill constituency. In that constituency between The Pas and Churchill, the 509 miles of railway, we have observed communities such as Thicket Portage, Pikwitonei, Ilford, Gillam and Churchill without highway access, but with a service provided by the CNR faced with no competitive rates. As a result it has been ripping off the people of these communities. I want to get into that particular aspect a little later in my remarks.

We have just noticed very recently, now that passenger service has been turned over to VIA Rail, that excursion trains going to Churchill this summer will continue to have the same rates that applied last year. This is great for the people who are going to be travelling to Churchill on those excursion trains. We certainly welcome those tourists who come up to see that great sea port of Churchill which is now being underutilized because this government cannot seem to get its act in order, using that port to full capacity in respect of grain shipments.

While these excursion rates are to remain unchanged from last year, the Car-Go-Rail rates which have been in effect for some time will be discontinued. When we talk of Car-Go-Rail rates we refer to the main concern of the CNR being with the Toronto to Winnipeg run. That seems to be its major market area. What does this really mean to communities such as Gillam, Ilford, Pukatawagan, Pikwitonei and Thicket Portage where there is no off-rail transportation whatsoever? These communities must use the rail to transport their vehicles out to a highway system.

On April 29 the CN advised, and I have a copy of that letter, that the Car-Go-Rail rates and services which had been provided by the passenger division for the past number of years would be discontinued. Insofar as the major market areas such as Toronto to Winnipeg served by Car-Go-Rail in the past are concerned, CN will be announcing a new service called "transAuto". I do not know if this has anything to do with the minister because it is spelled "A-u-t-o", but that is probably the only way the minister could get his name into it. The letter suggests that transAuto will be substantially different from Car-Go-Rail in that it will be available as a whole sale service only to household moving companies, car rental companies, and similar organizations. Apparently private individuals wishing to move their vehicles between the points covered will have to go to one of these companies for retail service.

The letter goes on to state that CN recognizes it must continue to provide a retail service to residents of points in northern Manitoba not served by roads, and to meet this need it is publishing new freight rates to cover the movement of private passenger vehicles effective May 1, and I have a copy of this. Between Thompson and Gillam the rate is to be $87 per unit one way, and between Thompson and Churchill it is to

be $128 per unit one way. Under the Car-Go-Rail system an individual taking his car out of Churchill or Gillam, and those are the two places referred to here, could buy a ticket, put his car on the train, ride with his car and have his car unloaded, and continue on his way. This really provided a much needed service to those communities that do not have access to highway transportation.

This letter goes on to state:

● (1722)

If a need develops for rates to and from other points not served by highway, they will be provided as required.

I would say that, instead of waiting for the rates to be provided as required, there are still the rates that must be worked out between Ilford and Thompson, Pikwitonei and Thompson, Thicket Portage and Thompson as well as from Pukatawagan to The Pas and Sherridon to The Pas. These people are also in the same situation. They cannot get their vehicles out unless they put them on the railway.

The letter ends up by saying:

Our personnel are being notified immediately of the availability of these rates after 1 May, and we will advise the media in the hope that they will inform the general public.

Well, Mr. Speaker, many of the communities in northern Manitoba do not have daily newspapers. They now have radio stations and television, but an announcement like this would probably not be carried over the particular television program that might be aired in northern Manitoba.

The letter from the CNR was dated April 12. On April 25 a letter was sent to the vice-president of the prairie region. This letter was from Mr. Banman, the minister of transportation in Manitoba. Mr. Banman in his letter pointed out his concern over the withdrawal of Car-Go-Rail service as a result of the transfer of rail passenger service to VIA Rail. Mr. Banman said in part:

I appreciate the fact that CN has introduced alternative arrangements to provide for the essential movement of vehicles between points in northern Manitoba not served by roads. However, we do have several concerns on this issue.

These are the same concerns that I raised in this House under Standing Order 43 as reported at page 5048 of *Hansard*.

Mr. Banman went on to say:

I note that the charge per vehicle effective May 1 has been set at $87 between Thompson and Gillam, and $128 between Thompson and Churchill. This represents increases of $27 and $59 per vehicle respectively over the charges currently applicable under the Car-Go-Rail plan. These increases appear to be rather excessive. Also, the absence of specific commodity rates to cover shipments between other points could result in the application of extremely high charges under class or express rate structures. There is also a requirement for maintaining rates between some northern communities served by road as a result of circuitous routes as well as long distances through desolate and isolated terrain.

In view of the foregoing, I would respectfully ask that Items 11650 and 11880 of tariff CNR W.1150 be reinstated as soon as possible. In addition, as it will be some time before VIA absorbs local passenger services, I would also ask for your consideration in extending the Car-Go-Rail plan at least until such time the transfer is made.

[Mr. Smith (Churchill).]

What has happened here is that the CN in their expertise and before VIA Rail had actually taken over was going to implement these particular changes using the transAuto rates and the new rates set up by VIA Rail thereby doing away with the Car-Go-Rail system.

On May 3 Mr. Banman received a letter from the CNR prairie region manager, a copy of which I have here. It says:

I would like to acknowledge receipt of your letter of 25 April, concerning the withdrawal of Gar-Go-Rail services.

Due to some problems experienced in the establishment of our proposed transAuto service, Car-Go-Rail service on our main line routes has been extended to 31 May.

Because of my intervention and the intervention of the minister of transport from Manitoba, the CN is now saying that the rates will not be in effect on May 1, but will be extended to May 31.

He goes on to say:

It is anticipated that on 1 June VIA will assume full responsibility for rail passenger operations including those to northern Manitoba.

I would like to point out here that when people talk about a re-amortization of the CNR's $8.8 million debt, what they are really asking for is that the CN not forget that they have to provide a service. It is their mandate to provide service to areas that have no other means of transportation. I can assure you if there were other means of transportation out of those particular communities I probably would not get a single complaint because, after complaining for years about the poor service the CNR has supplied to those communities, the people have given up in total frustration.

The letter from the CNR goes on:

In response to your request that we extend the Car-Go-Rail plan until such time as the transfer is made, I have arranged for the freight rates on private passenger automobiles between Thompson, Gillam and Churchill to be reduced to the existing Car-Go-Rail level for the month of May, and enclose a copy of CNR Limited Freight Tariff W.4190 which publishes these rates. I should point out that these rates do not require the purchase of a passenger ticket, as was the case under Car-Go-Rail.

Regarding your comments on the rate levels that will take effect on 1 June, I would like to point out that the Car-Go-Rail charges were in effect for many years without increase and were, of course, an integral part of a rail passenger service package. These rates were very substantially below the costs of a freight operation.

I can appreciate that the Car-Go-Rail system was used right across Canada and that the major part of it was between Toronto and Winnipeg, but there are still the northern communities—and I am sure there are some in other provinces—that have no off-highway transportation. The people must use CNR to transport their vehicles when they go out on their annual leave. It is going to be a costly operation when these rates take effect.

As I specified before, the rate from Gillam to Thompson is going up $27, and the rate from Churchill to Thompson is going up $59. That places a real hardship on the people who want to take their families out for a vacation and who want to move their private vehicles. I am sure a lot of people who do travel out of these particular communities would be very happy to sit down with the officials and discuss this particular aspect because it certainly is a burden on them, and they have

no other means of transportation. The CNR is taking advantage of these people, and I would like to see a system set up where the cargo rail rate would still remain in place.

What irritates the people living in these isolated communities is that they must use this particular means of transporting their vehicles out, and yet VIA Rail or CNR says they are going to keep excursion rates for tourists coming into the north the same as last year, but they are going to increase the rate to move a private vehicle when you want to go out on holidays. VIA Rail has given absolutely no consideration to the people living in the north who have to use the facilities. They are the ones who have to bear the burden, but the tourists get the break.

To show the shortsightedness of the CNR, in the same letter in the last paragraph they gave an example to illustrate the number of vehicles that might be moved from any particular community. Of all places the example was Cranberry Portage and the number of vehicles transported from there to Lynn Lake. Everyone living up in that country knows that there is a road from Cranberry Portage to Lynn Lake and there is no need to move a vehicle by railway between those two communities. They say that they cannot justify running a service between Cranberry Portage and Lynn Lake for the simple reason there were only two vehicles moved in the year 1977. That just goes to show that people who live in communities with road access will not use that system. I am looking at the people who must use that system, and who have no other alternative.

● (1732)

Another colleague of mine wants to wrap up this debate. But I would just like to say that we have experienced exactly what the CNR is attempting to do by using the transAuto system to change the rates. We are moving private vehicles out of the north where people have no alternative. That is the same sort of thing the CNR tried to do by eliminating the station agents from those particular communities, Thicket Portage, Pikwitonei, Ilford, Gillam and Sherridon. The CNR arbitrarily made a decision they would move the station agents out of those particular communities. Believe me, Mr. Speaker, the people who live in those isolated communities must depend on the CNR for their freight, mail, express, groceries, and they were heard from. They went to the CNR and demanded that the railway come into those communities just so that the officials who make those decisions could actually see what happens in a small isolated community and how dependent they are on the railway, and how they give them no consideration whatsoever.

The railway cars would arrive with groceries and the railway employees would heave them out of the train. They would not even bother to set them off carefully. There were complaints of eggs and milk being spilled all over the platform. These were items needed by families. Those people in these communities were successful in getting the CNR to withdraw that decision to close those particular stations and remove the station agents. Once the communities made their representations the CNR saw just how essential those services were to the communities.

This is what I would like to see, and I would challenge those particular communities now. I will certainly give them my support to take the CNR to task and have those rates remain the same as they are now under the Car-Go-Rail system.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I promise that I will finish in good time to have the vote and to have our supper.

I might say that I am happy to speak on this amendment on final reading of Bill C-17. I would like to put on the record some of the fears and thoughts I have as a western Canadian, particularly in regard to the constituency which I represent which is served almost wholly by the Canadian National Railways.

In the last few years in the eastern prairies it would appear that the CNR has acted as if it wanted to abandon most of its railway lines and to give up the job of transporting goods and providing services for the rural communities. First of all we had the Servo centres which were brought in by order of the CTC. This was to phase out the station agents. Gradually these agents were phased out, but when they did that they also phased out the person who was the Canadian National's representative in the community to whom businessmen could turn to get their shipments of goods. These people vanished. In their place they put a Servo centre with a long distance connection to Winnipeg.

Unfortunately, they cannot even man the Servo centres all the time. Customers complain that when they would phone there was no answer. I have found out through railway management that there are so few people around that they cannot always man the telephones in the Servo centres. It happens that business that might belong to the CNR goes elsewhere. It is impossible for shippers to get much satisfaction from the Servo centre by telephone.

The CNR Express have gradually reduced their service. I understand from reading about the situation in Saskatchewan that CN Express have suddenly pulled out from there almost overnight. Shipment of small parcels by railway has all but vanished. This may well be by design, and it is perhaps the result of changing attitudes and changing circumstances. In my opinion, most of us feel that the railways want to reduce their traditional role of carrying heavy bulk cargoes such as grain, or at least to reduce the number of branch lines and to restrict the railways to a few major lines in western Canada running through the country so that grain handling will be carried on by large unit handling elevators located at relatively few points on the prairies. Certainly the dispute carried on now concerning the hours of work whereby the Minister of Labour (Mr. Munro) wants to declare the country elevator managers covered by the 48-hour week will go a long way to speed up the consolidation of the grain handling system.

The railways may well be expecting too much. Maybe farmers will be driven to use trucks, by changes in the railway system, and if farmers must haul their grain 100 miles or so, it

is not all that difficult to haul it considerably farther. Everyone has stated that for the western part of the country the railway is far superior to the highway for the hauling of grain. But in fact there are considerable doubts about this and the mere fact that the steel on steel requires much less energy than the rubber on tarmack is not the only factor in the movement of grain.

My observation is that this bill will hasten the relative reduction of importance of railways in the west with rises in the trucking industry, and particularly for individual farmers who will use their own trucks. Indeed, it has now become evident that individual farms of even a quite small size will have to own their own trucks in order to facilitate the movement of their goods throughout western Canada.

When one observes on the highway the various trucks hauling goods belonging to large chain stores such as Safeways or the Federated Cooperatives or implement companies, indeed it is becoming obvious that the necessity for moving goods in western Canada largely must be met by the companies' own trucks. Franchise trucking firms seem to have difficulty delivering goods as to time and price. It is particularly difficult for small firms, especially retail firms, to have their shipments made efficiently and at a reasonable cost. Indeed, it seems as if many small retail outlets on the prairies will have to pick up their own freight in the larger centres and transport it to their retail stores with their own trucks and vehicles.

The Canadian National Railways in this bill are obviously withdrawing from being a major factor in the transportation system of the west except for some trunk lines. There are a number of reasons for this, some of which are inherent and structural. Trucks can deliver goods cheaply and with a much better time schedule in certain ways.

But there are many other reasons why the CN Railways, at least in my area, are finding their role reduced. Railways are by nature monopolies. To have only the railway to ship is not an unmixed blessing. Trucking lends itself to individuals, to small units of operation whereby the entrepreneurial spirit can certainly thrive much more than in the rigidity of a large organization such as the CNR. Wage structures are more variable and efficiencies are perhaps easier to come by.

In the matter of management the CNR has obviously one serious fault so far as western Canada is concerned. It is the fact that the management is concentrated in Montreal, and that the concentration in Quebec of management has a serious and detrimental effect on the efficiency of the railways in western Canada. Perhaps it is partly because of geographical, cultural, and linguistic difference. But to have the management so closely controlled in the city of Montreal where railways in the east must compete mostly with water, and when in fact the largest operation of railway activity is concentrated in western Canada, means that management is at a serious disadvantage in dealing with the prairies. Certainly the attitude of the president and management in Montreal, and their actions so far as they affect the west, indicate they have little concept of what is the actual fact there, otherwise they would be doing things differently.

[Mr. Ritchie.]

I understand that in years gone by the western region was semi-autonomous and while the final authority rested in Montreal for practical purposes, in the day to day running of the rail line it rested fairly firmly in Winnipeg. There are great disadvantages to the present situation, in that it is much better to manage with on-the-spot knowledge compared to the alternative of a thousand miles away with people who are not familiar with the circumstances in western Canada.

● (1742)

Discussion with many railway employees, and particularly with middle and senior management, although they were reluctant to say much due to their fear of retaliation and job discrimination, indicates that many railway employees in the west are suspicious and uncertain and, in fact, at times are openly resentful of the policies foisted on them by a management based in Montreal making decisions. There was at one time a considerable body of loyalty, trust, and pride in the work force, but this seems to have gone.

Resentment against management is rife, and indeed many railway workers are looking for means only of finishing out their careers and obtaining other security before moving. Employee morale has probably never been lower. Many of the decisions made affecting the running of the railways make little sense. Sometimes these decisions appear only to be made for the sake of doing something. In any case, railways are greatly cutting themselves off from the communities they serve.

In this legislation, the railway is in fact being forgiven a debt of $800 million. It will make its financial appearance considerably better and it would seem to have a much better chance of overruling its main competition, the Canadian Pacific Railway on one hand and, on the other hand, moving into the trucking field in order to squeeze out independents and the myriad of small trucking concerns across this land.

We hear much of corporate power from the boardrooms. There is no more dangerous concentration of corporate power than in the boardrooms of the large Crown corporations. Air Canada is assiduously trying, through every means possible, to wipe out its competitors. CNR management seem intent on wiping out their competitors and also a substantial portion of the trucking industry.

These are some of the main fears that I have about this bill. Does the CNR intend to reduce its railroading in the west? Does it intend to reduce its services to farmers in the grain handling industry which, after all, is the main reason for railroads in the west? Does it intend to move into the trucking field and establish a trucking monopoly in that field, and then attempt to have restrictive legislation passed so that the commercial life in the trucking field will be dominated by one large Crown corporation?

The movement of the CNR into the field for trucking means that it is attempting to get rid of one of its major competitors. In the riding I represent, the CNR has bought out one of the more profitable truck lines, the Swan River-The Pas Transfer. This gives a partial monopoly on freight transportation to the

CNR and it is an object of some concern to many in the area. Transportation is certainly an area where it is difficult to have competition, but I think it is essentially wrong that the railway can smother its competition by buying out a trucking firm. Certainly it can afford to pay any price to obtain that trucking firm. There are no constraints so far as expenditures are concerned because, in the final analysis, the CNR has the backing of the treasury behind it.

Wherever possible we should preserve as many companies in the field as practical. That is why I certainly am concerned about the excursions of the CNR, taking over trucking firms and establishing what is a virtual monopoly in some areas. This has already occurred in the area I represent. It has not had a good response.

This bill allows CN to get out of railway passenger service, giving it to VIA Rail. We do know of course that rail passenger services in Canada as in all western countries, with the advent of the automobile have been much less popular, and have been a losing proposition so far as money is concerned. But all this bill does with the formation of VIA Rail is to transfer the deficit of rail passenger service on to VIA Rail. There is no evidence whatsoever that VIA Rail will be any more viable than under the present rail structure. As VIA Rail will still be using trains and passenger cars, the government will still have to meet VIA Rail's deficit.

One of the advantages of Bill C-17 is that it will eliminate the necessity of the federal treasury meeting the deficits of the CNR that rise from time to time. But the government can still guarantee CNR's loans from the private market. Like the Export Development Corporation's loans, all this does is that it allows the government to go on the note at the bank as a co-signer without the items actually appearing as a debit on the government's ledger. This is a deception of the worst order. Actually, borrowings that must be guaranteed by the federal treasury, either by the Export Development Corporation, the CNR, or other Crown corporations, should so appear on the ledger of the government.

I would like to speak briefly on the Churchill export movement and the necessity of the railways to upgrade the Churchill line to carry more grain. It represents Manitoba's alternate card that it can play, as well as other parts of the prairies, in attempting to get a better deal from eastern grain handling companies and installations. Depending on the circumstances, grain shipped through Thunder Bay averages about 25 cents a bushel less than shipped through the west coast. That is, it costs that much more.

Through a rather ingenious method of redistribution, shippers on the western half of the prairies pay some of this extra money received to shippers in the eastern half of the prairies. I think it is fair to say that the relative importance of western movements of grain will increase while the eastern movement through Thunder Bay will decrease in the foreseeable future. Indeed, if the laws of the markets prevail and if the true shipping costs were reflected, a much larger proportion of grain would go out through west coast ports and the dividing line would be considerably east of what it is now. But tradition, the earlier development of the Thunder Bay route and greater structures to handle grain on this traditional route have caused a reduced volume of west coast shipping that might have been expected to have happened. To the northeastern prairies and parkland regions of Manitoba and Saskatchewan, Churchill offers an alternative to prevent exorbitant tariff charges by eastern interests, and we have an example of this with the rise in tolls in the St. Lawrence Seaway. While the rise of tolls may be justified, still it has seriously compromised the income of western farmers.

Churchill lies on the ocean and, with a grain haul of 500 odd miles, it is as close as Thunder Bay is to the prairie grain region. It has been artificially constrained by government action and by port interests in Montreal and other eastern ports. This is a political fact of life and it is time that these constraints were removed. Greater use should be made of Churchill and, while it may have certain disadvantages, it has certain inherently great advantages. One is that with the weather being cold, grain can be stored indefinitely.

In conclusion, the port of Churchill is a logical grain shipping point for the future. A highway will eventually be built into Churchill. It will provide much of western Canada with an ocean port of a distance less than 500 miles away. If the CNR does not want to haul grain into Churchill, the trucks will.

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

Some hon. Members: Question.

The Acting Speaker (Mr. Turner): The question is on the amendment of the hon. member for Lisgar (Mr. Murta). Is it the pleasure of the House to adopt the said amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion, the nays have it.

And more than five members having risen:

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

The House divided on the amendment (Mr. Murta) which was negatived on the following division:

Railway Act

(Division No. 44)

YEAS

Messrs.

Alexander	Gillies	McKenzie
Allard	Grafftey	McKinley
Baker (Grenville-Carleton)	Halliday	Mitges
Baldwin	Hamilton (Qu'Appelle-Moose Mountain)	Munro (Esquimalt-Saanich)
Beatty	Hargrave	Murta
Beaudoin	Jarvis	Neil
Brisco	Jelinek	Paproski
Clark (Rocky Mountain)	Kempling	Pigott (Mrs.)
Clarke (Vancouver Quadra)	Korchinski	Ritchie
Cossitt	Lambert (Bellechasse)	Roche
Crosbie	La Salle	Rondeau
Crouse	Lawrence	Rynard
Darling	MacDonald (Egmont)	Scott
Dick	MacDonald (Miss) (Kingston and the Islands)	Smith (Churchill)
Dinsdale	MacKay	Stanfield
Epp	Masniuk	Stewart (Marquette)
Fraser	McGrath	Whiteway
Friesen		Wise
Gauthier (Roberval)		Woolliams
		Yewchuk—56.

NAYS

Messrs.

Anderson	Douglas (Nanaimo-Cowichan-The Islands)	LeBlanc (Westmorland-Kent)
Andras (Port Arthur)	Duclos	Lessard
Appolloni (Mrs.)	Dupont	Lumley
Basford	Dupras	MacDonald (Cardigan)
Béchard	Duquet	Marceau
Bégin (Miss)	Ethier	Marchand
Benjamin	Faulkner	McIsaac
Blackburn	Firth	Nicholson (Miss)
Blais	Fleming	Nystrom
Breau	Flynn	O'Connell
Buchanan	Francis	Olivier
Bussières	Gauthier (Ottawa-Vanier)	Orlikow
Caccia	Gillespie	Ouellet
Cafik	Goodale	Parent
Campagnolo (Mrs.)	Guay	Penner
Campbell (LaSalle-Émard-Côte Saint-Paul)	Harquail	Peters
Chrétien	Herbert	Pinard
Clermont	Hogan	Portelance
Collenette	Holt (Mrs.)	Prud'homme
Condon	Hopkins	Railton
Corbin	Horner	Reid
Corriveau	Joyal	Rodriguez
Côté	Knowles (Winnipeg North Centre)	Rompkey
Cullen	Lachance	Roy (Laval)
Cyr	Lajoie	Smith (Saint-Jean)
Daudlin	Lamontagne	Symes
Dawson	Lang	Tessier
Demers	Laniel	Turner
Dionne (Northumberland-Miramichi)	Lapointe	Watson
Douglas (Bruce-Grey)	Leblanc (Laurier)	Yanakis—90.

● (1812)

Mr. Speaker: I therefore declare the amendment lost.

The question is on the main motion that the bill be now read the third time. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

[The Acting Speaker (Mr. Turner).]

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

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Speaker: Is it agreed that the same recorded division be taken as was conducted in the last case without further ringing of the bells?

Some hon. Members: Agreed.

The House divided on the motion (Mr. Abbott, for Mr. Lang) which was agreed to on the following division:

● (1822)

(Division No. 45)

YEAS

Messrs.

Anderson	Douglas (Nanaimo-Cowichan-The Islands)	LeBlanc (Westmorland-Kent)
Andras (Port Arthur)	Duclos	Lessard
Appolloni (Mrs.)	Dupont	Lumley
Basford	Dupras	MacDonald (Cardigan)
Béchard	Duquet	Marceau
Bégin (Miss)	Ethier	Marchand
Benjamin	Faulkner	McIsaac
Blackburn	Firth	Nicholson (Miss)
Blais	Fleming	Nystrom
Breau	Flynn	O'Connell
Buchanan	Francis	Olivier
Bussières	Gauthier (Ottawa-Vanier)	Orlikow
Caccia	Gillespie	Ouellet
Cafik	Goodale	Parent
Campagnolo (Mrs.)	Guay	Penner
Campbell (LaSalle-Émard-Côte Saint-Paul)	Harquail	Peters
Chrétien	Herbert	Pinard
Clermont	Hogan	Portelance
Collenette	Holt (Mrs.)	Prud'homme
Condon	Hopkins	Railton
Corbin	Horner	Reid
Corriveau	Joyal	Rodriguez
Côté	Knowles (Winnipeg North Centre)	Rompkey
Cullen	Lachance	Roy (Laval)
Cyr	Lajoie	Smith (Saint-Jean)
Daudlin	Lamontagne	Symes
Dawson	Lang	Tessier
Demers	Laniel	Turner
Dionne (Northumberland-Miramichi)	Lapointe	Watson
Douglas (Bruce-Grey)	Leblanc (Laurier)	Yanakis—90.

NAYS

Messrs.

Alexander	Clarke (Vancouver Quadra)	Friesen
Allard	Cossitt	Gauthier (Roberval)
Baker (Grenville-Carleton)	Crosbie	Gillies
Baldwin	Crouse	Grafftey
Beatty	Darling	Halliday
Beaudoin	Dick	Hamilton (Qu'Appelle-Moose Mountain)
Brisco	Dinsdale	Hargrave
Clark (Rocky Mountain)	Epp	
	Fraser	

Messrs.

Jarvis	MacKay	Roche
Jelinek	Masniuk	Rondeau
Kempling	McGrath	Rynard
Korchinski	McKenzie	Scott
Lambert (Bellechasse)	McKinley	Smith (Churchill)
La Salle	Mitges	Stanfield
Lawrence	Munro (Esquimalt-Saanich)	Stewart (Marquette)
MacDonald (Egmont)	Murta	Whiteway
MacDonald (Miss) (Kingston and the Islands)	Neil	Wise
	Paproski	Woolliams
	Pigott (Mrs.)	Yewchuk—56.
	Ritchie	

Mr. Speaker: I therefore declare the motion carried.

Bill read the third time and passed.

Mr. Speaker: Order, please. It being after six o'clock, this House stands adjourned until tomorrow at 2 p.m.

At 6.27 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, May 11, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

RIGHT OF ISRAEL TO PEACE—MOTION UNDER S.O. 43

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, on Monday I moved a motion to express the profound support which exists in this House for the State of Israel. Unfortunately, the government saw fit not to allow the motion to be presented.

Some hon. Members: Oh, oh!

Mr. Paproski: I rise again today because I believe members of this House want, and deserve, the opportunity to express the support which I believe exists on both sides. I therefore hope the government House leader will not deny unanimous consent. I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That the House reaffirms the right of the State of Israel to exist in peace with its neighbours, and further reaffirms the right of Israel and its neighbours to secure and recognized borders in accordance with Security Council Resolution 242 and consistent with the need of all the peoples of the Middle East for a just and lasting peace.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): We accept this motion, Mr. Speaker. It is acceptable because of the amendments suggested by the Secretary of State for External Affairs (Mr. Jamieson).

Mr. Speaker: The motion can be put only by unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Motion agreed to.

* * *

ELECTIONS

TIMING OF NEXT GENERAL ELECTION—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, for different, but equally cogent reasons I am sure the Deputy Prime Minister (Mr. MacEachen) will rise to indicate the support of the government for the following motion. Considering that the first constitutional responsibility of the Prime Minister in our system of government is to the House of Commons duly elected by the people of Canada, and considering that the Prime Minister has indicated that he will announce whether or not there will be a general election for this summer by the end of this week, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instructs the Prime Minister to meet his responsibility by announcing his decision on this fundamentally important matter by making a statement today in the House of Commons.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

THE CANADIAN CONSTITUTION

PROPOSED DISCUSSIONS WITH PROVINCES TO DETERMINE ROLE OF FEDERAL GOVERNMENT—MOTION UNDER S.O. 43

Mr. C. A. Gauthier (Roberval): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with an important matter of pressing necessity.

Considering the startling statements made recently by Senator Marchand at the Richelieu Club of the Outaouais, namely that he no longer has any confidence in the Canadian constitution which the authorities have constantly and gleefully violated, witness the various federal interventions in exclusively provincial areas, especially since 1927 with old age security pensions, family allowances and so on after having taken over the best provincial taxation fields.

Considering that the British North America Act never did create a country and that 90 per cent of French Canadians were convinced of the fact since we have always considered the act as a royal order of Her Majesty to her colony, Canada, and finally that the senator—

Mr. Speaker: Order. If the hon. member has a motion, would he introduce it now?

Mr. Gauthier (Roberval): Mr. Speaker—and finally that the senator states that he agrees 98 per cent with the "independentist" idea.

S.O. 43

I move, seconded by the hon. member for Richmond (Mr. Beaudoin):

That the House instruct that a special debate be held as soon as possible to stir genuine interest among Canadians in the organization of a provincial meeting to draw up a constitution specifying the duties of the federal government in order to create the harmony which we advocate.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

TRANSPORT

SHORTAGE OF FERTILIZER IN MANITOBA—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Mr. Speaker, I rise under Standing Order 43 on a matter of urgent and pressing necessity, namely, the fact that many fertilizer dealers in Manitoba are out of fertilizer, or very nearly so, because of the almost total lack of railway cars to carry this product from its source to the dealer. If this situation continues, it could spell disaster not only for the dealers but for their farmer customers. The supply of fertilizer in Manitoba for the critical spring period can only be described as desperate. Accordingly, I would move, seconded by the hon. member for Marquette (Mr. Stewart):

● (1412)

That the Minister of Transport use all the power and persuasion he can muster to ensure that by this weekend a sufficient number of railway cars will be directed to the hauling of fertilizer, and that these cars will continue hauling fertilizer for the balance of the spring seeding period.

Mr. Speaker: Presentation of this motion for debate would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SHIPBUILDING

POSITION TAKEN BY CANADIAN NEGOTIATORS AT GATT—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that it has been reported that the Canadian GATT negotiators in Geneva have been instructed to downplay the shipbuilding industry in Canada, in other words, to sacrifice this important industry to obtain trading concessions from other countries, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

[Mr. Gauthier (Roberval).]

That the government issue immediate instructions to its negotiators to countermand any such instructions so that the 45,000 direct and related jobs which depend on the shipbuilding industry will not be jeopardized.

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ELECTIONS

CALL FOR IMMEDIATE GENERAL ELECTION—MOTION UNDER S.O. 43

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my motion is under Standing Order 43: it is a variation of the motion already proposed by my leader. I move:

That this House instructs the Prime Minister to ask the Governor General of Canada forthwith for a dissolution for the purpose of an election at the earliest possible moment.

Some hon. Members: Hear, hear!

Mr. Speaker: Presentation of such a motion for discussion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

IMMIGRATION

ENTRY INTO CANADA OF UNDESIRABLE PERSONS—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgent necessity concerning recently revealed information that a self-admitted Rhodesian terrorist, John Conradie, known as "Bomber John", is in Canada on a ministerial permit. In his recent statement to the press, he said, among other things, "We should have blown up one or two of the department stores . . . I thought we should have tried to destroy as much property as possible". I therefore move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That the Minister of Employment and Immigration make public all details of the case, specifically including whether the government will cancel Mr. Conradie's work permit and expel him, all reasons justifying the presence of this man in Canada and, finally, whether the government plans stricter admission requirements to prohibit entry of such persons as John Conradie, General Quang and other such undesirables.

Mr. Speaker: Presentation of such a motion for discussion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ENVIRONMENTAL AFFAIRS

PROPOSED DIVERSION OF KOOTENAY RIVER, B.C.—MOTION UNDER S.O. 43

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I would like to move a motion pursuant to Standing Order 43. In light of the fact that the Minister of State (Environment) (Mr. Marchand) has on two occasions publicly rejected the proposal of a Kootenay River diversion under the Columbia River Treaty, I move, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

That the minister use his heavy influence in the cabinet to obtain the support of the cabinet for rejecting the B.C. Hydro proposal of a Kootenay River diversion and that this position be transmitted forthwith to the province of British Columbia.

Mr. Speaker: The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

ELECTIONS

PRIME MINISTER'S INTENTIONS ON TIMING OF ELECTION—ECONOMIC MEASURES

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Prime Minister, who indicated last week that he would announce his decision on an election by the end of this week. I wonder if the Prime Minister can tell this House of Commons whether he proposes to ask the Governor General to dissolve parliament this week and, if he does not, can he tell us when he will announce significant, new economic measures to deal with the serious economic problems facing the country?

● (1417)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I think it has been apparent in the House that we are all concerned with the issues with which the Canadian people are concerned, and they want solutions to these problems at this time. The question arises as to whether these issues can best be dealt with during a general election, or by continuing the work in the House. I have reached the conclusion, because, I must say, of the co-operation of hon. members opposite and their anxiety to get on with the work, that we should stay in this House and deal with these issues.

Some hon. Members: Hear, hear!

Mr. Clark: I am pleased to have that question resolved, Mr. Speaker. I would remind the Prime Minister that he has only a little more than a year to go before he has to face that decision. I think the people of Canada would have preferred to

have an election. But if the Prime Minister is serious about having the House of Commons deal with important legislation, I wonder if he will tell us when he intends to introduce a new package of economic messures, and particularly when he intends to put before the House of Commons the government's proposed changes to the Bank Act.

Mr. Trudeau: I am glad the Leader of the Opposition is on the same wavelength as I am when he is talking about another year of this government.

Some hon. Members: Hear, hear!

An hon. Member: Your last hurrah.

An hon. Member: You're on a short-circuit.

Mr. Trudeau: Having lived through a spate of speculation last fall and another one this spring, I hope we will not hear any more about elections in the way of speculation until some time around March or April of next year. In the meantime, the Leader of the Opposition is quite justified in wanting to see the House get on with certain measures. I can assure him that our purpose in staying here is to proceed with various measures. I do not take it that the Leader of the Opposition is suggesting another budget, but other types of economic measures. I can assure him that they will be forthcoming and we will expect co-operation from both sides of the House. I am sure that both sides of the House are particularly pleased with the fact that the Canadian dollar seems to be strengthening a bit—

Some hon. Members: Hear, hear!

Mr. Trudeau: —and, as the minister said the other day, that we are setting new records in export trade. I would not expect the dollar to be the subject of speculation. I am very happy to see that in the last few days we have not had any questions on this subject from the opposite side.

Mr. Clark: I am pleased to have the general assurance that there will be some specific legislation brought before the House of Commons. I wonder if the Prime Minister would bring himself to be a little more specific and indicate when we will have the Bank Act before the House, when we will have the legislation he has promised to aid small business in the country, and when we can expect to have before the House of Commons in bill form other legislation which the government proposes to deal with the very serious economic problems the country is facing.

Mr. Trudeau: I appreciate the hon. member's concern. On the order paper now there are various measures which we hope the House will be dealing with, and I can assure him we will be giving first reading to other measures next week and in the weeks to come.

DATE OF BY-ELECTIONS

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, the Prime Minister has ended the speculation with respect to a

general election, but there remains in the country the problem of a large number of Canadians, about 1,300,000, who are unrepresented in this parliament because there are 15 vacancies for various reasons. Given the situation with respect to that lack of representation, is the Prime Minister in a position today to announce when the by-elections will be held to fill the balance of seats for which by-election dates have not been announced? If he is not in a position to do it today, will he be able to do it tomorrow?

● (1422)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I appreciate, as the hon. member does, that members from both sides of the House, but I think in greater number from the Tory side, have indicated that they will not be running again and have either gone on to other things or will be going on to other things.

Mr. MacDonald (Egmont): That is irrelevant.

Mr. Trudeau: What is your problem, David?

Mr. MacDonald (Egmont): You.

Some hon. Members: Oh, oh!

Mr. Trudeau: The hon. member for Egmont is anxious to get on this gravy train, as I think he calls it. We will be taking names as soon as we adjourn.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): Mr. Speaker, it is an interesting commentary on the Prime Minister's view on representation in this House to have him make jokes about this matter.

Some hon. Members: Hear, hear!

Mr. Paproski: Shameful arrogance.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): I wonder if he is prepared to answer another question which has caused concern among some people who have declared themselves candidates for office in the House of Commons. These are public servants who have obtained leave under section 32 of the Public Service Employment Act.

In a telephone conversation with me, Mr. Gallant, the chairman of the Public Service Commission, indicated that he had spoken to representatives of the Prime Minister's party and said that these people cannot have a second leave as a result of the failure to call an election today, and the delay. Therefore, without statutory change, this can deprive some of them or put an onerous burden on some of them in the Prime Minister's party and mine in standing for parliament. Aside from the question of other candidates, has the government any specific plans to deal in a special manner with those who are inconvenienced in that particular way in standing for parliament?

[Mr. Baker (Grenville-Carleton).]

Mr. Trudeau: Mr. Speaker, regarding the preamble to the question of the hon. member, I must point out to him that I was dealing seriously with this question when his seatmate, the hon. member for Egmont, interrupted me and did not seem to want a serious answer. Therefore, it is not this side which is not dealing with this matter seriously.

Some hon. Members: Hear, hear!

Mr. Trudeau: In so far as the substance of the question is concerned, perhaps because of the hon. member's circumscription he is making a special plea for public servants. He realizes that many citizens of this country will run for various parties and have declared themselves with some consequence, I imagine, for their present situation. I am not sure how the hon. member proposes to deal with all the people who were erroneously going on the speculation that there might be an election and now find there is not one.

If the hon. member is prepared to suggest some solution for this short of changing the constitution and having elections at a fixed date, then I think I will be prepared to hear it. I cannot see any way in which we can anticipate for all people who might have thought there would be a general election and have either put some money on it or put their jobs on the line and have lost their wagers.

Mr. Baker (Grenville-Carleton): Mr. Speaker, for the edification of the Prime Minister, I say, with respect, that the chairman of the Public Service Commission has suggested a review of section 32 of the Public Service Employment Act. That is one thing which might be proposed or considered by the government. I offer that to the Prime Minister as a suggestion.

The Prime Minister did not answer the first question I put to him in respect of an announcement of the dates of the by-elections for the seats which are vacant now and for which by-elections have not been announced. When does the Prime Minister intend to do that? Can he do that today, or can he do it tomorrow?

Mr. Trudeau: Mr. Speaker, I assure the hon. member that I will take this question into consideration and that I will act within the framework of the law.

● (1427)

INQUIRY AS TO FALL ELECTION

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a related question for the Prime Minister. The Prime Minister, having decided that history will not unfold as it should if we had an election now, I would like him to clarify—

Some hon. Members: Oh, oh!

Mr. Broadbent: The Prime Minister will be pleased to note the relief of all his backbenchers with his decision.

Some hon. Members: Hear, hear!

Mr. Broadbent: In all seriousness, would the Prime Minister clarify one part of his answer to the Leader of the Opposition, when he made reference to next March? Is the Prime Minister now saying to the members of the House and to the people of Canada that they cannot anticipate, under any circumstances, a fall election?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, once again, referring to the preamble of the hon. member's question, I must say that I noticed particular relief on his face when I announced there would not be an election.

Some hon. Members: Hear, hear!

Mr. Trudeau: And I am quite sure I saw some of his members get off their knees and wipe their brow, Mr. Speaker. I am not, of course, referring to the hon. member for Greenwood who was urging an early election because he is not running again.

March was mentioned, but I hope that will not start a new spate of speculation, and I hope the question of the Leader of the New Democratic Party was not intended in that way. I would just say that an election next fall is possible, but I do not exclude the possibility of an election next spring.

Mr. Broadbent: Mr. Speaker, an election if necessary, but not necessarily an election. The Prime Minister is right at home in his own party. Since the election has definitely been put off and since there are major problems in the Canadian economy, including the textiles industry that may go belly-up in Quebec, the plastics and automotive industries in the province of Ontario, and other sectors in deep trouble elsewhere, will the Prime Minister assure the House, if we are here to do serious business for the next couple of months, that among its measures the government will bring forward an industrial strategy for Canada that will set out for the long term how we can come to grips with our serious economic problems?

Mr. Trudeau: Mr. Speaker, the Leader of the New Democratic Party is catching up with the work that the premiers and myself did in February when we met here and put together a plan for the long term. I am happy to see that it has the support of the hon. member.

An hon. Member: That is why you did not call an election.

Mr. Trudeau: I would urge him and his party to be a bit more positive for the future than they have been in the past.

Mr. Broadbent: Mr. Speaker, the Prime Minister's answer, to say the least, does not explain why, within two hours of the *Globe and Mail* appearing on the streets of Ottawa with news of an industrial strategy outlined by the New Democratic Party, the Prime Minister's office phoned immediately and asked for a copy of the strategy.

Some hon. Members: Oh, oh!

Mr. Broadbent: Will the Prime Minister, who leads a party notorious in Canadian history for being at least ten years behind the NDP, and equally notorious for taking some good ideas that are old hat in our party and finally implementing them, at least do us the honour and do a service to the people of Canada by stealing our program holus-bolus and implementing it immediately?

Mr. Trudeau: Mr. Speaker, I am sure that if we did that, the hon. member would still say it was the wrong thing.

* * *

• (1432)

[*Translation*]

THE CANADIAN CONSTITUTION

STATEMENT OF SENATOR MARCHAND—PROPOSED CONFERENCE OF FIRST MINISTERS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister.

Now that the election has been definitely put off, let us get back to business. Last night Senator Marchand made very serious remarks, and I should like to find out whether the Prime Minister shares the senator's views that Canada's problem stems from the fact that the country which our founding fathers thought they were building has remained an illusion. Could the Prime Minister indicate whether he shares this point of view and, if he does, whether he will call together very shortly the various levels of government for the purpose of examining the problem and finding a solution as soon as possible?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I feel as though the hon. member asked me this question because he wanted to give me the opportunity to remind the House and the Canadian people that for the past ten years we have indeed striven to make the Canadian constitution our own constitution, and not merely an act of the British Parliament. In this endeavour, we have tried to co-operate with the provinces, and the hon. member knows that we have not succeeded, but we shall keep trying. As for the rest, not having read Senator Marchand's remarks, I do not know what he had in mind when he said that.

Mr. Lambert (Bellechasse): Mr. Speaker, I have a supplementary.

A little later, the same senator said the following, according to the newspaper *Le Droit* I have here: Since the beginning of Confederation, the constitution has often been violated and the resulting dispute, if any, was a dispute about government and power rather than a constitutional crisis felt by the citizens, according to Mr. Marchand. So, my question is the following: in light of such words, does the Prime Minister share the views that it is mainly a government crisis, and if so, that it would be

possible to find a solution so that governments understand each other better in order to build a true country?

Mr. Trudeau: Yes, Mr. Speaker, now that it appears that we are going to stay here for several weeks, I can give the hon. member the assurance that we are going to table before the House of Commons the proposal we announced in the Speech from the Throne, in an attempt to deal with these issues in a much wider context than the constitution itself and to encompass the problems relating to Canadian unity as a whole.

* * *

[*English*]

ENERGY

GRANT TO COMMITTEE ON NUCLEAR ISSUES IN THE COMMUNITY

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources: it concerns the Committee on Nuclear Issues in the Community which is funded by a $200,000 grant from the federal government.

In view of the fact that Dr. Pierre Dansereau, former co-chairman of the committee, has resigned from that position, saying that the committee had the appearance of a whitewash since the anti-nuclear viewpoint is not adequately represented on the committee, what conditions has the government attached to its funding to assure that a proper and impartial balance of both pro- and anti-nuclear viewpoints is presented?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, as the chairman of the Science Council of Canada made clear in a statement last week in response to a similar question, the council is using its auspices, at the request of municipalities across the country, to conduct forums and debates as an opportunity for interested groups to ask questions and put their points of view before a panel of experts. That is the function of the Science Council of Canada, and that is why the funds have been provided to it with the support of the Royal Society of Canada.

Miss MacDonald: Mr. Speaker, I gather that the minister did not quite understand my question. I asked about conditions that the government would attach to its funding to ensure there is an impartial and balanced viewpoint on the pro- and anti-nuclear sides of the question. Given the fact that the allegations were made by a distinguished scientist and Massey Medal winner, I ask the minister what steps the government has taken to look into them and see whether they are true and, if necessary, to have them corrected.

Mr. Gillespie: Mr. Speaker, I believe the allegations are based on some misinformation. The role of the committee is not to act as advocate, as I have already made clear; it is to act as a convenor.

[Mr. Lambert (Bellechasse).]

FINANCE

BENDIX HEAVY VEHICLE SYSTEMS—REPAYMENT OF PORTION OF EMPLOYEES' SALARIES

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a question to the Minister of Finance regarding the very sorry matter of 35 people employed by Bendix Heavy Vehicle Systems Ltd. in London who, as a result of a ruling by the Anti-Inflation Board that their salaries should be rolled back by some $78,000, are now under edict to repay this at the average rate of $90 per week per employee.

This is a very sorry state of affairs. Even worse, this ruling came after a two-year delay; in other words, there has been foot-dragging. Has the minister looked into this matter, and what can he tell the House about a solution?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, some days ago I received recommendations from the three hon. members of my party representing the London district and I have started to look into the matter. It is a very difficult problem because the law applies to everyone the same way. At the same time, however, I recognize there is a human problem because of the long delay.

I have asked my officials to review it and to see if we can find an accommodation. As soon as I can reach a solution within the law, I shall be delighted to announce it. I am not sure if it is possible, but I shall do my best.

Mr. Alexander: Mr. Speaker, I am glad to learn that this government has a little compassion for those at the lower end of the economic scale. I remind the minister that the AIB has apparently given a time-frame in which this money is to be paid back: it is something like seven months. At $90 per week, that will leave many employees below the poverty line.

Has the minister considered that time-frame, and will he go to the AIB and indicate that more time is required if there is no room for further negotiation? I am thinking of something like two years. Will he go to the AIB and tell them that would be an equitable solution to a very serious problem?

Mr. Chrétien: Mr. Speaker, my hon. friends from London suggested three years. I think we will have to find something in the middle. I am looking into the matter.

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GOVERNMENT ADMINISTRATION

SUGGESTION CALIBRE OF CABINET BE IMPROVED

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Prime Minister. Now that the right hon. gentleman has neatly provided a six-month hoist for the election, and barring an apprehended insurrection across the way the people of Canada will have to put up with the right hon. gentleman, is he giving consideration to looking into the bottom of the barrel to see if he can improve the calibre of cabinet?

ELECTIONS

REASON FOR PRIME MINISTER'S ANNOUNCEMENT

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is to the Prime Minister. In view of the announcement which, hopefully, clarifies the political situation for some time to come in this country, and referring to a most relevant and topical book—which came out in 1967 before the Prime Minister announced he would seek the leadership of his party—entitled "Federalism and the French Canadians", the foreword written by the Prime Minister, which is the very creed of the Prime Minister, reads as follows:

> The only constant factor to be found in my thinking over the years has been opposition to accepted opinions.

Two sentences later he says he likes to swim against the current. I ask the Prime Minister if the decision he announced today was taken in opposition to the accepted opinion of the Gallup poll, or of the Liberal caucus, or both?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am glad that extra time has been given to the hon. member so that he can begin to educate himself.

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INCOME TAX

NON-FILING OF RETURNS

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the minister who answers for the Minister of National Revenue. A Winnipeg businessman by the name of Don Oliver has claimed that income tax is unconstitutional. Mr. Oliver has publicly claimed that he has not filed income tax returns for seven years, and that the federal government is afraid to take him to court because it knows the Income Tax Act is illegal. If the minister is aware of this case, will she explain to the House how Mr. Oliver could escape paying taxes for the past seven years?

● (1442)

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I find this an interesting question about the alleged unconstitutionality of the Income Tax Act. I will, of course, refer the matter to the minister as soon as the question period is over.

Mr. McKenzie: As Mr. Oliver has found a loophole, will the minister advise the House and the Canadian people about this loophole so that we can all escape paying excessive Liberal taxes?

Miss Bégin: That would be part of my answer, Mr. Speaker.

[*Translation*]

URBAN AFFAIRS

POSSIBLE AGREEMENT WITH QUEBEC ON CLEAN-UP OF OTTAWA RIVER

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs. Following the federal-provincial task force report made public by the Minister of State for the Environment this week; because of the urgency of cleaning up the Ottawa River whose waters are being polluted mostly by industrial and municipal wastes; and because of the need to give priority to the completion of the main sewers and sewage treatment plants for the Outaouais region, can the minister tell the House whether he has received any communication whatsoever from the Quebec government regarding the signing of a federal-provincial agreement for the construction of those greatly needed facilities and so accelerate the fight against the pollution of the Ottawa River?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, over a week ago I read in a local newspaper that the Quebec minister, Mr. Léonard, was to write me a letter with regard to that sewage treatment plant for the Outaouais area, and in the Ottawa area we understand the Outaouais as being the Quebec side and the Ottawa as being the Ontario side. Now, having received no letter, I got in touch with the minister and asked him where it was and whether he had sent it to me. I finally learned that, contrary to what minister Jocelyne Ouellette may have said, the letter had not yet been sent, that the provincial authorities were still working on a draft letter and that I should receive the letter within a few days. Mr. Speaker, the position of the government is very simple: we are willing to make the necessary funds available to local authorities for the construction of that plant. We are waiting for the decision of the Quebec government which has been putting off for weeks both making a decision and giving local authorities the go-ahead for calling tenders for the construction of that treatment plant.

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MANPOWER

YOUNG CANADA WORKS—REQUEST FOR INCREASED FUNDING

Mr. Roch La Salle (Joliette): Mr. Speaker, I have a supplementary question for the Minister of Employment and Immigration.

In view of the statistics on unemployment which were released this week and of the fact that it will be very difficult for students to find jobs, would the minister give us now a final answer about the possibility of increased funding to create jobs for students? Could the minister tell us whether or not there will be increased funding?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, we will not be increasing the budget of the Young Canada Works program.

* * *

[*English*]

CONSUMER AFFAIRS

BELOW COST PRICE OF WORKS BY CANADIAN AUTHORS

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. It relates to a number of questions I have raised since last fall and as recently as February 27, more particularly concerning a resolution passed last weekend in Ottawa at the annual meeting of the writers' union which expressed frustration and outrage at the lack of government action on the importation of remaindered editions of works by Canadian authors at below cost price. Can the minister explain why it has taken almost three years since representations were first made to the government to give Canadian writers adequate and proper protection?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, I cannot answer for the past three years. Representatives of the writers' union came to see me three months ago. I immediately looked into this. I am presently discussing several solutions with my colleagues, and hope to have an answer within a week or so.

Mr. MacDonald (Egmont): I had hoped to get a more detailed answer than that from the minister, because it is at least six weeks since I put him on notice in the House and I have yet to receive a reply. As a result of the minister's meeting last Friday with the writers' union, and the possibility of raising this whole matter with National Revenue in the hope of taking some effective action on the enforcement of copyright protection for our authors, has the minister obtained any agreement from National Revenue to take some effective action?

If they feel it is proper or possible to take action, has the minister considered the amendment prepared by the Writers' Union of Canada, the Canadian Book Publishers' Council, the Association of Canadian Publishers and the Canadian Copyright Institute which have agreed on a very straightforward amendment to the copyright law which would adequately protect Canadian authors and Canadian publishers?

Mr. Allmand: Mr. Speaker, we are pursuing the first solution. I have been in consultation with the Minister of National Revenue, the Minister of Justice and the Secretary of State, all of whom have a very strong interest in this matter. We think there is a strong possibility of solutions under the present law.

With respect to a brief amendment, it seems that would be much more difficult because many groups in the country would like to have some input into such an amendment in addition to the writers' union. Consequently, an amendment would not be as simple as the writers' union thought, and I at first thought, because there are so many others who have an interest, including library associations, booksellers, and so on. I think we will have a solution within a short period of time as a result of consultation with other ministers.

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COMMUNICATIONS

BELL CANADA CONTRACT WITH SAUDI ARABIA

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the Minister of Communications. In view of the fact that Bell Canada has refused to produce documents for the Human Rights Commissioner so that he can determine whether Bell is unlawfully barring Jews and women from working on its $1.1 billion contract in Saudi Arabia, and since Bell has also refused to make the details of this contract public at the current CRTC hearings into its application for a rate increase, will the minister order the CRTC to suspend the current hearings until Bell releases the details of this Saudi Arabian contract which has a direct bearing on the Human Rights Act as well as the arguments for a rate increase?

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, as for the authority of the CRTC to order Bell to produce documents, it is quite clear the CRTC has that authority and that it has ordered Bell to produce the contract. The CRTC has the liberty to decide whether that document will remain public or be made confidential. That is to ensure that the release of such document does not damage Bell with regard to some of its competitors.

As for the other question the hon. member has asked, I am looking into the power which the Commissioner of Human Rights has to call for documents in order to examine them to the end the hon. member has just cited. I share with him the preoccupation that any company in this land should not do anything that is discriminatory toward women.

Mr. Symes: I agree with the minister on the power of the CRTC to request the document. I understand it will not be made public, which will inhibit the intervenors—that is why I asked the minister to take action—as well as the Human Rights Commissioner. Since Bell owes the Government of Canada over $833 million in back taxes, which in effect has been an interest-free loan to the company, will the minister instruct the CRTC to take this financial benefit into consideration with the aim of reducing Bell's inflationary 20 per cent to 28 per cent rate increase?

Mrs. Sauvé: Mr. Speaker, the hon. member is suggesting the CRTC is not properly conducting its examination of requests which are made quite openly through the means of public hearings. There is a provision for keeping some of the documents confidential because of the danger that they might help competitors. I think that is a reasonable provision in the law. It is reasonable that the CRTC should be able to assess whether such documents should be released or not. It is in the hands of

the CRTC, not Bell. It is not the privilege of Bell to decide whether a document is to be confidential; it is for the CRTC to determine that.

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ENVIRONMENTAL AFFAIRS

PROPOSED DIVERSION OF KOOTENAY RIVER, B.C.

Mr. Bob Brisco (Kootenay West): Mr. Speaker, my question is for the minister of the environment. On two occasions the minister has publicly indicated his opposition to the Kootenay River diversion. Bearing in mind the minister has an opportunity to advance those concerns to his cabinet brethren, will he advise whether he has done so, particularly in the direction of the Minister of Transport who must sign an agreement under the Navigable Waters Act?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, I was expressing a personal opinion when I said I was against the Kootenay River diversion. That is not cabinet policy. I expressed a personal decision after I became a member of the cabinet, because I had expressed a personal position before I was a member of the cabinet that I was against that particular diversion.

● (1452)

The status of the project is this: there is an environmental study being conducted by B.C. Hydro in co-operation with officials of my department. It is expected that this study will be completed some time in 1979. A final decision will then be made on whether to divert the Kootenay or not. It would still be my personal preference that the diversion should not be undertaken.

* * *

TRANSPORT

KOOTENAY RIVER DIVERSION—DECLARATION UNDER NAVIGABLE WATERS ACT

Mr. Bob Brisco (Kootenay West): A supplementary question to the Minister of Transport. Can the minister advise whether he has as yet been approached by B.C. Hydro or the provincial government to sign a declaration under the Navigable Waters Act which would permit the Kootenay River diversion to go forward?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I would have to check whether an approach of that kind has been made, but I would point out that under the Navigable Waters Act any certificate would only indicate our view on the technical question whether any impediment to navigation was likely to occur such as to prevent the project going forward. It would be neither a positive nor a negative sign with regard to the other issue of whether or not the project is desirable.

AGRICULTURE

BRUCELLOSIS TESTING PROGRAM

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I should like to address a question to the Minister of Agriculture arising from the enforced brucellosis testing program. Why is this program not being carried out on the basis of a block system whereby certain townships could be declared free of the disease, as is the case under other procedures, thus allowing the movement and sale of cattle as the disease is eradicated? I should also like to ask the minister how long immunity lasts after a herd has been declared brucellosis free?

Hon. E. F. Whelan (Minister of Agriculture): Before the program was put into effect, all those concerned with the eradication of this disease were consulted, including cattle breeders associations and provincial departments of agriculture whose staffs are responsible for enforcing the regulations. We do know we are experiencing some difficulty with the program in certain areas, but statistics will show that this year will probably be the best year in our history for dairy cattle exports, even though the problem we have with brucellosis is, in my view, being blown out of proportion.

The figures will also show that our dairy herds are freer of brucellosis than those in the United States, for example. We are getting some complaints, but if the hon. member has any suggestions for making the program work in a better way, I would be glad to hear them.

Mr. Rynard: When vaccination was carried out under the dairy program, provision was made to declare herds free on an area basis along the lines I have suggested. That is why I wondered why a similar system was not being used in this case.

Mr. Whelan: Mr. Speaker, we have what we hope will be recognized by the trading nations buying our livestock, especially our beef and dairy cattle, as a system of disease-free areas in Canada. We have already announced these and I will be glad to send a list of them to the hon. member.

* * *

IMMIGRATION

REQUEST FOR EXPULSION OF ALLEGED TERRORIST

Mr. Tom Cossitt (Leeds): Mr. Speaker, I have a question for the Minister of Employment and Immigration. It concerns the recently revealed information that a Rhodesian known as John Conradie, otherwise known as "Bomber John", a confirmed, self-admitted Rhodesian terrorist, is here in Canada under a ministerial permit. Will the minister inform the House of the circumstances surrounding this case, and state whether the government intends to take action to expel this self-confessed terrorist?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Conradie had been in prison in Rhodesia since 1966 for protesting that government's unilateral declaration of in-

dependence. We received representations for his eventual admission into Canada from no less a person than the right hon. member for Prince Albert—

Some hon. Members: Oh, oh!

Mr. Cullen: —and from several academics, including the president of Brock University at that time. In 1973, my predecessor agreed that although Mr. Conradie had been convicted, he would probably issue a ministerial permit if the individual was released from prison. The present president of Brock University, Dr. Erp, reaffirmed that the position of visiting scholar at Brock for up to two years was available to him.

On the basis of the representations we had received, and taking into account the fact that this gentleman had been in prison since 1966, it seemed time to follow the lead of my predecessor and to issue a ministerial permit. I must say I do know when certain recent statements were made but, frankly, I think they were inappropriate.

Mr. Cossitt: As a preface to my supplementary question, I might draw the minister's attention to the fact that Great Britain refused this man entry before he was admitted here. Is the minister aware that Mr. Conradie stated to the press in the last week or so:

We should have blown up one or two of the big downtown department stores and I still think we should have done that. I thought we should have tried to destroy as much property as possible.

How can the presence of such a man be justified in Canada? Does the government plan stricter admission requirements to prohibit the entry of such persons as John Conradie, General Quang, and others?

Mr. Cullen: Mr. Speaker, it is all very well to talk about Quang and to be knowledgeable after the fact. We were dealing with a Vietnamese refugee situation at that time. A ministerial permit was, in fact, issued; but when we found out the circumstances it was withdrawn. If Vietnam would take him back, we would put him on the next plane. As far as Mr. Conradie is concerned, the best thing he can do is put a zipper on his lip.

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ENVIRONMENTAL AFFAIRS

GOVERNMENT POLICY ON PROPOSED DIVERSION OF KOOTENAY RIVER, B.C.

Mr. James Gillies (Don Valley): Mr. Speaker, I should like to ask the Minister of State for the Environment a question for clarification. When he told us his opinion with regard to the Kootenay River diversion, was it a personal opinion or was he stating government policy?

Hon. Len Marchand (Minister of State (Environment)): Obviously not, Mr. Speaker, since it was a personal opinion I expressed. I expressed it after I became a member of the cabinet, because as a backbencher I had said I was opposed to the Kootenay diversion. I really cannot change overnight. This question will obviously have to be addressed again once the studies are complete.

Mr. Gillies: Then may I ask the minister who is speaking for the government on this matter of the Kootenay diversion? Who is expressing government policy at this point?

Mr. Marchand: That kind of decision, as I have said, will be made after the studies are completed.

An hon. Member: After the cabinet reshuffle?

Some hon. Members: Oh, oh!

* * *

CRIMINAL CODE

CONSULTATIONS WITH BAR ASSOCIATIONS RESPECTING PROPOSED AMENDMENTS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to address a question to the Minister of Justice with reference to Bills C-51 and C-52, the amendments to the Criminal Code, Bill S-18, before the Standing Committe on Justice and Legal Affairs, and Bill C-42. Does the minister intend to refer these bills, now they have been given first reading, to the Canadian Bar Association, to the various provincial bar associations across the country and to other associations and organizations which have a particular interest in this subject? I ask this question because the minister did mention when they were tabled for first reading, that they were more white papers than proposals to go before the House for second reading.

Hon. Ron Basford (Minister of Justice): I do not have the precise wording of my press statement in front of me now, but when those two bills were introduced for first reading I made it clear they were being introduced so that organizations of the kind that the hon. member talks about would have an opportunity of studying then and commenting on them. I hope those who are interested will comment and make some response before the meeting of the provincial attorneys general which is to be held late in June.

● (1502)

Mr. Woolliams: Mr. Speaker, do I take it from the minister's answer that before second reading—the amendments to the Criminal Code are substantial—the processes discussed this afternoon with reference to my first question will be followed, so that we can intelligently debate these amendments, particulary when we are dealing with pre-trial procedures and other matters?

Mr. Basford: Mr. Speaker, I would not want to make that precise comment, because the reaction to the bills has been generally favourable. I am receiving a large number of requests that they be proceeded with rather quickly. I agree

with the hon. member that there certainly must be time for those interested in the criminal justice system to comment. It may well be that it would be useful to have a second reading debate in the House, but not to deal with this legislation in committee until such time as responses are made.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order regarding government business. Today will be an opposition day, and I would appreciate it very much if the government House leader would designate Tuesday, May 16, and Friday, May 19 as allotted days. We have discussed this informally.

If it is possible, would the government House leader be able to tell us now what the government proposes for the balance of this week and into next week? Is it his intention that we stay with the ports bill, Bill C-6, and then move to the ombudsman bill? If that is the case, can the government House leader tell us what the government intends to bring forward following that?

Mr. MacEachen: Mr. Speaker, in reply to the suggestion of the hon. member, it is my intention to designate May 16 and May 19 as allotted days. On Friday, tomorrow, I would like to call Bill C-4, the report stage of the aeronautics bill and, if there is consent, I would like to proceed with the Maritime Code. I understand there has been discussion, and it might be dealt with tomorrow. If business moves very quickly tomorrow, I will call a number of other bills such as Bill S-9, Bill S-3, and Bill S-2. However, notwithstanding the progress which might be made on Friday, it would be my intention to call the tariff bill, Bill C-48, on Monday, and after that the income tax bill for which notice is now on the order paper.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I want to thank the government House leader for that answer. There is an absence from that list of legislation of the Bank Act, which has been of some considerable interest to us. We have raised the matter in the House. I wonder if that could be dealt with. I understand it is ready in the department.

While I am on my feet, I would like to refer the government House leader to the veterans legislation about which a statement was made yesterday. There is some indication that it would be given some priority. Is that the intention of the government House leader and, if so, when might we see that change to the veterans legislation affecting disabled veterans?

Mr. MacEachen: Mr. Speaker, the bill is now under preparation. I have had talks with the Minister of Veterans Affairs (Mr. MacDonald), and we hope to bring that bill forward very soon, it is to be hoped next week. The Bank Act is getting some finishing touches, and I hope to be able to make a definite statement on that next week also.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I have two questions to put to the government House leader. The first one has to do with the ombudsman bill. Can the minister tell us where it stands on his list?

My second question arises out of the statement of the Prime Minister (Mr. Trudeau) expressing appreciation for the co-operation the opposition has shown in getting certain pieces of legislation through. As the minister will agree, an area where that co-operation has been outstanding has been with respect to veterans affairs. We passed the bill regarding prisoners of war compensation quickly. We have given an indication that we will pass very quickly the bill regarding the basic rate of the war disability pension. Now that we have additional time, and now that co-operation has been demonstrated, will the minister discuss with the Minister of Veterans Affairs (Mr. MacDonald) the possibility of bringing before the House in this session a bill regarding the outstanding issue in veterans affairs, namely, the rule respecting pensions for the widows of veterans?

Mr. MacEachen: Mr. Speaker, I will be glad to raise that point with the Minister of Veterans Affairs. I am not sure what his response will be, but I will raise it.

In connection with the question as to where the ombudsman bill stands, it stands very high on my list, but I would like to deal with the budget bills as quickly as possible. It is because of that desire that I have put these bills ahead of the ports legislation and the ombudsman bill, and I would be in a better position to indicate the order of priorities when we conclude the budget bills.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, before the Deputy Prime Minister (Mr. MacEachen) discusses the matter with the Minister of Veterans Affairs, I invite him to take note of a statement the minister made in the standing committee yesterday to the effect that he and his department are reviewing sympathetically the matter of the 48 per cent rule which applies to the pensions of veterans' widows.

Mr. MacEachen: Yes, Mr. Speaker.

Mr. McGrath: Mr. Speaker, would the government House leader tell us when we can expect legislation establishing the new department of fisheries and oceans? This was promised to us. It is a matter of some importance to us in the Atlantic provinces and, indeed, to those on the west coast. It is a matter which is also causing some demoralization within the Department of Fisheries. Why can we not bring in a bill to legalize what has become a *de facto* situation so that the new department can get on to its organization and on to its very important work?

Mr. MacEachen: Mr. Speaker, the Minister of Fisheries and the Environment (Mr. LeBlanc) has been pressing the same point with me. As in the case of the Bank Act, we have to do some additional finishing up on that bill. I hope it will be possible to deal with it soon, but the principle has already been established, and I understand that a good deal of the transfer

of jurisdiction has already been executed through orders in council. However, there is a remaining portion which may require legislative action in order to ensure that a full-fledged department is established.

Mr. Speaker: I have been given two indications of intentions to participate in questions of privilege, one by the Secretary of State (Mr. Roberts) regarding the point raised a few days ago by the hon. member for Bellechasse (Mr. Lambert), and one by the hon. member for Egmont (Mr. MacDonald).

* * *

[*Translation*]

PRIVILEGE

MR. LAMBERT (BELLECHASSE)—CBC COVERAGE OF SOCIAL CREDIT PARTY CONVENTION IN WINNIPEG

Hon. John Roberts (Secretary of State): Mr. Speaker, last Monday I believe, the hon. member for Bellechasse (Mr. Lambert) raised a question of privilege regarding the CBC coverage of the Social Credit Party convention. I contacted the CBC to get a reply to the question that was asked and this is what I was told.

Last August, the CBC informed the various parties that it had modified its policy of automatic and live coverage of leadership conventions, and that in future it would consider several factors in its editorial decisions for such coverage. There are now several factors to be considered, for example the position that the party occupies nationally, the importance of the convention, the political interest that it provokes throughout the country, the impact of the candidates and of the orientation of their platform, as they appeared throughout the leadership race.

The Social Credit Party convention was to be held in June, possibly in the midst of an election. It was pushed ahead to the beginning of May and was therefore rushed. Candidacies were uncertain until the convention was held. The participation of some important candidates was even doubtful. None of the leadership candidates made a Canada-wide tour. The official nomination of some candidates was apparently made only at the convention.

The French services division of the CBC reported the leadership convention in its radio and television news broadcasts, and decided to review the convention in a one hour peak time program on Sunday night, both on radio and on television. The English television network of the CBC decided to broadcast a half hour special on the convention Sunday night. Monday night, *Newsmagazine* did an interview with the new leader and Mr. Gilles Caouette. Over the weekend, the English radio network aired news bulletins of the convention. CBC reports were comparable to if not better than those of other networks.

[Mr. MacEachen.]

• (1512)

[*English*]

MR. MACDONALD (EGMONT)—NATIONAL REVENUE—LIST OF CHARITABLE ORGANIZATIONS

Mr. David MacDonald (Egmont): Mr. Speaker, I want to raise a question of privilege which has come to my notice in the last few minutes. It concerns an issue of which Your Honour and many members of the House are well aware and which we have been raising over the last few weeks, namely, the recent memo that went out from National Revenue respecting the political activities of charitable organizations. I am glad the Acting Minister of National Revenue (Miss Bégin) is here, because I think this concerns the rights and privileges of all members of parliament.

Hon. members will recall that a couple of years ago when a similar issue was raised, the then minister, now Minister of Employment and Immigration (Mr. Cullen), was in charge of the department and I asked him at that time whether or not it would be possible to have a complete list of the charitable organizations which were registered as having a special tax status with National Revenue. The minister and his officials made it clear that, while they could not provide the list, there was public access to the list and that an official from my office could go to the department and have a look at the list to see who was registered as having that special tax status.

A few minutes ago I was informed that a representative of my office was informed by the assistant deputy minister of Revenue Canada in charge of legislation that this policy has been changed this year and that they will no longer allow public access to their list of charitable organizations. Apparently their reason is that the list contains confidential information. Even apart from that, the official refused to provide such a list with the confidential information taken out, with the simple comment that it was an unreasonable request.

I find it passing strange, in the light of the fact that there has been great anxiety already generated among the community of more than 36,000 organizations in this country about what is the intent of the government with respect to the memorandum which was circulated, and in light of the fact that every charitable organization, to my knowledge, when it raises money indicates in a public way that it has this tax status. I can only believe that this secrecy is not for the protection of the organizations but in some way for the protection of government officials. I suspect that is the reason why the department has changed the position which existed until this year of allowing public access to the list of those who are registered as having a special tax status with National Revenue. I know it is perhaps not possible for the acting minister today to take action to reverse this very serious decision, but I certainly hope the situation will be cleared up shortly because it affects my rights and privileges and, I am sure, the rights and privileges of every member on both sides of the House.

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I would like to thank the hon. member for his courtesy in taking into consideration the fact that I am acting as interim minister. I would therefore prefer to have a 24 hour delay to inquire into the circumstances surrounding what in fact is not government policy but a telephone message to someone in his own office, not directly to himself. I think that by tomorrow we will have had enough time to examine the question in order to give the pros and cons with full knowledge of the matter.

[*English*]

MR. BRISCO—ENVIRONMENTAL AFFAIRS—PROPOSED DIVERSION OF KOOTENAY RIVER, B.C.

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I rise on a question of privilege. During the question period I directed a question to the Minister of State for the Environment (Mr. Marchand). Subsequently another member of this party addressed a supplementary question to the minister, and on each occasion the minister indicated that his pronouncements during the question period, when we are seeking the official position of the government, represent his personal view only which he held before he became a member of the cabinet and which he still holds as a member of the cabinet.

My question of privilege pertains to the fact that the public pronouncements which the minister made to the press, both at Athalmer and to the public in the community of Creston recently, where the minister was on official government business and where he presented a cheque for $55,000 to the Creston Valley Wildlife Management Authority—something that I certainly appreciate—were made in his official capacity. He met these people in his capacity as minister and never once did he indicate to the public that his opposition to the Kootenay diversion was a personal position. The minister succeeded in getting himself boxed in very successfully by questions from our own member. At the same time, while the minister felt that that uncomfortable box was a laughing matter, I can assure him that the people of Kootenay West, and indeed the people of Okanagan-Kootenay, do not consider the Kootenay River diversion a laughing matter.

The following question arises therefore: can the minister, speaking for the government, provide an answer of the nature that the minister has provided when he stated he is giving a personal opinion and not the official government position during the official proceedings of the House, during the question period? Surely members on this side, in addressing questions to ministers are seeking the official position of the government, not the personal opinion of any minister.

If the minister is not providing his personal opinion, then who from among the ministers is responsible for providing the official government position? Certainly the Minister of Fisheries and the Environment (Mr. LeBlanc) is well aware of the fact that his pronouncements with reference to the MacGregor Diversion, when he was responsible for the Department of the Environment, represented the position of the government, in terms of its opposition to the MacGregor Diversion and the reasons for it, when he spoke both in the House and in the standing committee, and I commend him for it. I respect the minister for putting forward the government's view opposing the diversion. That was the position of both the minister and the department, it was the official position of the government. What we heard today, in response to my question to the minister of State, was not an official pronouncement, unless the minister is prepared to rise in his place and confirm that indeed he made an official pronouncement.

I wonder in what position this puts me, the people in Kootenay West, and members of the House who may subsequently wish to put questions to ministers and who become recipients of personal viewpoints rather than the official position of the government.

Hon Otto E. Lang (Minister of Transport): Mr. Speaker, I rise on the same point of order. In the absence of the Minister of State for the Environment (Mr. Marchand), I should like to make a few brief comments. First of all, I think it was rather unwise of the hon. member for Kootenay West (Mr. Brisco) to suggest that the Minister of State treated the issue as a laughing matter. I think the hon. member, as well as many other members of the House, know that the laughter which occurred was a result of a fairly amusing remark made by one of his Conservative colleagues in the House, and not in relation to the issue at all. But whether or not he knew that, the hon. member for Kootenay West knew that the Minister of State for the Environment does not treat any of these issues as a laughing matter.

Obviously it is possible for a minister to have personal opinions and to have expressed them before he became a member of the cabinet, and then to be in the interesting position of having to discuss that fact. Whether or not the minister referred to his statements as personal statements when he was out in the Kootenays may be a question open to further determination. Very often a minister does say that this is a personal opinion, and it is not carried by the press at all. In any case, obviously a minister may express personal opinions and need not always describe them as such, but has to live with whether or not they accord with government policy or decisions made later on.

In this case government decisions will be taken from time to time as the issue arises, in the case of transport, as questions relating to navigable waters are determined, in the question of the environment, after the appropriate analysis and studies have taken place, and then a governmental decision is taken. I do not think that is impeded in any way by the expression of a personal opinion by either a minister or a backbencher on any side of the House.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise on the question of privilege. My contribution will not be long. It seems to me that we are listening to a third theory of ministerial responsibility being enunciated in the House. There is the standard one where there is ministerial solidarity. Then

we have heard the business of ministerial abdication where they stand up and blame others for the mistakes for which they should assume responsibility. Now we hear personal views being expressed by a minister in the field of his responsibility, indicating that it is not cabinet policy. Surely this is an intolerable situation. It throws the whole business of government in this country into a state of utter confusion. It must be resolved.

● (1522)

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I am going by recollection, and of course I would not make a final determination without having the minister make a contribution to the discussion, if he so desires, and checking the exact record. It is my recollection that the minister confirmed today that he had made a certain statement of his own position prior to entry into the cabinet. He confirmed that position today. He did not go on to give a cabinet position. It seems to me he did not state that was in any way in disaccord with the cabinet's position. Simply he said that it was his own position, and that he was not stating a cabinet position at that time. I am still unable to say whether that in any way undermines the theory of ministerial responsibility. I would want to check the exact text of what was said, and particularly the exact text of the question which was put to the minister, and also give the minister an opportunity to state his own position again, in the light of the question of privilege raised.

* * *

POINT OF ORDER

MR. MURTA—TRANSPORT—SHORTAGE OF FERTILIZER IN MANITOBA

Mr. Jack Murta (Lisgar): Mr. Speaker, I rise on a very short point of order. It deals with the very serious lack of rolling stock to move fertilizer in Manitoba at this critical time. Because my motion under Standing Order 43 was turned down today, because of the crucial situation where fertilizer dealers in Manitoba will be out of fertilizer this week end, and if the Minister of Transport (Mr. Lang) does not see fit to respond to my point of order, is he able to inform the House, no later than tomorrow, as to the government's intention in terms of taking some of the existing rolling stock and using it for transporting fertilizer over the next few weeks?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, on that point of order I should like to indicate to the hon. member that I would have been glad to have a question on that point. One of the problems regarding the Standing Orders is that if a motion is worded so that it urges the Minister of Transport to take certain vigorous action, and the Minister of Transport has already done so, then there is apt to be some objection on this side to that motion being adopted unanimously and leaving the impression that there is a great deal more to be done.

[Mr. Munro (Esquimalt-Saanich).]

The problem in question of the shortage of cars results from some very serious peaking of potash movements all across the country. It is one of which both I and the railroads have taken very serious account. We have done what can be done at this point to attempt to obtain additional cars, and to make sure they are available in an equitable fashion for various destinations throughout the country.

ROUTINE PROCEEDINGS

[*English*]

GRAIN

TABLING OF CORRESPONDENCE BETWEEN PREMIER OF ALBERTA AND PRIME MINISTER

Hon. Roméo LeBlanc (for the Prime Minister): Mr. Speaker, I have been asked to table, on behalf of the Prime Minister (Mr. Trudeau), under Standing Order 41, copies of correspondence in both official languages between Premier Lougheed of Alberta and the Prime Minister concerning Canada's future export grain marketing strategies.

* * *

PETITIONS

REQUEST FOR ACTION TO DEAL WITH OBSCENITY

Mr. Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the thirteenth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Provencher (Mr. Epp), and finds that it meets the requirements of the Standing Orders as to form.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 1,198, 1,392 and 1,495.

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

[*Text*]

CUSTOMS

Question No. 1,198—**Mr. Cossitt:**

1. Was an American tourist, Mr. Donald Berven, charged by the RCMP under Section 205 of the Canada Customs Act in July 1977 and, if so, was he fined $8,599.18 and given receipt number B 197635?

2. Was the charge and fine levied because he entered Canada on a two week vacation from New Hampshire without registering his car and mobile trailer with Canada Customs at his point of entry and, if so, is it policy to levy a large fine for such items that will be leaving the country at the end of a vacation?

3. On examination by senior departmental officials was it found that the charges should or could have been laid under Sections 18 and 180 of the Canada Customs Act and whether or not charges should or could have been laid, is the government prepared to have its legal experts examine the matter?

4. What is a complete explanation of all details of the case?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of National Revenue and the Solicitor General as follows: 1. No (See answer to part 4).

2. Not applicable. (See answer to part 4).

3. See answer to part 4.

4. In August of 1976, Mr. and Mrs. Donald Auby Berven entered Canada at St. Stephen, New Brunswick, as returning Canadians and were allowed to enter all their possessions duty free. In September, 1976, one month later, during a trip to the United States, Mr. Berven purchased a 1973 Airstream travel trailer and a 1976 G.M.C. truck in the United States. In May, 1977, at the conclusion of another visit to the United States, he entered both vehicles into Canada by telling the Canada customs at the border crossing that he was an American tourist visiting Canada. In fact, the Bervens were residents of Canada since August, 1976 and Mr. Berven was gainfully employed in Canada. In view of these facts they were subject to the same customs laws as any other Canadian resident. Thus, the G.M.C. truck and Airstream trailer were seized by R.C.M.P. investigators under section 205 of the Customs Act as being unlawfully imported into Canada. Mr. Berven was not charged under section 205 of Customs Act, but rather, the goods were seized under section 205 of the Customs Act.

On July 19, 1977 the G.M.C. truck and Airstream trailer were released to Mr. Berven, pending final decision, on a deposit of $8,599.18, representing double duty and single taxes. Receipt number B197635 was given.

Mr. Berven, on his own initiative, flew to Ottawa and requested a meeting with members of Revenue Canada on February 14, 1978. After a thorough discussion of the matter, decision was rendered forfeiting $3,153,36 of the deposit and returning the balance of $5,445.82. The amount returned represented the applicable duty and tax since Mr. Berven presented information that the trailer and truck had been returned to the United States and would stay there.

UNEMPLOYMENT INSURANCE COMMISSION

Question No. 1,392—**Mr. Dionne (Kamouraska):**

1. From 1975 to December 31, 1977, did unemployed persons claim unemployment insurance at the Unemployment Insurance Commission's Office in (a) Rivière-du-Loup (b) Lévis and, if so, how many?

2. For the same period, did the Appeal Board receive appeals from claimants of the two offices and, if so, how many and how many decisions were (a) upheld (b) modified?

3. For the same period and the same offices, did officers of the Department of National Revenue (Taxation) make decisions concerning the insurability of employment and, if so, how many and were any modified following an Appeal Court hearing and, if so, how many?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Employment and Immigration and National Revenue as follows:

	1975	1976	1977
1. Yes.			
(a) Rivière-du-Loup	12,508	12,013	11,649
(b) Lévis	40,946	38,477	31,358
2. Yes.			
Rivière-du-Loup			
Total heard	284	364	189
(a) Allowed (upheld)	57	105	56
(b) Adjourned (modified)	26	37	23
Lévis			
Total heard	598	987	1,195
(a) Allowed (upheld)	110	141	170
(b) Adjourned (modified)	47	128	133
3. See list below.			

	Rivière-du-Loup				Lévis			
	1975	1976	1977	Total	1975	1976	1977	Total
Ruling requests from Unemployment Insurance Commission to National Revenue, taxation (Quebec district office)	36	55	117	208	212	476	362	1,050
Rulings issued by National Revenue, taxation to Unemployment Insurance Commission: —insurable	21	24	63	108	116	301	248	665
—not insurable (a)	15	31	54	100	96	175	114	385
Appeals to Minister of National Revenue from Unemployment Insurance Commission decisions (a) above	9	12	9	30	64	64	61	189
Minister of National Revenue Determination: —insurable	1	7	3	11	22	33	26	81
—not insurable (b)	8	5	6	19	42	31	35	108
Appeals to umpire from Minister of National Revenue determination (b) above	1	1	2	4	4	3	5	12
Umpire decision: —insurable	0	0	0	0	0	0	0	0
—not insurable	1	1	1	3	4	3	2	9
Umpire appeals pending	0	0	1	1	0	0	3	3

Fisheries

ROYAL CANADIAN MOUNTED POLICE

Question No. 1,495—**Mr. Oberle:**

At the time of General Dare's appointment, what RCMP officers were at, or one level below, his level of appointment?

Hon. J.-J. Blais (Solicitor General): Mr. M. R. Dare was appointed director general, RCMP security service, (deputy commissioner equivalent) on May 1, 1973. At that time, there were three deputy commissioners and fifteen assistant commissioners on the strength of the force.

[*English*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—NECESSITY FOR CONSULTATION ON FISHERY POLICY

Mr. Lloyd R. Crouse (South Shore) moved:

That this House condemns the federal Minister of Fisheries for his failure to consult and co-operate with provincial fisheries ministers and fishermen prior to establishing arbitrary rules and regulations which are harmful to the fishermen, and for his failure to develop a positive policy for the protection and development of the Canadian fishing industry in order to derive maximum advantage for Canadians from the extended jurisdiction.

He said: Mr. Speaker, I welcome this opportunity on this opposition day to comment on a number of problems presently facing the fishing industry. When looking over recent events which have occurred within the industry, I cannot help but be concerned over the statements and the actions of the Prime Minister (Mr. Trudeau) and the Minister of Fisheries and the Environment (Mr. LeBlanc) as they relate to this important industry.

It is obvious that Liberal supporters are very much concerned during an election campaign about how fishermen may vote, and then the promises come as thick and as fast as the capelin run off the coast of Newfoundland. However, after the election is over, the promises are soon forgotten. This is obviously Liberal policy. We should always remember that it was the present Prime Minister who called Liberal supporters "idiots" and who said that the political philosophy of the Liberal party is simplicity itself: "say anything, promise anything, think anything, but please put us into power." This scheme has worked very well for the Liberals quite a number of times.

From looking at the polls, it now appears that the electorate are unhappy over the manner in which they have been manipulated. Equally it is obvious that they plan to do something about it, if they are given an opportunity.

We in the Progressive Conservative party are not the only ones concerned over present Liberal fisheries policies. For example, at the recent Liberal policy convention held in Ottawa, between February 24 to February 26, the following resolution was adopted:

That there be co-ordinated development of the fisheries within the regions of Canada.

Even the Liberal party realizes that there is not a comprehensive and co-ordinated fisheries policy in Canada. For this reason, the Minister of Fisheries and the Environment should be censured. The Minister of Fisheries and the Environment appears content to rest upon the laurels of obtaining the 200-mile limit. If one were to believe the Liberal propaganda of the time, the limit should have been implemented at least five years earlier. We believe the attainment of the 200-mile limit was only the first step. Much more needs to be done for the rehabilitation of our fisheries.

At the Liberal policy convention this spring, delegates cried out for a co-ordinated fisheries policy. It is no wonder they did so, especially when one looks at the recent legislative record of the Trudeau government. During the past two sessions of parliament only two bills were introduced and passed pertaining to fisheries. However, one of these, the small craft harbours bill, allows the minister to set unrestricted licence fees for the use of these harbours. My colleagues and I requested that the minister bear in mind the high unemployment and low income levels of Atlantic Canada and to defer any introduction of licence fees for at least five years. However, this reasonable request was howled down and voted down by the Liberal party.

When speaking of the Trudeau legislative record, it is worth noting that we are still waiting for the promised legislation which will create a separate department of fisheries. In February the Liberal policy convention felt that a separate department was imminent. One resolution which passed read as follows:

We applaud the decision of the government to create by an act of parliament a separate department of fisheries, and recommend that the new department have a strong mandate in the management of the fisheries and oceans, with the resources and manpower it requires.

● (1532)

The latter sentence is a point which we have been advocating in this House for years. It is little wonder that many commentators describe the Liberal policy resolutions as being nothing more than direct steals from Conservative policies. As

I said before, we are still waiting for this legislation from Pierre the procrastinator. Interestingly enough it was the Trudeau government which in 1970 needlessly ended the existence of the separate Department of Fisheries. And then what happened? During the 1974 election the Prime Minister—I think at that time he was in Digby, Nova Scotia—when he found that the heat was on one of his candidates promised at the time that he would recreate a separate department. Does this sound familiar? Of course after the election the promises were forgotten. That election was 1974, and this is 1978, and still today we are asking, "why has this not been done in this House four years later?"

The promises of this government for a separate department are nothing more than empty promises. An effective fisheries policy requires successful management, and quotas form the basis for the successful management of the 200-mile limit. However, sound quotas rely upon good research. For example, we believe the minister and his scientists overlooked an important fact when establishing the 1977 quotas for capelin and squid.

Fishermen complain about the excessive catches of these species, because they believe they provide the food for the other groundfish in the sea. Of course they do provide food for the cod, which is one of the main fisheries resources that must be restored. Cod in the fishing industry is king, and every effort must be made to restore this particular species. In 1976 the quotas on capelin and squid were 480,000 tons and 99,000 tons respectively. In 1977 they were increased to 500,000 tons and 104,000 tons respectively.

By permitting excessive catches of capelin and squid by foreign fleets, the minister is contributing to the continued decline of our over-all fishing stock because many of our important fish stocks will eat their own if capelin and squid are not available. Yet, only a week or two ago in committee when we raised the question about quotas on squid and their availability, the scientists and representatives from the minister's department said that they do not know if squid live longer than a year and a half, or two years. They admitted in committee that they really know very little about the life cycles of these two important fish species that feed the other fish.

More scientific research is necessary. We need to know what kind of changes in abundance and distribution occur as a result of natural environmental factors. We need to know the interdependence between fish stocks, the distribution of the stocks both vertically and horizontally at any given time, and when and where various fish species spawn. The minister has admitted in his speeches that we are not fully geared up in terms of research for a 200-mile zone. More trained people, more research vessels, and more laboratories are needed. I do not know of any place in the world where he has a better opportunity to get these things.

We have a million people unemployed. We have shipbuilders and scientists looking for work, and why does he not get on with the job? Despite his admission, the research and management budget for the Department of Fisheries and the Environment was increased by only 10 per cent to $21 million, and scientific manpower will be reduced by 16 for the budget year 1978-79.

The minister shakes his head. I stand to be corrected, because they are making alterations every day of the week. They have read the Gallup polls, and they know they are on the skids. They will now be digging into any pot they can find in order to raise some funds and establish some new programs. Some of the statistics which I am reporting and which come from the estimates books and other sources may be inaccurate in light of recent changes they have made in an effort to please fishermen—"please come back to the fold, please vote for us and please keep us in power."

This minister's attitude and the Liberal government's negative attitude to scientific research, I submit do not augur well for the future. This government has allowed expenditures to the foreign investment review agency to increase by 34.8 per cent and expenditures to the National Arts Centre to increase by 17.8 per cent. We are now subsidizing this organization for $10.4 million annually just "to see the show". Expenditures to the CBC have been increased by 11.8 per cent to $522 million, $10 million a week. This same government, however, cannot find sufficient additional money to carry out fisheries research.

We on this side believe that more fisheries research is essential for the future prosperity of the fisheries. We believe more money should be made available for research, and cutbacks in the above mentioned areas could provide these moneys. This viewpoint was also shared by the industry, for it was in evidence recently in the discussions held at the fisheries council meetings in Quebec.

Our commercial fish landings of 1,136,000 tons are less than one tenth of those of the leading producer of food from water, namely, Japan, which landed something like 10,620,000 tons. I am speaking from memory now and the minister can correct me, but I think we are sixteenth among the world's nations in so far as catching capability is concerned. Our catch represents approximately 2 per cent of world fisheries production. While these comparisons are interesting, they do not adequately describe the importance to Canada of food from water. It is more meaningful to say that many coastal regions are completely dependent on the commercial fisheries. It is more meaningful to say that a large scale production of a great variety of aquatic foods helps to meet the demand for protein in human diets.

We are seeing a shift of emphasis at present away from competitive exploitation of wild resources toward intensively managed fisheries resources. I believe that this gradual shift will continue, and in the long term aquaculture will play an ever-increasing role in the growth of fisheries. At present world production of fisheries from wild resources appears to be levelling off at about 70 million tons, while aquaculture, at six million tons, is still growing. Aquaculture is very important in many areas of Canada, and especially important to my colleague, the hon. member for Central Nova (Mr. MacKay), who has told me that scallop fishermen in the Northumberland

Straits have some definite ideas for aquaculture development, if only the minister and his officials would consult and listen to them.

I believe that in the long run world trends in aquaculture will be followed in Canada, but to help bring this about we need a shift in our scientific program. Why, for example, should our scientific studies simply be a repeat of studies carried out by other countries? Surely, some effort should be made to have a quarterly, bi-annual, or annual scientific periodical prepared in which our scientific information on ocean studies and fisheries resources could be exchanged with friendly, co-operating nations.

To ensure that long-term research is not sacrificed for short-term needs, Canada needs a separate identity for fisheries research. We have had the Fisheries Research Board of Canada in operation for something like 75 years. I submit that now that we have taken over an area of the continental shelf one-third the size of Canada, the Fisheries Research Board and its activities must be reorganized and strengthened, and it should be encouraged to exchange fisheries data and facts with our friends internationally. Our bilateral agreements—I am sure the minister is well aware of this—cover this point, but I ask the minister are these agreements working? The machinery is there to hold scientific consultations with countries like Norway, Russia, Japan, Poland, Spain, and Portugal, to name but a few, but are these agreements operative?

I wish to turn now to another aspect of the Canadian fishing industry, namely, fleet development. I believe if we are to take full advantage of quota increases we need to start now on a program of rebuilding the Canadian fishing fleet. In the past, foreign fishing fleets often outfished Canadian vessels because of their modern equipment. In contrast, the newest vessels in the Canadian fleet are eight to nine years old, if we exclude the two scallop draggers that were launched only last week in Pictou.

Rebuilding the fleet was also a topic of discussion at the recent Liberal policy convention. Two resolutions were passed which urged, and I quote:

> That the government direct financial assistance to expand the fishing industry, and
>
> That the government participate in the program to make funding available for the building of new inshore fishing vessels.

● (1542)

It will be interesting to see whether pressure from the Liberal rank and file will have any more impact or effect on the minister than the arguments of the Atlantic premiers and the fishing industry, and the arguments of the fishermen themselves. Obviously these well-meaning Atlantic Canada Liberals fired up the minister because he decided to tell them where they could go. Only four days after the Liberal convention, the minister, in a speech to the Herring Fishermens Marketing Cooperative, on March 2, in Saint John, New Brunswick, stated among other things:

> The people who want to double the fleet are well meaning, they have just failed to examine the facts.

[Mr. Crouse.]

He also said that fleet expansion is only one of the mixed up ideas in the air. The minister has obviously picked up some rather bad habits from his leader, a leader who said to paraphrase him, that when members of parliament are five feet away from Parliament Hill they are nobodies. Obviously the Minister of Fisheries believes that when Liberal delegates are away from Ottawa they are nobodies and have mixed up ideas.

The minister's indifference not only applies to Liberal convention delegates, the so-called grass roots of his party, but applies as well to anyone who dares oppose him and his policies.

On April 26 the Halifax *Chronicle-Herald* carried a screaming headline on the front page—"Nova Scotia Has No Say In Policy", and the article read in part as follows;

> The federal fisheries department has not honoured its pledge to seek more consultation and co-operation with the provincial fisheries department and local fishermen, fisheries minister Dr. Dan Reid said Tuesday.

Two days later the same Liberal provincial fisheries minister moved a resolution in the Nova Scotia legislature condemning the undue and harsh federal fisheries department regulations that were imposed, without consultation, on Nova Scotia fishermen. Finally, when these representations were ignored by the federal minister, Premier Gerald Regan, Canada's most western Liberal premier, sent a telegram to the Prime Minister protesting the arbitrary actions of the minister in the strongest possible terms. It is my understanding that the Prime Minister invited Mr. Regan to come to Ottawa to sit down with him and the Minister of Fisheries. It is also my understanding that Premier Regan told him where he could go, and it was not to Ottawa.

Last Friday we noticed that the usually genial minister was absent from his seat. He was dragged haltingly, grudgingly, belatedly, screaming down to Halifax to meet with Premier Regan where he finally agreed—

Mr. LeBlanc (Westmorland-Kent): That's not true.

Mr. Crouse: The minister said that is not true. He had better argue that one with the press because there is a picture of him smiling with Premier Regan, on the front page of the Halifax *Chronicle-Herald.* All is sweetness and light; all is honey and roses. The minister finally agreed to review his arbitrary regulations.

The minister cannot say he was uninformed of the fishermen's concerns. I and my colleagues in this House raised the matter on numerous occasions, and time and time again in committee. On April 28 at page 4971 of *Hansard* my question is recorded. I simply asked the minister to consult, rather than confront, Canada's fishermen. His response is a classic of arrogance and indifference. I could hardly believe my ears. The minister replied:

> As for the complaint of the minister from Nova Scotia, I really must say that we cannot have negotiations with fishermen's groups, with processing groups and with provincial governments and then try to synchronize all of these every time we have to make a management decision. It is obvious that in the case of the management of the stocks the federal government, which is responsible—and, by

the way, which has to carry the can when there is a disaster—will continue to assume that responsibility, even if it means that at times provincial ministers are not satisfied.

So much for consultation. What colossal gall! This is nothing more than jackbooted, bully-boy, dictatorial tactics. It is "Alice in Wonderland" thinking. It is as if they say, "Everything we say, or order, or do, is right because we say it is right, and any one of you fellows who disagrees with us is nothing more than a separatist." That is what we get from the other side these days.

This minister and this government should know, but they have obviously forgotten, the primary rules and purpose of democracy. They have forgotten that they were elected to serve their fellowman—not elected to enslave him.

It was not only the premier of Nova Scotia who had to wire this minister. On May 9, Premier Bennett of British Columbia wired the Prime Minister and asked him to get with it through his Minister of Fisheries and help ease some of the problems on the west coast. This minister has consistently opposed the rebuilding of the Canadian fishing fleet until quotas or stocks have fully recovered. He has stated in his speeches that a rebuilding program would put pressure on him to increase quotas prematurely. I say this need not happen if it were the Canadian share of the over-all quota which was increased at the expense of the foreign share and not an increase in the over-all quota. After all, Mr. Speaker, it was the minister who said that the foreign fleets would only be allowed to catch those fish which are "surplus to our needs".

Mr. LeBlanc (Westmorland-Kent): That is right.

Mr. Crouse: The minister says that is right. I say to him that by not building now the result will be the foreign fleets will make the greatest headway in future quota allocations.

I sometimes wonder if the right hand in this department knows what the left hand is doing. The minister's views on rebuilding the fleet are not shared, for example, by the federal Atlantic regional director general of the fisheries and marine service, Mr. Douglas Johnson. Last August when addressing over 150 delegates attending the Atlantic fisheries technological conference in Halifax, Mr. Johnson is reported as stating that the development of non-traditional fishing of such species as squid and silver hake will generate hundreds of onshore and offshore jobs in the Atlantic region. When making that statement Mr. Johnson knew that these soft species of fish can only be caught with freezer trawlers. The minister's views on freezer trawlers are not shared by Mr. Eric Nowe, business agent for over 1,000 Nova Scotia fishermen, who stated on Saturday, April 29, that the province's fishery will go nowhere unless it expands into freezer trawler fishing of non-traditional species.

I believe we need to develop a Canadian capability in new fish species, otherwise these species will always be surplus to our needs, available only to foreigners, and our people will continue to be unemployed. I believe that within the next five years we need a minimum of five freezer trawlers with the capability of catching and freezing species such as silver hake, round nosed grenadiers, Argentine, squid, capelin, and offshore mackerel, which must be frozen as quickly as possible upon removal from the sea. Practically all of these species are presently being given away by this Liberal government under bilateral agreements as surplus to our needs.

The minister shakes his head. He should get together with his own officials. I raised this question in committee only last week. I wonder how many members of this House are aware of what we are talking about in weight? In reply to my question, Dr. May, director general of resource services, stated that Canadians have been allocated a quota on the Scotian Shelf of silver hake of 17,200 metric tonnes for 1977, which he admitted is a substantial amount in light of the fact that catches of this fish are almost zero. Those are his words. If the minister does not like them, he can argue with his own officials. We have the same quota for 1978, and without a Canadian fleet of freezer trawlers our catch will again be zero. Dr. May also stated we have a quota of 1,000 tonnes of round nosed grenadier, a quota of 25,000 tonnes of squid, and an allocation of 60,000 tonnes of capelin. Anyone familiar with the fishing industry knows that in these figures lies a whole new industry for Atlantic Canada.

Dr. May went on to say that the difficulty in acquiring a capacity to exploit these underexploited species is the presssure such an operation will put on the fishing of more traditional stocks. What seems to be ignored is the fact that whenever we bring in foreign freezer trawlers under any arrangement in an effort to take some of these under-utilized species, we automatically put fishing pressure on the more traditional species, which appears to me to be a penny wise and pound foolish fisheries policy. The quotas are there; they are allocated to Canada, so it only makes common sense to build at least a few freezer trawlers in order to capitalize on this resource.

• (1552)

The foreign fleets are obviously not as keen on conserving our fish stocks as is the Minister of Fisheries. As he is well aware, there are rumours of "juggling" quotas within our 200-mile limit. There is also an apparent escalation of fishing effort just outside the 200-mile limit by countries which may be flying flags of convenience.

There are reports of Mexican, Venezuelan, and possibly Spanish flags in evidence just on the fringe of our 200-mile zone, and their operations may well not be in accordance with rules laid down by the International Commission for North Atlantic Fisheries prior to the implementation of NAFO, the organization which replaced ICNAF.

We must ask ourselves what this new threat does to fish stocks that cross over the 200-mile zone and why we are so reticent in providing new job opportunities in the fisheries for Canadians. According to all reports, many people in Atlantic Canada are still looking for work. In April the seasonally adjusted figure for the Atlantic area was 13.2 per cent. I submit that construction of some freezer trawlers would provide meaningful employment, ashore and afloat, for some of these people.

The minister has pointed out that the government does have a fishing vessel subsidy program for new vessel construction and refits. However, the budget for this program has remained constant over the past several years, while inflation has sent vessel costs skyward. Clearly, the funding is inadequate. That is why we have proposed the establishment of a fisheries development fund from which grants and loans would be made available for ship refits as well as for new vessel construction by the inshore fleet or for freezer trawlers.

On shore, this fund could provide assistance for the construction of freezers or holding depots for fish. By being able to freeze more fish, processing plants could operate year round, providing needed employment in our maritime regions.

It is obvious, when looking at the 1977 landings, that steps must be taken immediately to capitalize on all our fisheries resources. According to preliminary statistics for 1977, and if these are not correct I hope the minister will update them, fish landings showed a tremendous dip from 1976. For Canada as a whole, fish landings dropped by 37 per cent, from 2.4 billion pounds in 1976 to 1.7 billion in 1977.

In yet another field, the boundary problems on both coasts are yet to be resolved. On Georges Bank, we urged the government to consider seriously a joint management scheme with the United States. The Atlantic premiers and New England governors agreed to such a scheme in June, 1977, but unfortunately to date this matter is unresolved.

In still another area, if fishermen are to benefit from increased catches, our marketing efforts have to improve. We should and we can expand our markets in other world areas, specifically in Europe and Japan. The Japanese are anxious to buy more fish since they have lost vast areas in which they formerly fished prior to the extension of the 200-mile limit. Mitsunori Yoshida, a representative of Japanese fisheries, says the Canadian fishery offers a great hope for his countrymen who annually consume ten million metric tonnes of seafood. This offers a tremendous challenge to Canadian entrepreneurs.

It must be obvious from what I have said that I believe there are great opportunities being offered today by the fishing industry. However, it is obvious, I also believe, that in order for the industry to achieve its full potential there must be clear-cut, long range government policies which will permit the individual fisherman, the entrepreneur, and the private sector to plan properly for its development.

I have stated a number of important areas where I believe government policies are incorrect, unclear or non-existent. As a result of this situation there is a feeling of inertia and uncertainty throughout the entire industry which has significantly diminished the ability of the private sector to plan ahead, and to secure the benefits which should be available to stimulate the Atlantic economy.

We on this side believe that control over the fishing industry must be retained by the federal government. However, in carrying out the many functions that go with this responsibility, such as establishing the total allowable catch, the allocations for the inshore fishermen, the offshore fishermen and foreign vessels, the issuing of fishing licences, and assistance in rebuilding the fleet, to name but a few functions, there is no reason whatever for the lack of consultation with the provinces on these matters which have a vital impact on their local economy and their way of life.

The federal government must assume an important role in the over-all development of the Canadian fishing industry. However, the industry is like a diamond, with many facets, It has many aspects whose development can best be carried out by the private sector. While I believe the government should improve its surveillance and coastguard capabilities, I do not believe, as a supporter of free enterprise, that the government should own or operate processing, handling, or cold storage facilities.

Government should not become engaged directly in marketing fish products or in the operation of commercial fishing vessels. These activities should remain—

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but his time has expired. The House may be disposed to let the hon. member continue beyond his time. Is there consent for the hon. member to continue his remarks?

Some hon. Members: Agreed.

Mr. Crouse: I thank the House. I shall endeavour to finish within a few minutes.

I believe these activities should remain with the private sector, the individual fishermen or fishermen's organizations, or co-operatives or private companies incorporated to fill this particular role. When the minister states that he and his government intend to play more than a supportive role in these fields, he simply compounds the uncertainty created by his own government's lack of policy.

What the fishermen and the industry are crying out for today is a clear statement that the government does not intend to intervene in the areas which I mentioned and that it will stick primarily to its support role.

A supporting role should not only cover a policy of investment allowances or tax remission when freezer trawlers are built, but the Income Tax Act should be used to stimulate a policy of fleet replacement. Some of our shipyards are already closed and the valuable skills of the shipbuilders, once lost, are not easily replaced. So that our inshore, as well as our offshore fishermen can plan ahead, we need a policy for licensing inshore and offshore vessels which will maintain some balance in the catching capacities of these two segments of the industry.

In areas where there are definite signs that the inshore fleet is growing, where there are father and son teams, and where the small local communities are almost entirely dependent on the fishery, policy must be established which will ensure that the opportunities for growth in those areas are recognized.

This government should realize that equipment used at sea, on salt water, deteriorates very quickly. Fishermen should therefore be permitted not only a regular write-off of ships and

equipment, but a special allowance which could be used towards the cost of replacement. If this policy were followed, the industry could generate a much larger amount of the capital required for fleet replacement and it would be less difficult to secure investors throughout Atlantic Canada for the construction of inshore and offshore ships.

Since the present minister and this government have not come forward with any progressive policies along the lines I have mentioned, I have moved, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That this House condemns the federal Minister of Fisheries for his failure to consult and co-operate with provincial fisheries ministers and fishermen prior to establishing arbitrary rules and regulations which are harmful to the fishermen, and for his failure to develop a positive policy for the protection and development of the Canadian fishing industry in order to derive maximum advantage for Canadians from the extended jurisdiction.

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, one of the difficulties in responding to the remarks of the hon. member for South Shore (Mr. Crouse) is that he persists in repeating some of the misinformation or misunderstanding which I have tried to correct during question period. Either he does not read, or does not choose to read the answers. A case in point is on the question of freezer trawlers. I made it clear to him, no later than yesterday, that I would be quite willing to look at licences for freezer trawlers if proposals were made covering only under-utilized species but did not expand the existing fleet and the existing pressure on the stocks.

● (1602)

The hon. member also chooses to ignore the research program we put into effect in preparation of the 200-mile zone, probably the most extensive of any country of a size comparable to that of Canada, indeed, superior to programs of countries whose area is much larger. He continues to spread scare stories to the effect there is total disorder and chaos outside 200 miles. He refuses to recognize it is due to extraordinary efforts on the part of my officials and of ministers involved that we have succeeded in obtaining recognition of Canada's special interests outside of 200 miles.

I could go into such questions as capelin quotas. The hon. member gave the figures only for the two most recent years forgetting, of course, to give the figures which show a dramatic reduction in the catch of capelin over the last five years. Recognizing that the supply of cod has dramatically increased, there is obviously a need to conserve the food which they utilize, capelin. This becomes a high priority.

As for my meeting with Premier Regan, the actual picture belies the "screaming and kicking" image which the hon. member used. I said, in fact, that I was ready to meet the premier or any of the ministers he might assign for a meeting, but it would have to take place in Ottawa because I was held here by cabinet meetings on Tuesday and Thursday of last week. Alternatively, on my way to the great Liberal convention in Fredericton I would be happy to go to Halifax. This I did, and it was a very productive meeting. That is reality, not press speculation.

The hon. member opposite has placed a motion before us which takes me to task for my so-called failure to consult and co-operate with provincial fisheries ministers and fishermen. If I have failed to do either, the hon. member from South Shore and myself are using different dictionaries.

To my mind, consultation with provincial ministers of fisheries is precisely what took place last Friday when I met with the premier and with the fisheries minister of Nova Scotia in an effort to find an equitable solution to the dilemma facing Digby scallop fishermen. Consultation is the precise purpose of the meetings of the Offshore Ground Fishery Advisory Committee which are going on right now in Halifax. That committee is made up of senior representatives of the provincial fisheries departments concerned, senior management of the federal department, representatives of fishermen's associations and the industry. Consultation is the reason I shall not be able to stay in the House throughout today's debate, since I am committed to meeting with the British Columbia Wildlife Federation and hearing the views of the federation at its annual meeting in Chilliwack. I can assure the House that neither of these two examples was conveniently arranged to coincide with the present debate and provide me with an easy answer to the hon. member's charges. They show that the mechanisms for consultation are not only in place but are being utilized.

I could give many more examples which burst the bubble of the motion placed before us, but I shall not ask the indulgence of the House while I go through the list. It would take up my allotted time, and more. Instead, I wish, with your permission, to table documents which outline those mechanism for consultation and co-operation—some 28 pages for consultation in Canada alone, including, of course, examples of the types of meetings in which I have been engaged over the months.

Mr. Deputy Speaker: Does the House give unanimous consent for the minister to table the documents to which he has referred?

Some hon. Members: Agreed.

Mr. McGrath: We would prefer to have the minister with us for the whole of the debate, but that is second best.

Mr. LeBlanc (Westmorland-Kent): Thank you, Mr. Speaker, for allowing these facts to be put on the record. They are important. There are many mechanisms for consultation which are available affecting provincial governments, various sectors of the industry, processors, fishermen, and other interested parties.

As I have said and documented, Mr. Speaker, consultation between all aspects of the fishing industry is an ongoing and valued aspect of the management of this nation's fishery by this government. Not only are we engaging in consultation but we are making sure that the department is as close as possible to the fishermen.

I wish to touch briefly on the degree of decentralization of the fisheries management of the regions. Since I assumed

responsibility for the fisheries in 1974, my department has moved increasingly toward further delegation of authority for fisheries management to regional fisheries. I am proud to point out with respect to the fisheries component of the department that more than 94 per cent of the personnel work in areas outside the national capital region. The Treasury Board task force on decentralization indicates that this is one of the most decentralized organizations in the federal government. Not only have we decentralized our personnel, we have given them the necessary authority to take decisions and to react to problems on the spot.

In the last five years we have established regional directors-general in six major Canadian fisheries regions. These positions are staffed by competent senior executives who are in close touch with the fishing industry. Reporting to them in many locations are area managers who, again, are given responsibility for taking local decisions.

I am personally very proud of another decentralization measure which I instituted. It is the appointment of community service officers who live and work in fishing villages. These officers work closely with fishermen interpreting federal fisheries policy and regulations, helping them cut through red tape and, equally important, feeding in their point of view. I think these are all examples of effective consultation.

But in accepting and encouraging the consultative process I must also keep in mind another truth, that is, the reality that consultation is no guarantee for unanimity. We might as well resign ourselves to the fact that there will always be competing interests and objectives. The federal authority for fisheries is the clearing house for these divergent views, the mediator for conflicting opinion and, ultimately, the decision maker. The federal authority also carries the can if things go wrong, and I did not hear the provinces yelling too loudly to join in when the going was rough. Decisions have to be made somewhere, by someone, and I, sir, not the hon. member opposite nor the president of a provincial fishermen's association, nor even a provincial minister of fisheries, have to make those decisions. And I have to answer for those decisions in this very House. The constitution clearly places that responsibility in my hands and I believe, without reflection on my person, that this responsibility is placed as it should be.

As all members of the House are aware, a great deal of time and energy is spent in resolving boundary and quota disputes between ourselves and our neighbours to the south. I am frankly less eager to see that same time and energy being expended at the provincial level.

If fish grew roots I would be willing to give a fair shake to the argument some provinces are currently expounding that they should have a greater role in decision-making affecting fisheries management. Fish, Mr. Speaker, are not trees. And for the converse reason, forestry is not a federal responsibility. Some stock, for example the Atlantic salmon, migrate past five provinces. If we were to hand those five provinces five knives—or perhaps I should say five fishing poles—to divide up that resource, I am afraid their five hooks might end up in each other's eyes.

There can be no movement from the premise that the common property of the living resources of the sea requires federal management. That does not preclude, and the documents I have tabled prove we have not precluded, the important role of the provinces in working with the federal government or their role in relation to the processing industry, in education and training for fisheries, and in matters such as providing good roads and water supplies to serve the fish plants.

● (1612)

An encouraging, positive step in that vein is the increased recognition of fisheries in some recent provincial budgets. In addition, shared optimism toward the future of the fisheries appeared clearly at the first ministers' economic conference in February where, for the first time, fisheries was included among the sectors of the economy to be discussed and became publicly identified as a major and growing sector of the economy.

This same confidence is also evident in the decision of this government to restore fisheries to its rightful place as a separate government department, a move, I am pleased to note, which was greeted enthusiastically by hon. members opposite. I hope, now that that other decision has been taken, we can move diligently to bring forward the legislation.

Let me touch for a moment on just what it is we have to be enthusiastic about. The fishery today represents a billion dollar industry which in the last four years has increased its production value by 55 per cent, increased its export value by 65 per cent, and taken control of 630,000 square miles of resources, which means it can double its supply of raw material. Today's fisherman is earning an income 50 per cent higher, in real terms, than he could ten years ago.

We are at last approaching the day when we can say that Canada's oldest industry is one of its best. An industry formerly fraught with instability and low return can, if we sensibly and carefully develop the management regime to reap the best benefit from extended jurisdiction, become one of the mainstays of this nation's economy. We must, however, not be blinded by this bright future before us. We must not forget the lessons learned from past mistakes. Time and time again high hopes, messages of promises and zealous enthusiasm, have seduced us into grand failures. This is what we must avoid in fisheries. No one wants to add the 200-mile zone to the list of broken hopes.

There is no doubt in my mind that the sure way to shatter that hope is not to have a national approach in developing policies and management of a national resource. We will only avoid discord, costly collisions and fragmentation of effort, by a common acceptance and sensitivity to a goal which is wider than provincial boundaries and local considerations.

I have to say that the so-called current difficulty with the provinces is much more evident in reading newspapers and listening to the hon. member for South Shore and the hon. member for Central Nova (Mr. MacKay) than it is in my

personal dealings with my provincial colleagues or with fishermen.

Mr. McCain: You don't deal with them.

Mr. LeBlanc (Westmorland-Kent): The cries we are hearing today for increasing provincial responsibility for fisheries management were not heard when prospects for the industry were bleak. This is really a case where victory has many fathers, and defeat is an orphan.

Our final goal, which must not be lost sight of, is simple. It is to make fishing a profession which will be as attractive to the next generation as it is starting to be to our own. It is to create a self-sustaining industry which can give to its fishermen the benefits enjoyed by all other organized professions in our society, which is security of income and security of employment. It is to give the shareholders of the companies involved a reasonable expectation of return on their investment and, foremost, to give the coastal communities—the small coastal communities—in whose name we argued for the 200-mile zone, the assurance that they will be served first.

We must assure them that their needs will be met first and that the right of the many will not be sacrificed for the privilege of the few. There are, by the way, some sure-fire ways of ensuring that the inshore fisherman, who deserves the most from extended jurisdiction, is going to get the least. Let us look, for example, at the much touted plans for fleet expansion. No doubt, to handle the increased ground fish on the Atlantic coast we will have to have replacements for some of the aging sectors of the fleet, and eventually, with stocks recovering, perhaps some expansion, but I do not see the need for panic button expansion. Between 1959 and 1974 the tonnage of larger Atlantic vessels over 50 gross tons multiplied by five, that is, increased by 500 per cent. The Atlantic catch of all species went up only about 10 per cent. The little old fleet of the 1950s was catching almost the same amount of fish because there were more fish to catch.

The present ground fish fleet of larger vessels has the capacity to take half again its present catch and provide better incomes, if we increase the number of fish in the water and if we increase the catch rates. If we do it the other way around, that is, increase the fleet first, we are like a man looking over his exhausted woodlot who, instead of planting more trees, is spending his money on more chain saws to cut the shrubs.

There are opportunities for expansion in fishing capelin, silver hake, Argentine, and grenadier, the so-called under-utilized species. Federal subsidy and licensing policies are geared to encourage diversification into these species, but I can only reiterate what I told the hon. member for South Shore yesterday in this chamber, and that is that the economics of fishing these species seem to attract the Canadian industry about as much as fishing for sun fish or sea cucumbers. The day may come for silver hake and the like, as it came for the lobster we once used to fertilize our fields. In fact there are some signs that we can develop under-utilized species, as we have done with squid for the past couple of years, but the fact is that my desk is not overloaded with applications for licences—which I would grant—to catch those underutilized species which our industry has not always found economic to catch.

I know that some people, mostly from outside the fishing industry itself, are impatient with the cautious federal approach to fleet expansion, but have reasons for this approach. We have bitter memories of disasters as a result of over-hasty developments, and I cite herring on both coasts as an example. There are also good examples of fleet development which resulted from private initiative working in a good framework. The salmon fleet and the herring fleet on the west coast are good examples of organized and well disciplined development.

I might add with regard to the progress we are seeing in the 200-mile zone that we have a dramatic salmon enhancement program. This program will double the present level of the catch on the west coast. It gained cabinet approval because it promised money and profits for Canada and for it fishermen, plant workers, and the industry in general. These profits have been based on holding the line on over-expansion in fleets or over-expansion in processing to avoid dissipating the gains that were made.

The simple argument against holus-bolus expansion of our fleet is to examine what improved catch rates on our existing fishing vessels will mean for fishermen. They are who we are here to serve, and I see no faster road to disaster for them than to forget the very simple rule of thumb that biology cannot keep up with technology and that the wealth of the oceans cannot yet match the greed of man.

I have made my position very clear on many occasions. We have before us the opportunity to become one of the world's largest exporters of fish products by value, or the owner of the largest fish warehouses in the world. That is one of the reasons we attach great importance to marketing. We have to recognize that Canadians fish for dollars rather than for food supplies. The extension of fisheries jurisdiction by Canada and many other nations has brought major structural changes in world markets, and Canada's need for new and expanded markets, both for traditional and non-traditional species, clearly necessitates national policies and initiatives.

I want to take this opportunity to commend the formation of the Canadian Association of Fish Exporters, which will become known as CAFE, and of the British Columbia Seafoods Group.

Mr. Friesen: Mr. Speaker, I wonder if the minister would allow me to ask a question on the matter which he has just covered. Would he mind if I asked a question now, or would he prefer me to wait?

● (1622)

Mr. LeBlanc (Westmorland-Kent): I would prefer it if the hon. member would put his question at the conclusion of my remarks, although I am in the hands of the House. But if he does not object, I would prefer him to put his question at the end.

As I was saying, I commend the creation of an association of processors in a marketing organization, and I expressed the same satisfaction with the creation of the west coast group. The more market intelligence, promotion, and development I see, the more positive I will be about the future of this industry. The federal government has helped to instigate CAFE, and to see the positive results of its marketing effort will be most reassuring. But our interest does not stop there. We will keep an eye on this organization to see where we can assist it. It may be that eventually we will ask parliament to help it, as other nations have helped their marketing organization, with a legal framework.

There is just not enough time for me to touch on all the examples that are available to show the extent of the federal government's involvement in this industry. Such an overview would quickly and effectively dispel any truth there is in the words contained in the motion which prompted this debate, that there is not a positive policy for the protection and development of the Canadian fishing industry to derive maxium advantage for Canadians from the extended jurisdiction.

Let us look at some of the facts. In 1974 Canada took 34 per cent of all fish caught off her Atlantic coast. In 1978 Canada has 53 per cent of the total allowable catch, and most of the remainder is non-traditional species, such as capelin.

In 1974 Canada took 34 per cent of traditional groundfish, such as cod and haddock. That figure has risen to 69 per cent of the total allowable catch in 1978 inside and outside the 200-mile zone. When we allow for allocations to the United States and the French islands of St. Pierre and Miquelon, and for allocations of stock either exclusively beyond 200 miles or straddling the boundary, foreign nations have only 13 per cent of the traditional groundfish, and those allocations are almost entirely in the northern areas.

I think I must inject some realism into what has already been said by the hon. member for South Shore, and no doubt what will be said by other opposition members as this debate continues.

We must face the future of the fishing industry with all our expectations in line with our opportunities. There must be a balance between the vested interested within and between provinces. I think I have been very tolerant amidst the swirl of misinformation and opportunistic public statements which have been coming at me and my department over the past months.

Mr. Munro (Esquimalt-Saanich): I rise on a point of order, Mr. Speaker. It is a small point of order. The minister has just been giving figures for 1978. It is my impression that we are now at May 11, 1978. I wonder how he can produce figures for 1978 at this point in the year.

Mr. LeBlanc (Westmorland-Kent): I am afraid I did not quite understand the hon. member's question. The allocation between nations, between fleet types, etc., are set a year in advance in the fishing plan which was triggered on January 1, 1978. I will check in case I misinformed the hon. member and I will obviously put the facts on the record.

Perhaps the hon. member for South Shore has done me a favour by presenting his motion today, thus giving me the opportunity to set the record straight.

I need only turn to the controversy over the seal harvest to cite an example of where the tide was turned on misinformation. I can only say to those who would see themselves as the Brian Davies of the Atlantic fisheries, that they should be prepared to have their arguments stand up to close scrutiny.

I am willing to consult, as I indicated before. I think the paper I have tabled showed that I am willing to consult. I am consulting, but I ask that those with whom I deal understand the federal position. Because fish laugh at borders, federal fisheries must cross those borders. When many interests are at play, being responsible to all means you can never satisfy all. Trying to do so—trying to tell everyone what they want to hear, and granting every request—would be the end of our hopes for management of the fisheries.

Sometimes the decision that is best for all is bitter to the few; that is sad but is unavoidable. The lesson of history is that fisheries management never takes care of itself; it needs management that makes sense on an over-all level. To the provincial spokesman arguing for more jurisdiction over fishing, I can answer that I will not abdicate lightly the power given by the constitution, the same power that in the last four years enabled the federal government to take such strong action in getting the 200 mile limit and in rescuing and reinvigorating major sectors of the industry.

Some hon. Members: Hear, hear!

Mr. LeBlanc (Westmorland-Kent): I might mention also the attitude I sometimes encounter, that consultation with the provinces should mean automatic adoption of their views, even when their individual views differ, for example, the jealous claims to reserve all the fish migrating near a province for that province, a claim that flies in the face of every principle of national unity or of sensible management of the fishing industry.

Recently I read in the *Financial Post* someone's remark that fish did not come from Ottawa, it came from God. I do not know what fisheries act applies up there, but I do know my responsibility as custodian of the resources of the seas on behalf of the people of Canada, and I intend to maintain clearly the lines of responsibility. The fish belong to the people of Canada and are managed and allocated on their behalf by a department responsible to this parliament. The fishermen are licensed to catch the fish. I see them as being free to sell fish with a minimum of constraint and a maximum of organization to protect their interests, but I see constraints, for example, as no wholesale selling over the side without some processing in Canada. I see the processors as making their own decisions as to processing the raw material they bought and selling it on the open market, again only with such constraints as will be in the interests of the whole country.

Fisheries have become a bit of a bandwagon. Sometimes I suspect that if fishing and fisheries could survive when few governments were interested, except for the federal government, and when many people ignored their existence, it may survive this renewed interest when there are many people who would like to take over the wheel of the wagon. My colleagues, especially my parliamentary secretary and others, will cover other aspects of the fisheries. I am thinking in particular of the international dimension and of inland waters. The fact remains that my predecessor of many years ago—I am flattered to have been compared to him at one time—the Hon. Jim Sinclair, once said this is a great portfolio and he would have no other. After three and a half years in charge of that portfolio, and despite our differences of views at times, I still think that this is a fabulous portfolio and I would not ask for any other for a good time to come.

Some hon. Members: Hear, hear!

Mr. Friesen: Mr. Speaker, in the four years that I have been here, the salmon enhancement program to which the minister alluded has spawned more public statements than it has fish, and he has brought it to the fore again today. I was just looking at a letter I received from a new organization related to the salmon enhancement program called the B.C. Task Group, which I believe the minister organized. On the surface at least it looks like not a bad idea. I should like to ask the minister a question regarding one sentence in the letter which reads:

In other words, the salmon enhancement program has a built-in public involvement process that makes sure that more than just the civil servant has input to, and responsibility for, its success.

● (1632)

This is calling upon community people from all professions and levels of society to help fisheries officials implement the salmon enhancement program. I am concerned about whether this will be a community process. Will it have any power of decision-making? Will all of the provided information go into the Department of Fisheries and the Environment? What will happen if the department does not like the information and decides on a policy which the involved local people do not like? Is there any way for these people, who are closest to the work and immediately affected by it, to have a possibility of reversing the decision made by officials of the Department of Fisheries and the Environment?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, at the risk of scooping myself, I should like to indicate that I will have a fair amount to say on this very question tomorrow at Chilliwack. As the hon. member may know, suggestions have been made that the programs should be in the hands of the management board, with financial responsibility resting with the minister because of the expenditure of public funds. The fact is that this management board will have a majority of non-governmental employees. It will represent all the user groups such as sport and commercial fishermen, wildlife organizations, the public at large, et cetera.

If the hon. member reads the remarks I make tomorrow, he will find that my statement is very positive concerning the involvement of the public at large. One of the most attractive features of this program is the very wide acceptance, interest and involvement of large elements of the public. This should be continued and reflected in the management board.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Winnipeg North (Mr. Orlikow)—Medical Research Council—Funds for research; the hon. member for Hillsborough (Mr. Macquarrie)—Airports—Construction of facilities at Charlottetown—Alleged delay for economic reasons.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—NECESSITY FOR CONSULTATION ON FISHERY POLICY

The House resumed consideration of the motion of Mr. Crouse:

That this House condemns the federal Minister of Fisheries for his failure to consult and co-operate with provincial fisheries ministers and fishermen prior to establishing arbitrary rules and regulations which are harmful to the fishermen, and for his failure to develop a positive policy for the protection and development of the Canadian fishing industry in order to derive maximum advantage for Canadians from the extended jurisdiction.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the hon. member for South Shore (Mr. Crouse) has rendered a useful service to the House by presenting a motion which permits a discussion on the fishing industry. The fishing industry is becoming an increasingly important factor in the economy of Canada.

The Canadian fishing industry is geographically divided between the Atlantic coast and the Pacific coast. Consequently, the New Democratic Party has had a member from the Atlantic coast on the Standing Committee on Fisheries and Forestry, the hon. member for Cape Breton-East Richmond

(Mr. Hogan). He will take part in the debate later and will discuss the situation in the Atlantic area. Our representative from the west coast is the hon. member for New Westminster (Mr. Leggatt). Not only has he been a very active member of the Standing Committee on Fisheries and Forestry, but he has attended various international conferences on the law of the sea. He has played a very useful role in this regard. Unfortunately the hon. member for New Westminster had a commitment in his own constituency. He is flying back to Ottawa and perhaps will be here in time to participate in the debate tonight. Therefore, I am taking his place by being lead-off speaker.

I make no pretension whatsoever at being an expert on fisheries, nor have I ever been a member of the Standing Committee on Fisheries and Forestry, but I have spent many, many hours sitting on the docks and talking to the fishermen of my constituency. I have travelled a good many miles with them through the Gulf of Georgia, the Strait of Juan de Fuca, and up into some of the northern waters. Therefore I have had many opportunities to talk with them and listen to their complaints. I want to say to the minister that these fishermen have complaints. Fishermen like farmers are not born bellyachers. They do not tend to complain all the time. Most of the time they accept the vicissitudes of life with great equanimity. I have listened to their complaints and have attempted to pass them on to the minister.

The Minister of Fisheries and the Environment (Mr. LeBlanc) is one of the more competent ministers in the government. He is one of the ministers with whom one can take up a problem and be assured that it will be given prompt attention. He may not be able to do what one asks him to do, but he is very assiduous in the discharging of his duties.

Some hon. Members: Hear, hear!

Mr. Douglas (Nanaimo-Cowichan-The Islands): I have always found him approachable and willing to listen to reason. He is a great improvement on some of the ministers of fisheries and the environment we have had. Certainly he inherited a sorry mess. Some of the things I will say are not said as a direct reflection on him, but on a lack of policy over a good many years. However, the minister ought not to take too much comfort out of statistics, as he tended to do this afternoon. He spoke about the incomes of fishermen being 50 per cent higher than they were ten years ago. If the minister will take the trouble to look at the cost of fuel for ships, buying ships, licences, operating ships, and the cost of living, which has risen a great deal more than 50 per cent over the last ten years, he will find that the real incomes of fishermen have not kept pace with the general state of conditions in the economy as a whole.

Briefly, I should like to enumerate some of the complaints I have received from fishermen in my constituency. The first complaint deals with the boat licensing system which was inaugurated by Mr. Jack Davis. I remember when it happened. I remember hon. members of the New Democratic Party took strong exception to it. Our objection was based on a number of grounds. Our first ground was that it was not being done by an act of parliament and there were no regulations. One of the difficulties with the Department of Fisheries and the Environment is that so much of the actions taken by the department are passed on to the public through press releases, ministerial statements, and ministerial orders. Very little of the actions are in the form of regulations passed under an act which can be examined minutely, so that a person knows with certainty what his or her rights are. That is one complaint we had about the licensing system. It is still true that there is a very vague area surrounding the entire area of boat licensing.

We objected to the boat licensing system when it was inaugurated because we were convinced that it would develop a trade in licences, that licences would become commodities. Certainly that is true. Every other week end when I return to my constituency, fishermen or young men who want to become fishermen are in my constituency office telling me of the fabulous figures they have to pay to buy a licence. It almost costs as much now to buy a licence as it does to buy a boat. Virtually this precludes many young men from getting into the fishing business at all. I realize the objective was to keep down the number of people in the fishing industry because of conservation. That was understandable, but I should like to say that it was rendered on the basis of the pocketbook, and it has not worked satisfactorily.

● (1642)

The worst criticism when the plan was introduced, and it is being demonstrated every day, was that it would lead to an increasing concentration of fishing in the hands of a smaller and more elite group and eventually into the hands, in large measure, of the fish processing industry. There is a good deal of dissatisfaction with reference to both licensing systems. There is a good deal of need for either the fisheries committee of the House or a task force to re-examine it and put it in proper legislative form in such a way that there is not this trading in licences.

The second complaint I get from the fishermen in my constituency is that we are being out-manoeuvred in our talks with the American negotiators regarding our fishing rights. They feel, and I must say that I share their feelings, that our attitude in negotiating with the United States has a cap-in-hand posture about it. I noticed that even in the discussions in the House on Monday when my colleague, the hon. member for Oshawa-Whitby (Mr. Broadbent), and myself yesterday, were asking questions about whether or not we should make it clear to the President of the United States that if the Americans are not going to carry out their commitments under the proposed reciprocal temporary agreement, Canada will have no choice but to follow a similar course of action.

Immediately the Prime Minister (Mr. Trudeau) talks about threats. Surely it is not a threat to say if two parties have reached an agreement, and one party decides to renege on that agreement, it is no longer in effect as far as the other party is concerned. All we are asking is that the Americans be reminded that the proposition works both ways, but we are accused of

trying to threaten the Americans the moment we ask the government to stand up and make it clear that we Canadians have rights as well.

The minister in reply to a question from the leader of this party last Monday about retaliation said that it should be noted that last year when the Americans put some restriction on our fishermen we reacted by keeping their shrimp boats out of our waters. It is true that the government stopped the shrimp fishing off Tofino last year for the American fishermen, but it is equally true that we stopped it for the Canadian fishermen when conservation restrictions were placed on shrimp fishing so that on the grounds of conservation they could say to the United States that "neither of them are fishing and we are not really retaliating".

There has been a series of retreats in this whole matter of negotiating fishing rights as between the United States fishermen and the Canadian fishermen. I would like to remind the House that we once had a fish war between Canada and the United States. This afternoon the minister referred to Mr. James Sinclair, who was one of the best ministers of fisheries we have ever had in Canada. In the 1940s when he was minister of fisheries the Americans decided to fish very heavily on the fish that normally go up the Fraser River. Mr. Sinclair ordered all the west coast fishing boats in the Strait of Juan de Fuca to intercept the fish which would normally be going to American waters, and it did not take very long for the Americans to realize that it was not a very productive kind of confrontation. The result was that they came to their senses and began talking business. I can still remember Mr. Sinclair's statement to the effect "We do not want this fish war, but when you plead and ask and request and get no answer, then you have no recourse but to take some steps."

All the fishermen are really asking for is a feeling that we are prepared to stand up and fight for them, not to be belligerent or to ask for more than we are entitled to, but just not to be pushed around. We have an example right now in this 1978 proposed interim agreement. It is the height of absurdity when we, by executive order, announce an agreement which has not yet been ratified by the United States Congress, leaving the whole proposal open to court action by any group in that country. This is what has happened. The report is that the United States west coast fishermen have told the United States Senate committee that they propose to drop the charges on the understanding that the United States officials will not allow Canadians to expand into more salmon trolling areas off the United States west coast as is promised and proposed in the Canadian-U.S. 1978 agreement. I do not know whether the American government will give them that concession, but if they do I assume that our Minister of Fisheries will stipulate that what we gave under the 1978 agreement will also be set aside.

Surely there must be a better way to work out relations between the two countries with respect to fisheries other than to have Canada in the ridiculous position of having by executive order agreed to a certain policy only to find that the policy is not effective because it has not been ratified by the United States Congress. If we are going to accept an agreement with the Americans, then that agreement ought to come into effect only when it has been ratified and we would not be placed in the ridiculous position which we are in at the present time.

The fishermen do not know where they are at. On Monday the halibut season opens, and the representatives of the Department of Fisheries have told the fishermen on the west coast to go up to the Alaskan waters to fish, and hope that the Americans do not raise any objections. However, as long as the interim agreement has not been passed by congress there is nothing to prevent anybody from getting an injunction to stop them. This is a very embarrassing situation and a very clumsy way in which to carry on negotiations between the two countries because, if the Americans insist on going back to the 1978 interim agreement, it will mean our fishermen will not be able to do salmon trolling in the waters off the coast of Washington. Or if they do it will be in an area which was restricted by the agreement reached last year to allow the Americans more offshore area in return for the fact that they are giving more inshore area to their native Indians.

This was a bad decision, and many of the fishermen's organizations argue that it lost them 40 per cent of their potential catch. I am not in a position to say whether that is accurate or not. What bothers them most is that they keep insisting they have never been consulted about this. It is true they are asked to come to meetings in Ottawa or that a meeting is held in Vancouver and they are told a few things there, but the real decision about the final agreement has only come to them after the fact.

● (1652)

In the time I have left, Mr. Speaker, let me say that the thing that is causing the fishermen the most concern at the present time is the question of the negotiation of fishing boundaries with the United States. I tried to follow the negotiations and I have to say that I think the Canadian government, to use the language of the street, has "blown" this matter of boundaries. Canadian negotiators are taking the legalistic position of the equidistant line, whereas the United States is arguing for the maximum or trench system, which I understand they are arguing against on the east coast. The minister will say that the position we are taking is without prejudice. That is a good lawyer's position, but everyone who has ever negotiated knows perfectly well that when you go before an arbitration board it will not just look at the documentation but at the positions the two parties took originally. If they have to look at the trench proposal and the equidistant line proposal we will have already lost a good deal of the fishing potential to which we think we are entitled.

We fear there is a strong possibility that the boundary line will be brought down as far as Hecate Strait and Dixon Entrance. If it is, it will deny west coast fishermen of a good deal of the area upon which they have depended for their livelihood.

I hope that sometime soon the minister will tell the House the extent to which the fishermen's organizations on the west

coast have had an opportunity to contribute some input to these negotiations regarding boundaries. I do not mean being asked to a meeting and given a free lunch—I mean a real input about the extent of meetings with Mr. Cadieux and having someone sitting in on the discussions, or even in an anteroom, who could be consulted during the discussions. This is important to them. It is their livelihood, and not just for today or tomorrow but for the years ahead.

I conclude by saying to the minister that if he were to listen to the message from the fishermen who ply the waters of the Pacific coast he would hear them saying they want more consultation, they want to feel they have his ear, that they have access to the Canadian negotiator who is determining what their fishing areas will be in the future. They want consultation, Mr. Speaker.

The second thing that I say on their behalf is—

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

Some hon. Members: Agreed.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I just want to finish my sentence. I think the fishermen would say to him—and I say it on their behalf—that he must put some backbone into the negotiators who are acting for Canada. The United States' negotiators have been very clever—the United States have always been good negotiators and good traders, as we know to our cost if we look at our history. The fishermen of this country expect the minister to see to it that those who represent Canada and speak for the fishermen in these negotiations, show the kind of backbone needed to ensure that in the future the fishermen of the west coast get a fair deal and a fair share of the fish to be caught in the Pacific Ocean.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, I thank you for giving me the opportunity to participate in the debate generated by the motion of the hon. member for South Shore (Mr. Crouse). I want to congratulate the hon. member because fisheries, an area of utmost interest to me, represent with the implementation of the 200-mile zone a substantial economic development potential for the Maritime provinces and eastern Quebec. Before discussing the hon. member's motion I would like to make a few remarks about the Minister of Fisheries and the Environment (Mr. LeBlanc), not because he is not competent, as the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) suggested earlier, but because he is a man I admire, a loyal and open man and I am convinced that he gives a lot of his time for the advancement of fisheries in Canada.

However, as the minister suggested, the Gaspé area is the most underprivileged area in eastern Quebec. Its fisheries are today its door to the necessary development to its economic survival. On April 25 last in Gaspé an economic summit on maritime fisheries was organized by the Quebec government where it and all other interested organizations were represented, except the federal government which was conspicuous by its absence. Is that as a result of the war of nerves the federal government has been recently waging in Quebec? It seems to me that childishness has lasted long enough. So I take exception to the fact that the federal government which has considerable input in the fisheries policy should not have considered appropriate to delegate a representative to that economic summit vital to my area. It seems to me that when the minister and the officials of his department consider it appropriate to participate in various regional meetings in the Atlantic provinces, they could have done the same thing in Gaspé.

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, I would not like at all to leave on the record an assertion which may not be accurate and this is why, further considering the problem of the relations with one province in particular, I should say that we were invited to send the deputy minister who, unfortunately, was held by another meeting. We suggested sending the regional director in the province of Quebec, who has a high ranking position in my department. We were informed that only people at the deputy minister or assistant deputy minister levels were invited, not as participants but as observers. So I think the hon. member should know the exact facts.

● (1702)

Mr. Allard: I thank the minister for his explanations. Of course, as he will recognize himself we had some reason to know why the representatives of his department were not there. I thank him.

Mr. Speaker, this criticism goes in the same direction—except for the one relating to the representation in Gaspé—as the motion moved by my colleague, the hon. member for South Shore (Mr. Crouse), as he also deplores the lack of co-operation and consultation between the federal government and its provincial counterparts. Although the 200-mile zone limit is an unprecedented asset for the eastern part of the country in particular, it seems to me we should establish at any cost a global policy, a policy of cohesion involving both the provincial and federal governments. I am convinced of the minister's dedication to the development of fisheries in Canada but it appears clearly to me that we do not draw all the benefits we should from the extension of our fishing limit to 200 miles. For example, for 1977, when the 200-mile limit was introduced, our catch for all species in the Atlantic area were only 58 per cent. As far as the catch of so-called traditional species is concerned, namely those we fish intensively, the figure was 76 per cent, which is an increase over 1976 of only 14 per cent. I seems very low to me.

The minister has announced to the House that for the current year foreign quotas would be almost exclusively made

up of species which we do not exploit much such as silver hake, capelin, silver-fish, roughnose grenadier and so on. I am quite happy that foreign involvement in our traditional fisheries in Canada has been almost eliminated but we should make a breakthrough in fishing for the non traditional species which I have just mentioned. Those resources belong to us and I think that diversifying our fishing products would help stabilize that industry.

Of course, successful management of our fisheries requires that we make sound decisions on exploitation and preservation of stocks. One just has to look how herring has been overexploited on our coasts to realize it. So we must tread softly and not repeat past mistakes. That is why we cannot let foreigners exploit some species because we have no ship equipped for that kind of fisheries or there is no substantial demand for those species. At that state, it is up to government agencies to promote catching of less known species in assisting fishermen who would to get involved in this fishery, in finding markets and in stimulating the domestic demand with advertising and information campaigns. We do that already for dairy products and eggs, so why not for fish? I realize also that from January to September 1977 we imported quantities of codfish, salmon, silver-fish, herring, crab, lobster and some other species which are abundant within our waters and that such imports amounted to close to $70 million.

Is this situation due to bad marketing or bad forecasts? It should be noted that these species are fished mostly in the Atlantic, in our waters, and that they come back to us as finished products. Mr. Speaker, $70 million is not a sum to be taken lightly, especially in an area like the Gaspé peninsula. It is therefore imperative not only to ensure our share of foreign markets, but also to protect our domestic market because of the present level of competition on world markets.

I believe that to take advantage of the increased stocks of groundfish on the Atlantic coast, we should refit our fishing fleet, which is becoming rather obsolete. In this regard, I am concerned by the fact that Quebec received nothing under the Fisheries Improvement Loans Act between July 1977 and December 1977. It is necessary to offer good credit facilities to allow our fishermen to equip themselves for new fisheries outside our traditional fishing industry and to allow them at the same time to remain the owners of their boats. Finally, we should improve the lot of our inshore fishermen who have been hurt in the past by the depletion of the cod stocks. I am happy that in 1978 the inshore fishermen will receive 80 per cent of the cod quotas in Canada. This is a step in the right direction.

Sea fishery in Quebec provides employment for about 100 communities along the Gaspé coast, on the north shore and in the Magdalen Islands. It provides employment for nearly 6,500 fishermen and just under 1,500 people in processing plants. Unfortunately, there now exist certain difficulties, including smaller catches and aging of the fleet. It is therefore important for my area that in the next few years there should be a development policy to increase and stabilize the income of fishermen as well as employment in the sectors of processing and marketing.

I therefore ask the minister not to favour certain areas of the Atlantic region at the expense of others. It seems to me that the Gaspé peninsula has suffered enough from the indifference of governments as concerns its economic problems. The Gaspé people must have their share. Mr. Speaker, even though the minister has in general showed great interest in helping our fishermen develop a prosperous industry, it still remains that there is a lot to be done to guarantee that our resources will not be unduly exploited by foreigners at our expense. The sea is a reservoir of countless resources and will remain our great strength if we learn to preserve and develop systematically those resources.

In conclusion, Mr. Speaker, I would like to point out to the Minister of Fisheries and the Environment (Mr. LeBlanc) that as far as the staff is concerned, it is still difficult for the employees of the Department of Fisheries and Environment to work in their native tongue, especially on account of their low percentage of representation, that is 13 per cent, as well as the low rate of bilingualism among English-speaking employees, as mentioned in the last report of the Commissioner of Official Languages. Consequently, I would urge the minister to cope with the linguistic inequality by increasing the percentage of French-speaking employees to a fairer level to provide better services to French Canadians.

[*English*]

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I am honoured to have had the opportunity to second this particular motion today because it gives me another opportunity, unfortunately an opportunity that we have to come back on again and again, to underline the shortcomings of this government. I regret that we have to return so often to a theme in the fisheries-environment area with which we have dealt on numerous occasions before, that is, the government's inadequacies.

Since the government persists in disregarding advice offered to it, suggestions made from this side of the House, smug and satisfied that its own ways are best, I have no alternative but to return to the charge, because I am satisfied from some of the borrowings that have come from the policies enunciated on this side that those policies are the correct ones. Furthermore, in other areas, notably in criminal justice, the Post Office and the economy, this government has proceeded on its own course, smug and satisfied that its own ways are best, in total disregard of the advice offered to it from this side of the House and from a somewhat less subjective perspective. Look at the results: a crime rate that makes Canadians, even here in Ottawa, uneasy about going out at night. We read reports daily in the newspapers and hear them over the air. We have a Post Office where morale is so low that the mail is being delivered in an offhanded, negligent manner, and an economy that has about as much resilience as a flat tire.

Today we hear of a third theory of ministerial responsibility enunciated by the Minister of State (Environment) (Mr. Marchand). Aside from the present minister, to whom I give a fair amount of credit, what makes us feel that this government is going to act any better as a government in this area than it has in any of the others? In these circumstances it is the opposition which, though without the power to change the direction, is called upon to point in the direction to which we should be heading. It is up to us to set the gyro in this desert land where landmarks are so few, and get the caravan of state moving toward a predetermined destination.

● (1712)

There is one feature of the government's failure to govern which imposes a certain restraint upon responsible critics such as I happen to think I am. In the circumstances now prevailing, at this very moment when negotiations have reopened in Ottawa to determine the rights and responsibilities of Canadian and American fishermen on the west coast, it is extremely difficult to underline the longstanding failure of the administration to prepare itself for the burden which would result from this assumption of responsibility, if only for fisheries management, for the 200 mile zone. I do not want to weaken the bargaining hand of the Canadian negotiatior at this critical juncture. I know what problems he is facing, what odds. But it is the fault of the government for failing to provide him with sound and credible grounds from which to bargain.

The hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) mentioned the government's failure to put some backbone into the negotiating team. I maintain that it ought to have been put there ten or 15 years ago when the 200-mile limit was looming before us. But what do we find? We find that the enforcement machinery is not in place. There is no sign of its being put in place even today. Ought it to come as a surprise, then, that there should be an injunction from the American courts preventing Canadians from deriving benefit from an interim agreement?

I wanted to ask a couple of questions today. I wanted to know whether the government intends to accept any dilution of the rights agreed upon under that interim agreement. After all, an interim agreement is, nevertheless, an agreement. We understood it was an agreement. The Americans, apparently, do not think it is until it has been ratified. Is the government prepared to assure us that it will not accept any dilution of the rights agreed to in that document, and prepared to take reciprocal action in the event Congress should block the treaty?

Further, should we decide on such action, do we have the means? That is where the great difficulty arises. It is the ineptness of the government over the past ten or 15 years which has brought us to this pass. I refer, of course, to the barely adequate enforcement machinery in the hands of the government in terms of accepting the responsibilities it assumed in extending Canadian jurisdiction. Government spokesmen maintain it is adequate. I maintain it is not.

[Mr. Munro (Esquimalt-Saanich).]

The government contends we are talking about an international agreement, or a bi-national agreement, and that enforcement should be conducted by the flag state, that is, an offender would be judged in his own courts for an offence committed on the territory of the other state and that, in consequence, all that needs to be done is notify the flag state of an infraction, in the case of a foreign fisherman, leaving the imposition of sanctions to that state. In other words, a United States fisherman, even if he were caught in Canadian waters fishing illegally, would be brought to justice and penalized in the courts of the United States. A Canadian fisherman doing something wrong in American waters would be brought to justice by the Canadian courts.

It is extremely difficult, when one has completely inadequate enforcement machinery, to produce evidence in court to prove there has been an infraction of an agreement involving over-fishing or fishing in prohibited areas. To do so requires evidence taken on the spot by enforcers of agreements. I contend that the necessary measures should have been under construction during the past ten years when we knew we were headed for the 200-mile limit. All we do now is to notify the flag state that one of its ships is in breach of the agreement. We do this, presumably, on the evidence of overflights. But get the picture of a ship rocking on the waves somewhere out at sea! Mr. Speaker, I do not recall seeing the latitudes and longitudes marked on the waves. And that is what one has to prove.

Enforcement by the flag state is really no way of enforcing jurisdiction. And I don't want any smart cracks from the other side about us getting our act together, suggesting that fisheries spokesmen on this side are always talking about spending money while spokesmen for finance are always calling for restraint. I am talking about government policy over the past ten or 15 years. The government has done nothing during all that period. I could reel off on the fingers of my two hands the names of all the enforcement vessels on the west coast, and probably, using two hands and my feet, the number of tens of people there are to operate those boats. We hear that on one occasion when the salmon season was opening one ship was unable to sail because of engine trouble, another was in dry-dock, and a third could not find a crew to go out to sea. Those were the three coastguard vessels. When were they built? The first in service was built before some of the hon. members sitting in this chamber were born. It was built in 1932. Sure, she is up for auction at the moment. The most recent one was built in 1967, 11 years ago, and nothing I know of is going on the stocks.

Ten years ago our negotiating teams were in New York, Geneva, Venezuela, negotiating the Law of the Sea, knowing full well the time was coming when we would go to 200 miles. Still, nothing is on the stocks. There is nothing in the estimates, now, to provide for the vessels we need. I think it is scandalous.

Is it any wonder we are in trouble on the west coast? What about the Dixon entrance? Why cannot our negotiators secure something sensible and realistic? Why are we not taking every

step necessary to get Canadian rights off the Alaska panhandle to Canadian-bred fish breeding on their way back? Those are American waters, but do Canadian fishermen have any rights in those areas? No, because we cannot enforce those rights.

● (1722)

The parliamentary secretary knows what is happening. We are losing some fishing area there which we have claimed for a long time. We claim it, but we claim it with nothing to back up our claim. We do not back our fishermen up. We do not back our negotiators up, and it is high time there was something put into the estimates to back up our international negotiators and our fishermen.

The command structures we have are completely at sixes and sevens. They are not properly integrated. There are military, police, customs, fisheries, and research vessels out at sea at different times and in different places, but they do not have the power at all times to do fisheries patrol work. If they should find someone out of place, they do not have the power to use that as evidence. Not even out to the 50-mile limit do we have that.

It would surprise the House to learn that a commander of one of our service destroyers has to get special powers from the Minister of Fisheries and the Environment (Mr. LeBlanc) to stop a vessel. I think that is outrageous. He should have that warrant at all times. By contrast, at last count the U.S. coastguard—and I looked up some figures this morning which are about a year old—has 124 deep sea vessels, some with the capability of doing 29 knots. They have 36,300 men in their service, and there are 12,300 miles of coastline to patrol and defend. That 36,300 figure is just about half the size of our armed forces.

Where has this government put its priorities? We have 17,800 miles of coast line, and with the 200-mile limit we have increased our responsibilities over a third of our territory. What do we have by way of back-up to enforce our jurisdiction? We have nothing like what we need. Is it any wonder that we are in trouble when we are negotiating? We have had a very smart and good team negotiating at the Law of the Sea conference. I give that team full credit. We have a shrewd and capable negotiator dealing with the Americans. There is no question about that. We have made some yards on the international front in many areas, but on bilateral negotiations we have been going through with a whimper because we cannot back our negotiators up properly. Is there cause for concern? I think there is, unfortunately.

Fishing in British Columbia is an important industry which is worth defending. There are serious problems confronting the industry. Between 1976 and 1977 fish landings decreased on the Pacific coast by 19 per cent, about one fifth, from 383 million pounds to 322 million pounds. That was the Canadian catch. The Japanese, Russian, Polish and Korean landings were something else again. Prices were firm, and that is good. That is not the problem. Take-home pay was good, but poundage was bad. This could mean trouble in the years ahead, and we have got to know somehow or other whether the problem is the result of foreign fishermen or declining stocks. These are important problems.

I now come to the question which was raised by my colleague, the hon. member for South Shore, when he talked about research. Yes, there has been some research. Much of it is going out by contract to individual private companies. That is fine, as long as there is no patronage, and one wonders.

I have here a document which indicates that $12 million worth of research has been going out to private companies in the last couple of years, more than $6 million a year. Some of that money went toward getting public reaction to the salmon enhancement program. There is no need to spend money learning public reaction. The salmon enhancement program is needed. The minister made a good case for it. Let us get on with it. Let us not spend money learning public reaction and putting out publicity. Let us get on with enhancing salmon stocks. That is what it is all about. This business about publicity, putting out brochures, having radio programs and so forth, is nonsense. It is all right for carrying on some of the work at international conferences. I would buy some of that, but I will not buy it to the extent it is revealed in this document.

Unfortunately there are more questions about fisheries than there are answers. Moreover, I am thinking only of the west coast. I have not touched on the Arctic or the east coast at all. I have not touched on the Freshwater Fish Marketing Corporation in Manitoba or on the Great Lakes. The problems are immense. I dealt briefly with the west coast salmon problem and the need for additional policing and an international agreement.

What we obviously need is a reasonably just area assignment on the west coast under international agreements of some kind which will stick. We could call them international arrangements in order to avoid ratification. We could give them an umbrella treatment until a firm international agreement could be concluded and ratified in the appropriate manner in our two Houses. In these bilateral talks there are obviously trade-offs, extending fishing jurisdiction for Canadians to compensate for the fish take allowed to the Indians on the Olympic Peninsula and that sort of thing, but there is one other matter of great concern to me, and that is the effect on our fisheries of oil spills and the failure, again, of any coordinated approach to the whole matter. It has not proceeded far enough. There have been some talks, but the government has been delinquent in this area, as in all the others.

The government has known for years that oil tankers would be coming down our Pacific coast from Valdez. I am informed that the location of clean-up equipment is all on a computer. I am going to get a print-out. I have yet to see a print-out.

Mr. Friesen: It won't do you any good.

Mr. Munro (Esquimalt-Saanich): I am told that Canada had observers at the oil spill clean-up on the Brittany coast earlier this year at the time of the Amoco *Cadiz* disaster to watch how it was being handled. That is fine.

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

Some hon. Members: Agreed.

Mr. Munro (Esquimalt-Saanich): Thank you, Mr. Speaker. I will be brief, but I am worried about clean-up.

I will try to summarize quickly because I know other speakers want the floor. There is the matter of compensation. Under American law there is provision for some $200 million as a compensation fund. Under Canadian law there is provision for a $40 million compensation fund, one fifth that of the American fund. That is not enough. We have more coast. More damage can be done to our coast than to the U.S. coast.

● (1732)

Then there is the matter of liability and traffic controls. The traffic controls, they say, are now voluntary and they may be mandatory in due course. What about the standards of shipbuilding, the standards of seaworthiness, crewing standards and the placement of the clean-up equipment? I contend that all this deserves a place in a bilateral agreement between Canada and the United States. I am referring to compensation, liability, mandatory traffic controls, shipbuilding standards, crewing standards and all related matters affecting the pollution and the deterioration of the breeding and migratory grounds of our fish. All these deserve a place in a bilateral agreement to which Canada and the United States should be bound.

There are other areas with which I would like to deal but I cannot do so now. I shall leave to someone else the salmon enhancement program. For all the reasons I have stated, because of the government's shortcomings, its lack of foresight and its inadequacy, I subscribe fully to every word of the motion put forward by the hon. member for South Shore, and I enjoin others to do likewise.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, I am very pleased that the Leader of Opposition (Mr. Clark) is present because the previous speaker, the hon. member for Esquimalt-Saanich (Mr. Munro), took a great deal of time suggesting that the federal government is not enforcing the 200-mile limit and that we should spend literally millions of dollars on the purchase of vessels. I would like to take a few minutes to comment on what the hon. member has said, because I think that if we look very closely at what has happened in the first year of enforcement of our 200-mile zone, we will find that the first interesting thing was that before 1977 Canada had negotiated with the distant water fishing fleets and had signed agreements with 90 per cent of those fleets that they would respect the 200-mile limit.

[Mr. Munro (Esquimalt-Saanich).]

Mr. Munro (Esquimalt-Saanich): Oh, come on!

Mr. Anderson: Obviously the hon. member does not like hearing the truth. By obtaining agreements with these distant water fishing fleets, we saved Canada innumerable millions of dollars. On the question of inspections, instead of having very expensive ships or aircraft patrolling the world's largest coastline, what we have done in many cases where a distant water fishing fleet had obtained a licence from the Canadian government is to send one fisheries officer by helicopter to the mother ship. The fisheries officer went on board the ship and stayed there during the whole time that the ship was in Canadian waters. I am sorry the hon. member has left the chamber. What we have done is to save millions and millions of dollars by having someone on board the distant water fishing fleets. We had only one man doing the job instead of a ship worth several millions of dollars crewed by thirty or forty people.

The hon. member is proposing that we should spend literally hundreds of millions of dollars when we can hire fisheries officers to go out on-board these ships, and thus gain much better knowledge of what is being fished, how much is being fished and what type of species is being fished. Because obviously that gentleman on board the ship sees the fish coming on board. I hope the Leader of the Opposition will have a good talk with the hon. member for Esquimalt-Saanich and will tell him that it is in the interests of Canadian fishermen not to throw money down the drain but to use our resources in a logical manner.

Perhaps the hon. member is not aware of the fact that in 1977 fourteen convictions were recorded against foreign captains for breaking Canadian regulations. Also, our fisheries people have issued warnings and cancellations of licences. I understand that on the east coast alone, 900 foreign fishing vessels were inspected by the Department of Fisheries and also 170 Canadian fishing boats.

So I caution those who would literally spend hundreds of millions of dollars on a process that we do not require. I hope that the licensing system we have instigated whereby foreign nations must apply to Canada for a licence, following which we allow them to enter at a point of entry, specify the length of stay and the amount of catch and have one fisheries officer on board, makes much more sense than the suggestion put forward by the hon. member earlier.

Let us consider the motion before us today. I think its allegations can be refuted in several ways. First of all, I should like to quote the minister of fisheries for British Columbia, the Hon. Rafe Main, who spoke at the federal-provincial conference which was recently held in Ottawa. He spoke on the subject of fisheries, and after making his initial comments on behalf of British Columbia, he said the following:

> In summary, Mr. Prime Minister, we are very pleased with the co-operation that we have with the federal government . . . We have had hitherto, Mr. Prime Minister, this co-operation in British Columbia and we sincerely hope it will continue and British Columbia hopes to make it continue.

That is slightly different from what the motion says, that co-operation with the provincial ministers does not exist. Lack of consultation was also alleged. The Minister of Fisheries (Mr. LeBlanc) has tabled several documents regarding meetings he has had with premiers and with fishing groups, but he did not say much about them—he is a very modest man. Let me give the timetable of the minister for the current month, specifying his meetings with provincial ministers and with fishing groups. For example, tomorrow the minister will be meeting with the B.C. Wildlife Federation in Abbottsford, B.C. On May 5 the minister met with R. Cashin, president of Newfoundland Fishermen, Food and Allied Workers. On May 5 he met in Halifax with Premier Regan of Nova Scotia. On the same day in Halifax with Premier Regan and the Hon. Dan Reid. Again on the same day he met in Halifax with the Hon. F. Mooney. On the same day in Halifax he met with the Digby scallopers. On May 3 in Quebec City the minister met with the Fisheries Council of Canada. On May 2 in Ottawa he met with Richard Cashin, president of Newfoundland Fishermen, Food and Allied Workers. That was his timetable in May. These have been the activities of the minister in meeting with interested groups, fishermen and ministers.

On April 17 the minister met in Winnipeg with the provincial ministers responsible for fisheries for the provinces of Manitoba, Saskatchewan, Alberta, Ontario and the Northwest Territories. On the same day in Winnipeg he had a meeting with Kip Thompson and other representatives of northern Manitoba fishermen. On April 10 in Cape Breton, Nova Scotia, the minister met with Don Cadegan, president of Highland Fisheries. On the same day in Cape Breton he met with Arthur LeBlanc, president of the United Maritime Fishermen. Again on the same day in Cape Breton he met with representatives of the processors of Richmond Fisheries, Isle Madame Fishermen's Co-op, the Louisbourg division of National Sea Products, Peter Mullen's Limited, H. Hopkins Limited in Louisbourg and the Highland Fisheries Limited of Glace Bay. I could go on and on, Mr. Speaker. I have several pages of this timetable which the minister has already tabled.

This motion alleges lack of consultation. What I have done is to describe the minister's activities during an approximate 30-day period. The minister has already said that holding meetings does not necessarily mean that an agreement is achieved. However, this motion condemns the minister for his lack of consultation with the provinces and with fisheries groups. I think that the material that he has tabled today refutes that charge.

Comments were made by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) regarding the problems we have had with the implementation of the 200-mile limit and with the injunction taken out in the United States. I agree that the hon. member is quite correct when he indicates that we have had problems.

● (1742)

The hon. member for Esquimalt-Saanich brought up the point that we do not patrol our 200-mile limit. Perhaps we should take a look at what happened in Canada with the 200-mile limit, as well as what has happened in other countries as they have implemented 200-mile limits. Perhaps it would be useful to compare the experiences in other parts of the world, developments in fisheries management in other 200-mile zones of jurisdiction, with the Canadian experience. A number of examples come to mind in various parts of the world where the movement is toward centralization and the development of larger units to deal with fisheries questions.

The European Economic Community is continuing to develop a common fisheries policy to deal with questions in areas such as the North Sea, where the zones of a number of the member states and non-member states border on each other, and where serious conservation problems have developed in the free-for-all which existed before the community's extension of jurisdiction to 200 miles. Now the EEC acts as spokesman for its member states in fisheries matters when dealing with other European countries and foreign nations abroad.

This is not to say the problems which existed before the implementation of the 200-mile limit have been solved. However, the EEC is establishing or attempting to establish a common fisheries policy. Anyone who reads the European press will be aware of the questions involving the proposed exclusive fishing zones for Britain and Ireland. Despite these internal problems, however, it is true to say that the European Economic Community is moving toward a centralized system of fisheries.

In the Antipodes, a large number of South Pacific island states including Australia and New Zealand are working toward a system of central management of fisheries resources in an area which encompasses many thousands of square miles of ocean. In West Africa there are problems in fisheries management due to the very narrow strips of water that have been created by the 200-mile limit. In Latin America, particularly on the Pacific coast, the Latin American states recognize their common interest.

One of the few examples of where a centralization of fisheries has not taken place is within the United States. Prior to the United States extension of fisheries jurisdiction on March 1, 1977, the individual coastal states enjoyed control over fisheries resources out to three miles from shore, with the federal government having control in the contiguous zone from 3 to 12 miles.

In the United States, extension of fisheries jurisdiction to 200 miles was accomplished through the initiative of congress, which in 1976 passed the fisheries conservation and management act that was to take effect on March 1, 1977. This legislation placed the prime responsibility for ocean fisheries management in the hands of eight regional fisheries management councils. The councils' mandate was to review all aspects of fisheries management, including regulations, total allowable catches, United States harvesting capacity, and surpluses available to foreign nations.

The membership of the regional councils is determined by the United States Secretary of Commerce. In the make-up of the councils, there is substantial input ranging from a reliance

in some cases on academics and professional fisheries managers to relying in other cases on substantial input from the fishing industry.

Each regional council has a great deal of independence. This independence has caused some of the problems which were mentioned by the hon. member in his earlier remarks. This independence has caused a problem not only in American waters, but also in dealing with other countries. These difficulties flow from the fact that while the Secretary of Commerce must make determinations on fisheries management matters based on regional council recommendations, it is the Secretary of State who is charged with the negotiation of bilateral agreements. Sometimes we think we have created a bureaucratic nightmare. Can one imagine the bureaucratic nightmare which exists in the United States today in fisheries management?

I would dare to suggest the flexibility of the United States is severely limited by the determinations made by the Secretary of Commerce. This has created significant problems for Canada. These problems arise not only from the fact that regional councils are charged with defending local rather than national interests, but also from the fact that United States legislation did not provide for any special relationship with its two closest neighbours, namely, Canada and Mexico.

Therefore, the United States is experiencing a fragmentation of fisheries management. There is no guarantee the regional councils will carry out the policies of the national government in respect of fisheries. The current problems being experienced between Canada and the United States are indicative of this phenomenon. Both countries have attempted to develop rational management measures for fish stocks of mutual interest.

Ambassador Cadieux for Canada and Ambassador Cutler for the United States were appointed and instructed to report to both governments by October 1977 on the principles of a comprehensive settlement, and to develop the substance of an ad referendum agreement for submission to both governments, if possible, by the end of 1977. The two special negotiators succeeded in agreeing on a set of principles encompassing fisheries and hydro-carbon resource arrangements, and an interim joint report was submitted to the governments on October 14, 1977. In the next phase, efforts were directed at securing agreement on precise boundary lines, the exact terms of an over-all bilateral fisheries agreement, and the institutionalization of a system for shared access to hydro-carbons in the boundary areas.

Since October 1977, the negotiators, their officials and advisers have met regularly in both countries. In fact, negotiations are taking place in Ottawa today between Mr. Cadieux and Mr. Cutler. They have consulted closely with their respective provincial state and industry interests. It should be brought out at this time that in these negotiations representatives from the fishing industry processors, UFAWU, trawlers, et cetera, have been a part of the Canadian negotiating team.

I think the hon. member for Nanaimo-Cowichan-The Islands asked that specific question of the minister. He referred to the participation of Canadians in the negotiations. Canadians have been very much involved. I can report that they have met on numerous occasions to discuss the Canadian position. Their input is welcome, as their input was welcome at the Law of the Sea conference where Canada had the largest delegation of any nation. Canada's delegation consisted of government experts, experts from the industry and the unions, as well as native fishermen from British Columbia and the Pacific trawlers. In order to have an expert team, we believe the input of those people who are most closely associated with the industry is required.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, can I ask the hon. member to be more specific? Does he have any data as to how many meetings or conferences with the various fishing groups have taken place? Before the terms of the proposed 1977 and 1978 agreements became effective, were they ever submitted to fishermen's organizations, particularly the unions?

Mr. Anderson: I would be pleased to furnish that very extensive information which the hon. member is requesting. I will not furnish it to him orally at this time, but I will do so in writing later. If I may, I should like to continue with my remarks.

By the end of March 1978, a number of key differences remained unresolved. In particular, I am referring to the delimination line in the Gulf of Main-Georges Bank area and several important fisheries questions on both the east and west coasts. However, the negotiators believed that significant progress has been made towards reaching an over-all agreement and they recommended to their governments that they continue their efforts to resolve the outstanding issue in a manner acceptable both to Canada and the U.S.

● (1752)

In addition, they have negotiated an interim reciprocal agreement which will continue reciprocal fishing as previously agreed with new mechanisms over the 1977 agreement for consultations and settlement of disputes, and to help ensure that existing fishing patterns are maintained. These arrangements are to continue in force through 1978 unless superseded by a comprehensive agreement or terminated by either government on 45 days' notice.

The senior negotiators from both countries are now meeting to try to resolve some of the issues that have arisen with respect to the implementation of the interim fisheries agreement. While the execution of a U.S. court injunction that would bar Canadian salmon fishermen from the Washington coast has been indefinitely stayed, problems remain, although we have a temporary solution since the courts have overruled the original decision. The problems include the Swiftsure Banks and allegations that Canadian fishermen in American waters are being harassed.

There is no question that the management of the fish stocks off the coast of British Columbia will be to the benefit of the Canadian fishing industry. I was very interested in the remarks

that were made regarding the stand that Canada should take with the United States. I would like to quote the Canadian Press yesterday in reference to comments by Senator Magnuson:

Canadians, he said, already have the best part of the bargain in reciprocal fishing rights since they allow U.S. fishermen to take groundfish off British Columbia while gaining access to more valuable salmon off the state of Washington.

Stating that the 1977 reciprocal fishing arrangement should be left as they are, without making any new concessions to Canada, Magnuson also complained that the U.S. state department has been undermining the intent of congressional action in establishing 200-mile fishing zones.

This is another quote from Senator Magnuson as reported by the Canadian Press:

We wanted to keep all foreigners out . . . but the state department keeps opening the door.

It would appear from some of the comments made this afternoon that some of our Canadian members of parliament are saying—

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

Some hon. Members: Agreed.

Mr. Anderson: Mr. Speaker, I will be very precise. What I was saying was that it would appear that United States Senators are saying what has been said in our august chamber this afternoon, that somehow Canada is not getting the best of the deal according to some of our people in Canada, whereas in the United States they are not agreeing with the view that Canada is being hard done by.

I would hope that sane heads prevail, that there is calm negotiation rather than gunboat diplomacy and that we do not have to exclude American fishermen from Canadian waters or that Canadian fishermen will be excluded from American waters. The Americans recognize that we are not about to give our resource away and their congress and senate have the same feelings about giving the American resource away. I hope that both negotiating teams will come to a speedy conclusion that will benefit both countries.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, the motion, of course, is one where we condemn—

—the federal Minister of Fisheries for his failure to consult and co-operate with provincial fisheries ministers and fishermen prior to establishing arbitrary rules and regulations which are harmful to the fishermen, and for his failure to develop a positive policy for the protection and development of the Canadian fishing industry in order to derive maximum advantage for Canadians from the extended jurisdiction.

Let me say at the start that I have a lot of admiration for our Minister of Fisheries (Mr. LeBlanc). I think that of the Liberal ministers of fisheries the present occupant of that post is the best that we have had from that party. I was the minister of fisheries in Newfoundland in 1974 when he was the minister here. The fishing industry had hit rock bottom and it was a question of whether or not it was going to survive. Because of the minister's policies and other factors, and because of the work that was done in Newfoundland and other provinces, we have come out of that and the fisheries are now on the way up.

The trouble with the minister is that he now thinks he has all the answers. Unfortunately, he has become extremely arbitrary, extremely dictatorial and guaranteed to ruffle the feathers—if not the feathers, the scales—of any provincial minister of fisheries. It is not only of Newfoundland that I speak, it is of the four Atlantic provinces in particular. I do not know how he relates to British Columbia. It is not only a question of politics. The Newfoundland government is a PC government, in New Brunswick it is PC, in P.E.I. it is Liberal, and in Nova Scotia it is Liberal—but it will not be much longer. But even in a province like Nova Scotia we find the premier of that province saying on April 19 in the Halifax *Chronicle-Herald*:

The Canadian constitution should be reformed to give the provinces more jurisdiction over fisheries, Premier Gerald Regan said during question period in the legislature yesterday . . .

Outside the House, fisheries minister Dan Reid said this is a change all four Atlantic provinces are advocating.

"The whole direction of the fishery and how it affects the province and its economy now rests on the whims of Ottawa."

This is what a Liberal minister said:

He said many problems are created by this lack of control. "We are closer to the scene here and could deal with them more appropriately."

These are Liberal premiers and ministers, Mr. Speaker, saying this because what the federal minister is forgetting is that the fishery is life and death in the Atlantic provinces. Or at least, it is life and death to Newfoundland.

It may be that the fishery contribution to the gross national product is under one per cent, Mr. Speaker, but to Newfoundland it is tremendous. At least 20,000 people are directly employed as fishermen or fish processors out of a work force altogether of some 180,000 people. The indirect and direct employment effect on Newfoundland is gigantic, plus the fact that in three-quarters of the province you cannot live in the communities that are now settled there without a viable fishery. Therefore, we feel, and rightly so, that it must have more say over the fishery.

The Acting Speaker (Mr. Turner): Order, please. It being six o'clock p.m. I do now leave the chair until eight o'clock p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

Mr. Crosbie: Mr. Speaker, when we went for supper I was describing how important the fishery was to Newfoundland and the Atlantic provinces, why we resent so much the arrogant attitude of the Minister of Fisheries and why, if this is not

changed and corrected, there is going to be a major confrontation between Newfoundland and the Government of Canada. I pointed out that in Nova Scotia even the Liberal premier and a Liberal minister were very chagrined, disappointed and angry at the relationship.

I have one final quotation from a Halifax newspaper of April 26, where again the fisheries minister of Nova Scotia, Dr. Reid, said:

> The federal fisheries department has not honoured its pledge to seek more consultation and co-operation with the provincial fisheries department and local fishermen.

In an interview he went on to say that, despite assurances of closer co-operation during the recent first ministers' conference, the province still has no say in many of the sweeping federal regulations handed down.

Let me tell you, Mr. Speaker, that in the last ten years in Newfoundland we have got a real department of fisheries. We have a minister of fisheries that knows his stuff. We have a good deputy minister of fisheries and we have a good department. The years of Smallwood neglect are over. They're not dumb-bells, they're not yo-yos, they're not yokels; they're not dumb, ignorant Newfoundlanders who have to do whatever some minister up here in Ottawa tells them. We are sick down there of being treated like that. Not only that, but when it comes to spending the money on the fishery there is considerably more being spent in proportion by the Newfoundland government than is being spent by the Ottawa bureaucrats.

If we just look at the one area of construction of vessels and assistance given for the construction of vessels, last year in Newfoundland the provincial government made $9.2 million available in assistance to fishermen to buy and construct new vessels by way of loans and subsidies. The federal government, this great federal government in Ottawa, spent exactly $600,000 for those purposes in Newfoundland.

In Newfoundland they are also putting their money where their mouths are. They want to be consulted and involved in the fishery. We want to be consulted and involved in the future of our province. We have seen industrial development after industrial development fail. We have seen the fishery come back so that it is going to mean something in our future. We are not satisfied to have the Minister of Fisheries, no matter how good he might be here in Ottawa, deciding the life and death of our province by himself. We are not satisfied. We are not going to put up with it. We are not going to tolerate it. What does the Newfoundland minister of fisheries say about how they have been treated? I quote from the May 9 *Daily News*:

● (2012)

> "We should be given a greater responsibility in the control of our fishery . . . right now we are seldom even consulted concerning policy . . . I am not content to let a bunch of Upper Canadian bureaucrats dictate how we in Newfoundland should control our resource . . ."

That was said by the minister of fisheries in Newfoundland. The premier of Newfoundland said the same. In the *Evening Telegram* of May 6 the minister of fisheries is quoted as having said:

> The Newfoundland government is going to "fight like hell" and take legal action, if necessary, to prove it has a right to have a voice in the management of the fishery resources off the coast of the province.

I do not blame the Newfoundland minister of fisheries. He has been treated abominably, as has been the case with the minister from Nova Scotia. In May of last year our minister of fisheries, Mr. Carter, put a proposal to the federal fisheries people about fisheries development in Newfoundland. In May he had proposals for the landing of additional fish for processing in seasonal plants, how to acquire additional ships and co-operative fishing ventures with the Portuguese, upgrading and expanding the fleet and so on. He was advised by Ottawa in September, I think, that Newfoundland's plan would not be considered on its own merit, but rather it would be considered only in the Atlantic provinces context. In other words, Newfoundland would be permitted by Ottawa to proceed in matters of fisheries development only as it related to and at a pace with the other Atlantic provinces. Is it any wonder they have gone berserk in Newfoundland?

The fishery means more to Newfoundland than any other province and they have been told they have to go along at the snail's pace that some other province might want to go. Proposals of Newfoundland are treated with contempt. Our ministers are treated as though they were office boys and busboys by the federal minister. No wonder the relationship between the minister and his provincial counterparts are exacerbated.

On December 1, 1977, the four Atlantic provinces put in a proposal to the Minister of Fisheries with the collective views of the four provinces. We know there are four disadvantaged provinces, four suppliant provinces, provinces that get the fiscal Kung Fu foot right in the face if they dare raise their voices and do not do what they are told by great Uncle Ottawa. The four provinces put in a proposal on what should happen in fisheries development. It has been treated with scorn, derision and contempt by the Minister of Fisheries as though they are not to be listened to. One of their proposals was that $910 million should be spent over the next ten years to replace the present fishing fleet, $260 million to replace half the inshore fleet because it is becoming obsolete, $500 million to replace half the offshore wetfish trawler fleet, and $150 million for new vessels to start replacing the foreign fishing effort. That is the proposal.

The Minister of Fisheries treats them and their proposal as though it were a case of leprosy, that if this proposal were touched, his hand would fall off, or his fins would fall off, or his tail would fall off. He thinks this is a terrible proposal that these four provinces put in. The minister infers they should be locked up, that they are criminal for what they want to do in expanding the Canadian fishing fleet. The minister says they have to be more conservative, more careful.

The Newfoundland government does not see why the federal minister should refuse to license additional Canadian-controlled vessels to fish in the 200-mile limit while foreign

nations are given licences to fish there. There are 500 foreign fishing vessels that have been given licences to fish within our 200-mile limit and the minister says Canadians are not to have additional licences to fish. He pooh-poohs, scoffs, scorns and attacks proposals of the four Atlantic provinces for starting to make preparations to replace existing obsolete trawlers on a ten-year program at $91 million a year.

It is time the members of the fisheries committee or some other appropriate committee had a good look at future policy in the fishery because we are headed on a collision course. I admire the minister for many of the things he has done, as I said earlier before six o'clock. However, he is too stiff-necked, too arrogant and too convinced that he and he alone has the answer. He forgets the fishery is life and death to Newfoundland. We are not going to have our life or death decided by Roméo LeBlanc or any federal politician.

Mr. Knowles (Winnipeg North Centre): Order.

Mr. Crosbie: I am not supposed to use his name; I mean the Minister of Fisheries. We are not going to let one man control our destiny and future like that.

The Prime Minister (Mr. Trudeau) put on a charade at the February first ministers' conference and pretended that the provinces would be more involved in these decisions. When I questioned the minister in the fisheries committee a few weeks later, he smiled knowingly as he indicated that nothing was going to be done to follow up that pious protestation of the Prime Minister.

We are upset. This is life and death to Newfoundland. In my own district, one third of the voters live in the rural area. Our rural area depends on the fishery. I am not satisfied to have the Minister of Fisheries of Canada decide on the life and death of the various communities in my constituency.

I wish I had time to give all their names. I could start at Come-By-Chance where the oil refinery used to operate. There is now nothing but the fishery there. Every community in our rural area is dependent on the fishery. In St. John's we have a major fish plant. St. John's itself depends on the fishery. It depends on the rest of the island for its livelihood as a distributing centre and the rest of it. That is why they are so exercised in Newfoundland.

If occasionally someone on the mainland hears of some discontent from the Newfoundland government, they should understand why it is. If the future of Ontario was being decided by one cabinet minister here and he would not listen to the provincial government, you can be assured that the papers would be full of it. We would hear of nothing else. It would rage on for weeks. It would be in the *Globe and Mail* on the first page, the second page and the editorial page. It would be in the Toronto *Star*, the Toronto this and the Toronto that. That is all we would hear about in the rest of Canada if that were the case.

One man has determined the destiny of Newfoundland. They are told to keep their mouths shut in Newfoundland as though they are ignorant cuffs that should not be heard. We are certainly not noticed in the mainland press.

If the Minister of Fisheries is to be a successful minister, he will have to change his ways. The fisheries committee will need to have a look at the future of fisheries development. There is much to talk about, but we never have enough time to do it. If I were allowed to occupy the time between now and 10:30, I could maybe deal with it half adequately.

We have a longliner fleet in Newfoundland. The Minister of Fisheries says there is no need to replace any of those longliners. There used to be a 35 per cent federal subsidy on longliner construction of vessels in Newfoundland. The minister has cut it out. The Newfoundland government has gone ahead with the building of 20 longliners from 55 feet to 65 feet. Today it costs $250,000 for a 55-foot vessel and $350,000 to $400,000 for a 65-foot vessel.

The Minister of Fisheries cut out the 35 per cent federal subsidy. The province is paying a 15 per cent subsidy and is giving loans for 95 per cent at 3 per cent interest. If the federal government does not come through, the poor province of Newfoundland has to put up the other 35 per cent to get these boats in the hands of the fishery.

The Minister of Fisheries says that more longliners are not needed. The government last year was abused by the Minister of Fisheries of Canada for having the audacity and daring to build a longliner on its own. There were 120 applications for those 20 longliners, 60 of which were found to be qualified. Only 20 of that 60 will be able to get a boat. What is the federal government going to do? The minister suggested in his recent speech to the Fisheries Council of Canada on May 3, 1978, that he is going to cut out the subsidies that they used to pay on boats. He said at page 16 of his address:

> Will Atlantic fishing be profitable enough so that, as in B.C., we can do away with all boat-building subsidies?

He has already done away with them. He is just flying a balloon there. The Newfoundland trawler fleet needs replacements over the next ten years. The minister is doing nothing but pooh-poohing the idea. A solemn commitment was made by the Secretary of State for External Affairs (Mr. Jamieson) in connection with the *Cape Sambro*. There is still owing $930,000 in federal payments. The minister has to get around that and get it paid or the commitment by the Secretary of State for External Affairs will be broken.

What is wrong with the federal bureaucracy? In my district of Arnold's Cove, there is a proposal from National Sea Products Limited. They want a million dollars in loans from the Department of Regional Economic Expansion. They want the ordinary DREE assistance for job creation to expand their fish plant in Arnold's Cove. They are going to take the herring and process it to the final finished product so that we will not be shipping it out in bulk to Norway and buying it back in little bottles with little bits of herring in them for 50 times the price.

● (2022)

This was the most successful proposal ever made to DREE. DREE complains that it cannot get enough proposals for private enterprise in Newfoundland and that is why they are so low in the payments they make under their program. Yet that proposal has been in since October and three or four weeks ago I received a silly reply from the Minister of Regional Economic Expansion (Mr. Lessard) saying that he doesn't yet know whether the fishery resource can stand the expansion of this plant which is going to create 67 new jobs at Arnold's Cove in the Come-By-Chance area where the unemployment rate, I venture to say, Mr. Speaker, is about 50 per cent.

I ask the Minister of Fisheries to give the minister for DREE a boot right where he ought to be booted and get that proposal out. Get this extension to the fish plant going at Arnold's Cove in Newfoundland. The hon. gentleman is closer to the Minister for DREE than I am or I would give him the boot myself. I have to use sweetness and light because I am in the opposition; I cannot use the harsh tactics I would otherwise use to expose this bureaucratic nonsense—that it takes five or six months to approve a proposal like this when money is lashed out by DREE in every direction in other provinces.

The German firm, Nordsee, Mr. Speaker, made a proposal to the FIRB—the Foreign Investment Review Board—at the beginning of December, 1977 to take over a 51 per cent interest in Ocean Harvesters Limited in Harbour Grace, and it has not been dealt with yet. No decision has been made five months later. The Minister of Fisheries says he is opposed to it. He is so rude, he is so ignorant in connection with the proposal, that he refuses even to see the Nordsee company or its representatives. He says he is not going to have any foreign capital investment in the fishery.

Well, this is a new departure, Mr. Speaker. The minister had better look at the figures and see how capital is flying out of Canada before he starts preventing foreign capital from coming in to our fishing industry. The minister makes vague statements such as this—I quote from his speech of May 3:

> Foreign capital investment need not and should not become a major feature of the Canadian fishing industry on the east coast or on the west.

Note the word "major". Who is arguing that it should be major? Here is a German firm that has the marketing expertise, one of the largest fishing companies in the world. It wants to invest in this plant in Harbour Grace and put five trawlers there. It will give year-round employment there and put the plant on its feet in an area of heavy unemployment in Newfoundland. Yet because of some ideological reason the Minister of Fisheries says he won't give them a licence for their trawlers. Who does he think he is? Does he think he is God? Does he think these hundreds of people in Harbour Grace should be denied year-round livelihood because of some ideological reason the minister does not even explain properly? He is not going to let our zone be taken over by the back door, he says, by foreign companies borrowing our flag to catch our fish. They don't need to borrow our flag to catch the fish. There are 500 of them with licences now. What utter tripe and nonsense, Mr. Speaker. "I do not want so see the Maple Leaf become the world's fishing flag", the minister says. What has that to do with it? I say the minister should finish this up. His deskmate just up the row here had a different attitude. The Minister of Industry, Trade and Commerce (Mr. Horner) said, and I quote from the *Globe and Mail* of March 25:

> Trade and Commerce Minister Jack Horner has said that the Newfoundland Government has a "pretty compelling case" and indicated that the Foreign Investment Review Agency, which is now considering the application, should look favourably on it.

That's what the Minister of Industry, Trade and Commerce said, while the Minister of Fisheries says he has refused to give them a licence. The Newfoundland government now has a deal in which it has said that, in addition to many other safeguarding conditions, it is going to take a 6 per cent interest so that the German company cannot control Ocean Harvesters Limited. It will be controlled by Canadians. And yet we still have this stubborn attitude by the Minister of Fisheries, who does not explain very clearly why this proposal is to be prevented at all costs. You wonder that we are puzzled down in Newfoundland by all these peculiar things which are happening.

We are also puzzled in my district, in Bay Bulls, as to why a $3 million centre has not been started yet. In the December 5, 1977 *Daily News* the regional director of fisheries said the new multi-million-dollar marine service centre was going to be under construction early in 1978. They were going to station their fisheries vessels there. However, he is now saying that the planning is going ahead, that there should be some evidence of work on that facility before the end of 1978. Well, the evidence is not strong enough, Mr. Speaker. There is a dirty suspicion that it is not going ahead as quickly as it was. I won the by-election in 1976, and the people of Bay Bulls and I don't like it. I want that job under way very shortly, Mr. Speaker. Never mind the planning. I want the proof. I want them to carry out the plans that were announced for Bay Bulls.

The province seeks permission to lease freezer ships. The province has to ask the permission of the Minister of Fisheries of Canada to do anything you can think of, Mr. Speaker. In order to overcome the glut problem during peak periods in the cod fishery, the Newfoundland government wants to lease some freezer ships to help take the surplus fish. They haven't got an answer yet from the Minister of Fisheries.

Mr. Deputy Speaker: I am sorry to interrupt the hon. member but his time has expired. He could continue with unanimous consent. Is there consent to allow the hon. member to complete his remarks?

Some hon. Members: Agreed.

Mr. Crosbie: Thank you, Mr. Speaker. I will have to cool it. Now, I do not wish to be unfair to the Minister of Fisheries. Quite seriously, I said I think he is the best Liberal Minister of Fisheries we have had since 1949. He has done many good things for the fishery. But, Mr. Speaker, he is on the verge of spoiling that very fine record with his attitude toward Newfoundland and the Atlantic provinces, for the very reasons I have described here. It is life and death to us and we are not going to leave our life or our death in the fishery in the hands of one minister in Ottawa. He has got to share his authority and his power. He has got to start a process of real consulta-

tion. He has got to show less arrogance. He has got to start listening to the provincial ministers. They are not dumb-dumbs or dodos. They have something to say and we have good departments of fisheries in our provinces—all four of them. We can see the old dreams of industrial glory are gone. They have gone down, and everybody has come back to the realization that it was the fishery which originally caused the settlement of Newfoundland, that it is what will save Newfoundland, if it is to be saved, as well as the offshore minerals which we trust will come in over the next 10 or 15 years.

This is why the minister has to learn to change his attitude, and it is why I suggest that the House of Commons fisheries committee should spend a couple of weeks with the minister and his officials, and with the provincial minister and his officials, and have a good look at the future policies of our fisheries and see if we can agree. Let us let it all hang out and get some of these problems solved, and get the fishery on a proper basis with real co-operation between the five governments.

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I rise to participate in this special debate with pride and enthusiasm but also with some frustration and regret. I rise with pride because I come from a fishing industry family, because I know and respect and have fought for the needs of the fishing industry, and because I belong to a government which has done more for Canada's fishermen in the last four years than has been done in any previous period in our history.

Some hon. Members: Hear, hear!

Mrs. Campagnolo: Extension of the fishery limit to 200 miles has added impetus to upgraded search and rescue capability and a $350 million enhancement program designed to double our catch of salmonoid species on the Pacific coast. Perhaps most important, a strong and informed and concerned Minister of Fisheries (Mr. LeBlanc) has been an effective advocate for all fishermen in this country. All these things have combined in recent years, Mr. Speaker, to make the prospects for the fishing industry look exceedingly bright for fishermen from Newfoundland to the Queen Charlotte Islands and from Yarmouth to Kincolith.

I also rise in frustration and regret, Mr. Speaker, because it is very clear that the real and serious problems which do exist in the fishing industry and in the relations of our country with the United States have been blown entirely out of proportion by those with a vested interest in sensationalism and in division. In the face of the undeniable proof of this government's understanding of the needs of the fishing industry and its remarkable commitment to meeting those needs, there are still some who say that we do not understand and that we are actively seeking to sell out to the Americans. This is not good logic. In fact this is not logic at all. I think I need only remind the House of our tough, reasoned approach in the current marine boundary and fish management negotiations and of the extensive consultations among the federal government, provincial governments and representatives of the fishing industry to put those silly conclusions that follow from such logic to rest.

I would like to deal with the aspects of the current marine boundaries negotiations which are of particular relevance to the Pacific coast, especially to the halibut fishery. But I want first of all to respond directly to the Conservative motion suggesting that there has been inadequate consultation between our negotiators and representatives of the fishing industry.

In less than a year there have been six plenary sessions of the joint U.S.-Canada boundary negotiations attended by so many industry and provincial representatives that one special observer I spoke to, sir, referred to it as a mini-United Nations. The groups from British Columbia which attended these successful sessions included the following: the Fisheries Association of British Columbia, representing many fish processors in the province, the Pacific Trollers' Association, the Pacific Gillnetters' Association, the Central Native Co-operative, representing the native people who have made the Bella Bella Cannery successful, the Native Brotherhood of B.C., the Prince Rupert Fishermen's Co-operative, The United Fishermen's and Allied Workers' Union; the Co-operative Fishermen's Guild, the Union of B.C. Indian Chiefs, the Nishga Tribal Council, The Association of B.C. Independent Fishermen, and the Fishing Vessel Owners of B.C.

● (2032)

In addition to the six plenary sessions, each of these groups has had the opportunity to participate in smaller sessions dealing with specific aspects of the fisheries agreement, those dealing with particular fish stocks or particular geographical areas.

When certain representatives were unable to attend sessions because of commitments elsewhere—for instance, if they were out fishing—the consultative process was held for them so that they could join with the negotiators. These special arrangements were made many times. Our ambassador, Mr. Cadieux, has done so personally at least three times to my knowledge, and his closest assistants have done exactly the same thing. It was only on April 20 that a party of four negotiating members of the team came to a public meeting in Prince Rupert organized by the Prince Rupert Labour Council and consulted at length.

In addition to industry consultations the federal negotiators have met frequently in many types of forums with representatives of the marine resources branch of the B.C. department of recreation and conservation. To imply that these people do not know how to negotiate I really believe is a shocking suggestion for the opposition to make. Speaking of that consultation, I have here three enormous pieces of paper—

Mr. Symes: Just enormous.

Mrs. Campagnolo: —which outline the consultations in minute detail by hour, date and time. Even the hon. member opposite could understand them. In any event, the tone of these meetings has been remarkably friendly and businesslike.

Mr. Woolliams: Read them out, honey.

Fisheries

Mrs. Campagnolo: Mr. Speaker, I do not believe we have to have sexist interruptions from the hon. member for Calgary North (Mr. Woolliams).

During these sessions the participants know that important work is being done. I would also like to point out for hon. members opposite that the salmonoid enhancement program is one which will benefit all west coasters. There are regulations to be thought of with regard to the Indian food fishery, which is a very high priority of the Minister of Fisheries and the Environment. Another priority is to ensure the safety of vessels during particularly difficult fisheries, such as the herring roe fishery just completed. Involved in these meetings were 17 private organizations and at least five provincial ministries.

Since the beginning of this year, the Minister of Fisheries and the Environment has had 14 separate meetings with industry representatives on the west coast. This record of briefing and consultation speaks for itself. The minister, his officials and the special negotiators charged with the difficult task of charting new marine boundaries and of ensuring the proper joint management of fish resources have been thorough in their efforts to consult the people they represent.

As always, there are those who apparently feel that they stand to gain politically or otherwise by spreading the patent lie that the Canadian government is selling out the interests of its citizens, and there are those who apparently delight in creating division and disunity for motives which are unclear to responsible Canadians.

I hope, now that the Prime Minister (Mr. Trudeau) has put to rest the concerns of the opposition as to whether there will be an election—

Mr. Woolliams: He hasn't the courage.

Mrs. Campagnolo: —those delighters in division will take off their cloaks of hypocrisy and help us deal in a positive and constructive manner with the real problems we face.

We face a number of problems with respect to Canadian-American fishing relations, and we face them because certain elements of the American fishing industry are clearly trying to subvert the intent of the 1978 interim fisheries agreement reached between our two countries, an agreement which provides for compensation for Canadian fishermen who suffered losses as a result of the failure of the Americans to live up to the terms of the 1977 interim agreement.

Mr. Woolliams: You can make a good speech; why do you want to read?

Mrs. Campagnolo: The hon. gentleman opposite should take note of the fact that his friend, the hon. member for St. John's West (Mr. Crosbie), said that we must remember that sweetness and light are the watchwords for all oppositionists.

In any event, I want to go back to the interim agreement. Certainly it was an unfortunate situation in 1977 and, if actions rather than threats are taken in violation of the interim agreement, then Canadian fishing interests will suffer. Certainly the interests of our fishermen must be protected. This government will protect them, as any responsible observer will agree that it has been doing all along. But is shrill rhetoric and painting images of sell-out and the threatening of a fish war the most responsible and productive way to go about resolving the situation? Nobody wins in a fish war, least of all the fish, on which the future earnings of all fishermen depend. The issue is too important and too complex for the simple slogans and scare stories that some parties seem to prefer to consultation and advice.

As an example of the complexities involved I wish briefly to discuss the problems faced by just one of the fisheries which may be affected by American failure to honour the interim agreement. The 1978 halibut fishing season opens next Monday, May 15, and already the boats have set out from Prince Rupert to the waters off the Alaska panhandle and into Dixon Entrance. It is a small but important fishery off Alaska, with 30 to 40 vessels and some 300 fishermen taking part. It is both historic and important to the north, and it is an international fishery. In the coming year Canadian fishermen are expected to land halibut from Alaskan waters worth approximately $4.7 million. American fishermen could land halibut from Canadian waters worth about $700,000. In other words, the potential loss to Canadian fishermen this year, if they were denied access to the U.S. zone, would be in the amount of approximately $4 million.

Clearly, those who speak eagerly about a fish war are not doing so with the best interests of our halibut fishermen in mind. If, indeed, worse should come to worst and we should decide that we must terminate the interim fisheries agreement because of American failure to abide by its terms, then our halibut fishermen would be among the first, and unfortunately, the worst, losers. They would have to be—and I am assured that they would be—compensated by our government for their losses, but surely they would prefer and surely we would all prefer that they be out on the fishing waters they have traditionally fished.

The elements of the current interim agreement which some U.S. fishermen insist on ignoring—causing us to retaliate—are those relating to protection and management of our own fishery. The need for conservation is clearly evidenced by the need to increase the take of valuable protein from the sea and to provide employment for a strong fisheries industry on the west coast.

As fish have the annoying habit of swimming from the territorial waters of one country to those of another, and as fishermen apparently have trouble, on occasion, charting exactly where an ocean boundary is when the line is on the map and not on the water, it is clearly understood that international agreements are needed to protect this resource, and we must have the assurance that individual fishermen will live up to those agreements. We do not want to be without an

agreement with the Americans, but an agreement which is not interpreted in the same way by both sides may be worse than none at all. Our course is clear. We want to have an agreement. The fisheries resource needs the protection of a universally accepted agreement. The fact that we are not prepared to sign an agreement which does not offer these assurances is ample proof that no sell-out has ever been considered nor, indeed, ever will be.

There is one more aspect of the halibut fishery to which I would like to return for a moment, and that is the question of the A-B line, the Dixon Entrance portion of the boundary between Canada and the Alaska panhandle. The halibut fishery takes place in Dixon Entrance in waters on both sides of the A-B line. There is legitimate concern on the part of Canadian fishermen that American officials may act on the American position that the A-B line is a disputed boundary and seize Canadian vessels within three miles of that line.

● (2042)

While I do not expect this to happen, especially if cooler heads prevail and inflammatory statements and actions are subdued, I know our government is aware of the situation, is monitoring it very closely, and is prepared to offer full assistance to any Canadian vessel should it be illegally detained by American authorities.

What concerns me more than this, however, are the ill-founded and potentially dangerous rumours being circulated by those who either should know better or perhaps feel they stand to gain in some mysterious way by being irresponsible. Perhaps their gain will be political. The rumours indicate that Canada has acceded to American demands to shift the A-B line south. In the clearest possible language, such reports are not true. The only possible reason for movement of the A-B line would be if the Americans offered us something better, an irresistible offer of something better for Canadian fishermen in return. They have not done this, and consequently we have made no agreement to move the A-B line. The likelihood is slim indeed that we ever will.

I am concerned about this because among the people spreading such patently false rumours is one person who has acted as an adviser to the Canadian negotiating team, one who has been the recipient of confidential briefing information and who is aware of what the Canadian position is. This person is a regular guest on CBC news and knows full well that no agreement has been made to move the A-B line. Yet for whatever misplaced reason, this person continues to foster this myth, along with others of clearer political motivation. That can only weaken the position of our negotiating team.

This motion is about consultation and the alleged lack of consultation by the government with parties concerned about the future of our fishing industry. This motion is utter nonsense. I suggest a little more responsibility and serious concern is needed on the part of some hon. members opposite.

Mr. Woolliams: More reading.

Mrs. Campagnolo: The hon. member opposite seems to have had a bubbly dinner. In any event, it is a lovely spring day, and I am sure he enjoyed it. However, hon. members opposite seem to think they have a vested interest in destroying the effectiveness of the Canadian bargaining position. We are all Canadians, and the best bargaining position for Canada is something which cannot be played with and toyed with in the House.

Just as the hon. member for York-Simcoe (Mr. Stevens) proved himself to be a speculator's delight in his recent open-mouthed efforts to embarrass the government by single-handedly weakening the international credibility of the Canadian dollar, again we are faced with a position where some of our allegedly concerned individuals are in fact destructive tinkerers. Instead of attempting to single out the need for consultation as a government weakness, I suggest opposition parties should look carefully at their own performance in the House and try for the first time to fit into their personal vocabularies words like "co-operation" and "responsibility", and not criticize the full consultation which the Minister of Fisheries and the Environment has initiated.

Some hon. Members: Hear, hear!

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, in spite of what the minister has said, and in spite of what the hon. member for Comox-Alberni (Mr. Anderson) said earlier this afternoon, I have a group of clippings which indicate that there is no reasonable consultation, and if there is, it is after the fact rather than before.

An article in the Ottawa *Citizen* dated May 6, 1978 reads as follows:

> Federal Fisheries Minister Roméo LeBlanc promised Friday to reconsider controversial regulations recently placed on Bay of Fundy scallop fishermen.

Also his success is illustrated in the following headline, "Cdn. boats banned from U.S. West coast". Another headline reads, "Interim deal 'not binding' ". "Provinces still ask for power", "LeBlanc to review issue", and "Nfld. wants local fisheries control" are other headlines which I can use as examples.

I could go on, but I will not bore the House as time is of the essence at this particular moment. I suppose this evening's news gave the basic philosophical reason as to why this motion was brought forth. Although it does not particularly apply to the minister, it applies to the practices of the government in general. When Mrs. Ostry spoke tonight in order to receive her publicity, she stated that it was one thing to consult, it was one thing for people to make suggestions, but it did not necessarily mean the government had to take the suggestions. Perhaps a slight change in the phraseology of the motion is required. Perhaps hon. members opposite would care to amend it. But basically the consultative process has not functioned effectively or amicably between the Government of Canada and the various fishing ministries across the nation.

The predecessor to the Minister of Fisheries and the Environment has been criticized and blamed at various times in the House, but he initiated one program which was well worth while. It gave this House more information about the fishing

industry than it had gained in 25 years prior to the 1972-74 period. At that time, the minister of fisheries brought before the standing committee representatives of the seiners' associations, the weir fishermen's associations, the B.C. Fishing Association, the Newfoundland Fishing Association, the freshwater people from central Canada, and others. These people came before the committee and presented their briefs. We considered their problems. We were making an element of progress toward the solution of those problems.

This seemed to be embarrassing to the present minister. He does not want to see fishermen before the committee. He does not want the House of Commons to have the truth. He does not want the attitude of some members of the fishing industry toward his high-handed handling of this very important industry to be known. Since he has become minister, not a fisherman has had a voice before the Standing Committee on Fisheries and Forestry. We are kept with our blinders on.

An hon. Member: It is not true.

Mr. Whiteway: It is true.

Mr. McCain: I may be in error only once since 1974. Perhaps they appeared once. It can be checked out and I stand to be corrected. I do not object to that. It was the general practice in 1972 to 1974. If fishermen have appeared before the committee to discuss their problems, it would be the exception since and not the rule as it was before. It was a good practice. It is the practice of virtually every other committee of the House. It is the practice of the Standing Committee on Agriculture to hear representations from the horticultural council and from the Federation of Agriculture. Why do we not hear from the fishermen in committee?

The minister has been aloof, inflexible and autocratic. He wants a maximum of organization and a minimum of constraint. The constraints appear in the fact that one cannot get a licence, and that people fish according to regulations which are very constrained. That does not work. The minister brought this motion on himself by creating inflexible situations, as well as by the unreasonable regulations which he has imposed at all levels of the fishing industry.

I should like to refer to a speech which the minister gave before the Fisheries Council of Canada. In part it reads as follows:

> At a time of easy sales and of trade advantage for the dollar, I can understand those who feel that government has no business in the marketing plans of the nation. That is not my view. I have constantly insisted on the need for a strong Canadian presence in fish markets.

By that he meant a strong Canadian government presence. It continues:

> We stand in the position of becoming the number one fish exporters in the world, or the owner of the world's largest fish warehouses.

● (2052)

We have had example after example of criticism by the Auditor General of the performance of Crown corporations in general. We have had particular criticism of two Crown corporations that are dealing specifically and solely with the marketing of fish products from this nation. Both have been criticized and are under the scrutiny, to some degree, of the committee of the House of Commons. That committee chose in its wisdom to treat the matter firmly but briefly in the best interests of the fishing industry. I plead with the minister; let us take the proper position of government in respect of the marketing of this or any other commodity. Let us not get any further into Crown corporations marketing fish products. Do we want to have another AECL? Do we want another situation in which the fishermen do not know where their money has gone or why it has gone to international sales organizations in this world? That is a wrong position for governments to take.

Some hon. Members: Hear, hear!

Mr. McCain: There are those who say this is the only way, but I find in the main that they have never sat behind a desk to conduct international trade in a multitude of countries. I have found that those who have sat in a managerial position and who understand the finesse that is needed to market products on an international basis are not those who say that the government should do the business. Again, I give to the fishermen the example of AECL. Just beware before you get involved in further Crown corporations.

The government should involve itself in the marketing process, but only to a degree. The government has at its disposal information which is not available to probably a single processor, and certainly not to a single fisherman or group of fishermen or fishermen's co-operatives. The government has that information which should be assimilated and put forward to all levels of the industry in an intelligent form which everybody can understand. The fishermen should know on a daily or weekly basis what the international markets of the world or the domestic markets of Canada or the United States will pay for a pound of fish. The fishermen should and must know this, and so should those who are marketing fish, whether they be brokers, processors or engaged in some other capacity in processing and marketing.

The Department of Agriculture does just this. It circulates market information so that at every level of the agricultural industry there is an understanding of what is the price today and the potential tomorrow. That is important and the government should co-operate with industry in this regard.

The government should activate the trade commissions of this country in the one hundred or more countries in which they are located. Those trade commissioners should be told that, as fish is one of our major potential exports, as the minister has said, and I agree, they should get up out of their plush-lined chairs and get out and sell agriculture products, fish products and manufactured products. They should be told that is their job, that they should find out what is the potential in their markets, what is the price there, and send that information back home to advise our people what is available in those areas. That is what the government should do to help everybody.

I do not think one needs to expand on that. The government in virtually every aspect of Canadian business has been negligent as it has tried to expand the markets for Canadian goods and services world wide, and it has been particularly negligent in promoting the sale of agricultural and fish products.

The statistics which come to hand would indicate we have a declining catch of quite a number of species important to the Canadian fishing industry. The fisherman is asking why we have this declining catch and does not have the answer. The research scientist does not seem to have the answer. When you go to the research stations around this nation the scientists cannot give you the exact answer. The fishermen are asking questions which I think should be answered. Is the answer that the stocks are declining? If a stock is declining, is that because there are too many Canadian licences or are we granting too many foreign licences? Is the Canadian fisherman getting enough licences for the stocks that exist or could there be more of them so we can increase the catch in that way? Could we cut back some—not cut out but cut back—on quantities which are extended within our 200-mile limit to other nations? Is there too little surveillance? Perhaps there are not too many licences issued to foreign fishermen, but is there enough surveillance? Do we know now any better than before what the foreign fleet is catching?

Is there too much incidental catch? We do know that for some reason or other in an area where salmon fishing is not legal you can get Atlantic salmon in any restaurant between Montreal and Sydney. You cannot legally fish salmon for sale, but you can sell incidental catch. The people who are interested in the salmon industry want to know how come there is such a major supply of incidentally caught salmon which you can eat in the restaurants of this nation. The Government of Canada is still paying the commercial salmon fishermen not to fish, yet there is still salmon for sale. Is it correct, as rumour would suggest, that we do have an organized salmon sales organization? Is it correct that if you catch thirty salmon incidentally in a net today there is no problem selling them beneficially before nightfall? That is more than a rumour and it requires investigation by the minister and his staff.

What we do know is that while the minister is continuing to pay millions of dollars so that commercial salmon fishermen do not fish there is no surveillance along the rivers and streams which effectively prevents commercial poaching structures that exist in the fresh water system of Atlantic Canada and eastern Quebec. Is there a comparable poaching problem in the salt water nearby the shores of eastern Canada? It would seem that there may well be.

Why are there declining stocks and declining catches? The fishermen's income is not that bad. As a matter of fact, in most instances the income is very good. However, I do think Canada should be concerned about the decline in the pounds of fish caught, and the minister should be doing his best within market capabilities to see that we recover the poundage of catch we had so we can get back into fishing those people who have left in the last ten years.

The minister suggested how great the industry is. He mentioned the wrong era. In the era he mentioned of the 1950s and the 1960s a man could get assistance from the Government of Canada in the form of a subsidy to buy a boat. He could get a licence, and in spite of the fact that prices were lower the fishermen often paid for a $300,000, $400,000 or $500,000 seiner in three, four or five years with special concessions from the income tax branch, also granted by the government.

Today you could not afford to build a boat if you wanted to, because you could not get a subsidy. If you did build a boat, you could not get a licence as you could in former days, and it is highly improbable that you could get a special permit from the department of internal revenue in order to pay off the cost of that boat in a short period of time. The circumstances which made that an expansion era in the fishing industry in the Bay of Fundy have now ended. You cannot get a licence and you cannot buy a boat. The fishermen are getting more money but their seines cost three times as much, their nets for weirs cost three times as much and fuel costs more than three times as much. The number of subsidies is down and the amount of income tax is up. It is just about time the Government of Canada took a long, hard look at the real income of some of these fishermen. We have to get back into the fishing industry and we have to issue more licences.

• (2102)

We have got to allow people to improve their boats, restore a reasonable level of subsidy from the Government of Canada, and become more aware of the consultative processes that are necessary so that the federal and provincial governments can co-operate in the planning of a resource which in Atlantic Canada's mind is as much theirs as is the oil of Alberta. The one belongs to the one as much as the one belongs to the other. You cannot regulate the oil of Alberta, Saskatchewan, Manitoba or British Columbia. You can tax it to death, and the government just about has, but still maintains control. The Minister of Fisheries is determined that he will maintain absolute control of the water resources of fish, minerals and whatever else may be under the surface. To a degree that is inexcusable and unacceptable. As long as he wishes to use that high-handed authority of his, there will not be contentment on the subject anywhere in Atlantic Canada.

An hon. Member: I can refute that on the grounds of what I heard last week when I was in the maritimes.

Mr. McCain: I wish you would. You were not that well accepted down there last week, were you? You ought to try that round again. I can tell the hon. member right now that New Brunswick wants control of its oil and fish, if any, and he is fully aware of that as well. Just ask your minister to treat the fish, minerals and oil, if any, in the same way as in Alberta.

The minister has refused to accept that we should even have one trawler with freezing capacity. It seems awfully funny to me that this would not be practicable in Canada, and I want to tell the House why. The licence goes to a Japanese boat which

sails clear across the Pacific Ocean and either around the tip of South America or through the Panama Canal and up the Atlantic seaboard of North America, and it fishes those fish which would not be profitable for Canada. Having travelled that far it is still profitable. I want an explanation, and a detailed explanation, as to why that boat would not be used profitably if it was Canadian owned. It is a very fragile story that the minister told us this afternoon in respect to that facet of the fishing structure.

In view of the number of people who would like to express their views in this debate, I am not going to go any further tonight. As the member from Newfoundland stated, if you had until midnight tonight you would not have said it all, and you could not have said it all. I have said enough to prove that the consultative process is necessary, that a comprehension of the industry in the ministry is necessary, that both are lacking and that the consultation is after the fact and conducted in bad feeling, as it was in Nova Scotia, as it is in Newfoundland and as it has been in eastern Canada, central Canada and western Canada. The fishing industry in Canada cannot reach the peak it should as long as a process of autocratic confrontation or consultation after the fact exists. The irritation remains. If that policy does not come to an end, the Canadian fishing industry cannot achieve the level of success which it deserves and which the fishermen in particular deserve.

Mr. William Rompkey (Grand Falls-White Bay-Labrador): Mr. Speaker, I am happy to take part in this debate. First of all, I want to correct the record on at least one thing that the hon. member for St. John's West (Mr. Crosbie) said. He said there were no more subsidies on fishing vessels. That, at least in my province, is not true. The subsidies still exist. There is a 35 per cent subsidy still in effect on boats between 30 feet and 45 feet and boats between 60 feet and 65 feet. As a matter of fact, an additional amount of $250,000 was put into Newfoundland from Canada Works funds this past winter for job creation purposes. The subsidy still exists on vessels and longliners, plus there is still a subsidy from industry, trade and commerce on vessels over 75 feet.

This motion seems to have more to do with personalities than with the substance of policy. I do not know if that is because the opposition feels that the policy is good as it stands—I certainly do—but I feel the emphasis is on personality and the failure to consult. But even there I find an ambivalence, because the hon. member for St. John's West began and ended by saying that this was the greatest Minister of Fisheries since 1949, excluding Tory ministers of which there have not been very many since 1949. However, in the middle of his speech he said everything that this minister has done was wrong. He has not done anything right. I cannot see how that is a consistent argument.

One of the arguments the opposition is making is that the minister is failing to consult with the provinces. I heard the phrase this evening, "We are not going to be dictated to by the Ottawa bureaucracy". If you look at the bureaucracy within the fisheries service in Ottawa, you will find that a great many of them are in fact Newfoundlanders, people who lived by the sea, grew up by the sea and made themselves expert in fishing. Some of our top negotiators and policy makers within the fisheries department are from Newfoundland.

An hon. Member: Name some.

Mr. Rompkey: I can name them but it is not the practice to name such people in the House. I will be glad, however, to send the hon. member a list of these people within the fishery service who I am talking about. In fact, somebody last week from Atlantic Canada said, "We are no longer going to be dictated to by the Newfoundland mafia in Ottawa." Check your papers and you will find the quote, "Newfoundland mafia". Hon. members cannot have it both ways. You cannot say on the one hand that you are being dictated to by a foreign bureaucracy in Ottawa when in fact there is adequate evidence that fisheries policy, apart form the political level, is being constructed by Newfoundlanders, born and bred and well educated.

The opposition is talking about consultation and the minister's failure to consult. My friend from Comox-Alberni (Mr. Anderson) put on the record reams and reams—and I have them in front of me now—of consultations that the ministry of fisheries held. I do not hear the president of the fishermen's union in Newfoundland saying that he has not been consulted, although I do hear the minister of fisheries from Newfoundland saying that he has not been consulted.

I am also told that this subject is not political and has nothing to do with politics. We have a minister from Nova Scotia of one political stripe and a minister from Newfoundland of another political stripe. Obviously, these people are Simon pure and are the Robin Hoods of eastern Canada, and they are not doing this for political purposes. Well, if there is no politics involved why is it I have not got on my desk this great $900 million plan? Nor do the hon. member for Bonavista-Trinity-Conception (Mr. Rooney), the hon. member for Gander-Twillingate (Mr. Baker) or the hon. member for Burin-Burgeo (Mr. Jamieson) have it on their desks. If there is no politics, why have we not been consulted?

I am a Newfoundlander and I have some rights. I may not have the total say in shaping the policy, but I have some say. If there is this lack of consultation on the part of the Minister of Fisheries (Mr. LeBlanc), why is it that the minister of fisheries from Newfoundland has not seen fit to consult any Newfoundlanders in Ottawa? He cannot have it both ways. He cannot say on the one hand that we are not consulting with him if, on the other hand, he is not consulting with us. And he is not. I challenge him to show me a letter, any speech that he has given or any document from him that is in my possession. If somebody can find that I would be pleased to see it. We have not been consulted.

The fact is the only people who saw that document were the press. It was a political episode, and I think that it should be viewed in that light. The provincial ministers were playing politics with the issue. They saw that things were good and they wanted to get on the bandwagon; therefore they took this tack. I do not think it was a very positive or creative tack, but

if they want to play games that way then that is their prerogative. The plain and simple fact is that that episode of the plan of the Atlantic provinces, which was not paid attention to in Ottawa, was in my opinion a political episode.

In the long run one may be able to fool members of parliament, the cabinet, bureaucrats and even the press. No, I would not go so far as to say you can fool the press. But there is one other group that you cannot fool, and that is the fishermen. The fishermen realize that this Minister of Fisheries, if he is anything, is not a minister of fisheries but of fishermen. There is adequate proof of that.

● (2112)

As well as saying that they are not being consulted, the provinces are saying that they want more control. I think we have to be very, very careful about that and continue to see that resource as a Canadian resource. I do not think we can consider the resource as being Newfoundland fish, Nova Scotia fish or British Columbia fish; where would we stop? If that concept were taken a little farther the stocks would have to be split up and somehow divided.

The hon. member for Carleton-Charlotte (Mr. McCain) read some press clippings during this debate which said that the provinces want control and authority over the fishery. But if they were to get that authority would they, in turn, appoint an authority over each bay? In Newfoundland, for example, if the minister of fisheries there were to get authority over the province, would be then turn authority over the stocks in Labrador to the people of Labrador?

The hon. member for St. John's West said that Newfoundland now has a great fisheries department and that he built it up. I give him credit for that—credit where credit is due. He did. At the present time, however, they do not have one single provincial fisheries officer in Labrador. If anybody can find one and identify him for me, I would be glad to see him, but as far as I know, there is not one. If they have such a great department and are going to exercise authority, when are they going to appoint some officials?

I do not think you can take that argument to its ultimate conclusion because it means a balkanization, splitting up rather than working together. I believe we should see this as a Canadian resource. I also feel that the people who are contiguous to the resource should have the primary chance to harvest the stock. I think that is also the minister's view. It seems to me that to balkanize the fishery would lead us into very deep water indeed. This is a time when we should act together as Canadians and not balkanize.

The minister has not only been accused of not consulting but also of not initiating a policy for the protection and development of the Canadian fishing industry. I said that this was a minister of fishermen. This is the government and this is the minister that brought in the 200-mile limit. I also said that you could not fool the fishermen. Do not try to tell fishermen along the northeast coast of Newfoundland that the fishery has been mismanaged, and in particular do not tell them that when fish landings have gone up by 30 to 40 per cent. They will find it difficult to believe that the fishery has been mismanaged.

This is the minister who a couple of years ago, when the fishing industry in this country was in trouble because Korea had hit the United States market with some cheaper fish and outbid us in that market upon which we are so dependent, obtained almost $200 million from the government to shore up the Atlantic fishing industry until he could develop an effective policy.

This is the minister who for the first time put subsidies in the pockets of fishermen. Until a couple of years ago it was the fish companies—the merchant princes of Water Street—who received the subsidies in the province of Newfoundland. Two years ago, two cents per pound on top quality groundfish went to the fishermen for the first time. This is not the Minister of Fisheries, this is the minister of fishermen. This is the minister who has put subsidies on new vessels, who has continued to build marine facilities all around the coast of Atlantic and Pacific Canada. This is the minister who has stressed the inshore fishery as opposed to the offshore.

The hon. member for Carleton-Charlotte spoke of the advent of more freezer trawlers. He should recognize, when that sort of thing happens, that if you increase the offshore fleet you simply replace the foreign fishing effort with a Canadian effort that will be in direct competition with Canadian inshore fishermen. It has been the policy of this government to stress the importance of the inshore fishery—as a matter of fact, to take off the top of the groundfish quota every year, a percentage for the inshore fishery. I think the hon. member for Carleton-Charlotte should remember the competition that more freezer trawlers for the offshore fleet would provide for the inshore fishery.

The latest policy for the improvement of facilities is a four-year $13 million program to equip about 200 ports with such things as net-bags, hoists and freezer containers to ensure top quality inshore fisheries.

This is the minister, Mr. Speaker, who very dramatically in the past couple of years stood up to world opinion on the matter of the seal hunt. I did not hear anyone on the other side of the House mention that today, although for the last three years the government and opposition have been battling jointly to get the law changed. In all fairness I think that should have been mentioned today and some credit given where it was due.

This is the minister who did not cave in, who did not get weak knees at the expression of adverse public opinion across the world and who changed the law to give greater protection to sealers who depend on that resource for part of their livelihood.

This is the minister who was building new research vessels and who has encouraged research in stocks off our shores. The shrimp, for example, has been described by some people as a virtual gold mine, and it is hoped that in the next couple of years we will begin harvesting shrimp and scallop and other species that we have not harvested up to now. I hope the

minister will be making a statement on that in the next few days.

Then there is the matter of ownership of the fleet. The minister has said that his policy leads to ownership by fishermen of a greater part of the fishing fleet. The result is that, where appropriate, ownership of some part of the fleet by processing companies may decrease. This policy is intended to establish all fishing vessels as profit centres which would lead to the development of a better port market-pricing system for landings of fish.

Along with the independent ownership of vessels by fishermen, the minister has proposed credit requirements. In recognition of the fact that the resource availability will continue to improve and that the industry is on the road to development, the minister is saying that a requirement for credit financing could be expected for new and replacement facilities, including vessels. It is his intention to promote the development of a credit institution which will satisfy this requirement. It is intended that the credit institution will play an important role in implementing the policy to encourage independent fishermen to own vessels. This is important to fishermen. They do not have it now; it is something they should have and something the minister is working toward.

The next concern is increasing the Canadian share of the catch. We have heard tonight that foreigners are continually fishing off our shores, but that is a bit of a myth, Mr. Speaker. Primarily the fish they catch is fish that we as Canadians are not able to catch anyway. What have we done about the Canadian share of the catch since the 200-mile limit was imposed? The Canadian government has set quotas for 1978 that will keep foreigners almost completely out of our traditional fisheries such as cod, herring, haddock and redfish. In the cod fishery of southern Labrador and eastern Newfoundland where a few years ago foreigners took over 650,000 metric tonnes, they will now have a quota of 35,000 metric tonnes for 1978 whereas Canadians will harvest 100,000 metric tonnes. The remaining foreign quotas will be almost all in species that Canada does not fish in any great amount—silver hake, capelin, argentine and so on.

The minister has also instituted other programs for the supply of ice which again helps to produce quality fish. I could go on and on, Mr. Speaker. There is the matter of additional quotas for inshore fishermen and policies to protect them. There are other policies which are coming into being and which we on this side of the House will help establish.

I think it is unfortunate that this particular motion deals with personalities rather than the substance of policy. The evidence is there with regard to the policy; the evidence is there with regard to the performance of this government and this minister particularly. He is seen by the fishermen to be their minister. That is not only evidenced in his policy but in the way he conducts himself. While it may be possible to fool some of the people some of the time, it is not possible to fool the fishermen in this instance. It must be abundantly clear by now that if there were a vote tonight, I would vote against this motion.

[Mr. Rompkey.]

• (2122)

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I rise to make a brief contribution to this very timely motion introduced by my colleague, the hon. member for South Shore (Mr. Crouse). The concern expressed in the motion is very genuine and has been very eloquently endorsed by a number of my colleagues.

The two areas of deep concern outlined in this motion affect all Canadians, whether they live on the east coast, the west coast or in central Canada. The total lack of a consultative process between the federal Department of Fisheries and its provincial counterparts and the failure to develop a positive policy for the protection and development of the Canadian fishing industry is disturbing, to say the least.

I would also like to debunk the myth that the fishing industry is somehow the domain of our two coastal communities. We in central Canada, and in Ontario in particular, do indulge in fishing in pursuit of leisure. On the other hand, the commercial fishing industry offers employment to about 4,000 to 5,000 people and the catch is close to 40 million pounds a year. Currently the cash flow from this very important and growing industry is in the vicinity of $20 million for landed catch. This could be doubled to $40 million in retail sales.

These statistics, in a very small way, underscore my earlier remark about the importance of commercial fishing in the province of Ontario. We on this side of the House make an urgent plea to the Minister of Fisheries and the Environment (Mr. LeBlanc) to embark on some long-range and constructive policies in collaboration with his provincial counterparts in order to inject some life into an industry which is currently on weak economic ground. There need to be some constructive policies adopted in the area of fisheries resource management.

We in central Canada must join our coastal colleagues in this House who represent some thriving fishing communities on both coasts to express our concern about the violation of our 200-mile territorial limit. We have been very fortunate to enjoy an extremely amiable relationship with our southern neighbour. It will be a tragedy if we succumb to petty territorial rivalries with our neighbours and friends over commercial interests in fishing. It behooves the government, Mr. Speaker, to take urgent and positve action in engaging in serious and genuine consultations with our southern neighbour. The urgency and seriousness of the matter has been profoundly underscored in the past few days by my colleague, the hon. member for Esquimalt-Saanich (Mr. Munro).

My apprehension stems from the fact that this government may oversee the demise of our illustrious fishing industry in precisely the same manner in which it ruined our shipbuilding industry. The government's policy in the area of fisheries is shortsighted and erratic, similar to the deficient and bankrupt policies being implemented by the government to deal with our economic woes.

We are not asking the government to perform miracles. The fishing industry needs and certainly deserves a long-range plan of action which will introduce some form of stability, in

contrast to the patchwork policies being pursued by the Department of Fisheries.

This morning I had the privilege of sitting as a member of the external affairs committee when the estimates of CIDA were being debated and questioned. The witness before the committee was Mr. Dupuy, the president of CIDA. It is interesting to note that that branch of external affairs has a budget of $1.2 billion, which was dealt with in less that two hours because of the present committee set-up. I am sure the president will not be back before the committee and the estimates will be deemed to be passed as of the end of this month.

I bring this to the attention of the House because in that over $1 billion of estimates there was one small item of $32 million which was earmarked for ten fishing projects. I certainly find no fault with CIDA projects to help countries in the third world. Part of that amount will be used for agricultural development, food. Part will be used to improve the fishery, part to provide boats, small boats, I believe, rather than the very expensive boats which CIDA provided in past years. Another part of the money will be used for fishing schools and training and also for outboard motors.

These projects worth $32 million are earmarked for this year, provided the third world countries and Canada work out suitable arrangements, which I certainly expect they will. There are also projects in the amount of $26 million on the board for the future.

The province I represent, Ontario, receives only $4 million of the entire budget of the Department of Fisheries, less than 9 per cent. One little department of CIDA will receive three and a half times that amount. The combined revenues of the commercial fishery and sports fishery of Ontario equals the amount of revenue generated by either of the coasts. Members on either side of the House may look at this askance, but that is correct. The province of Ontario is probably not assumed to be a commercial fishing province. I wanted that mentioned specifically.

Ontario has 25 per cent of the fresh water in Canada, several thousand miles of shoreline and approximately 53 per cent of all the small craft in Canada. There are 455 harbours. Granted, a good many are recreational harbours, but a good number are dual harbours.

Ontario is getting short-changed with regard to the amount of money allocated, considering that Ontario has more shoreline than the province of Quebec. However, the Quebec allotment is greater than Ontario. That does not even include the allocated amount for the Montreal harbour. I was under the impression that was around $26 million, but someone mentioned it is closer to $40 million. In addition, a tremendous amount is earmarked for Quebec City.

The province of Ontario contributes a considerable amount to the national coffers, but gets the short end of the stick when the Department of Fisheries and the Environment is handing out money. It is very important that Ontario at least get its share. As I mentioned before, it should at least get half its share.

We are talking about commercial fishing, but sport fishing is also important. It generates amounts in the millions of dollars. It is estimated that Ontario has 53 per cent of all pleasure boats in Canada. Our dual harbours are used for both commercial fishing and tourism. It is therefore important that the provinces should have additional moneys available with which to improve facilities. I have received letters from municipalities requesting improvements to docks. The regional manager of Environment Canada in charge of small harbours informs me that he appreciates the situation but that the available budget is cut to the bone and no additional funds are available. A few days ago I contacted the department because one of the municipalities had requested improvements to the docks. The regional manager said that nothing could be done before 1979-80.

• (2132)

So here again we find the little province of Ontario, which is contributing greatly to federal revenues, in a less than favourable position. I see hon. members smiling. I say it is just as well to have it on record. Everybody seems to think Ontario is the most favoured province, but a good many other provinces are fortunate that Ontario is able to contribute such large amounts of money in so many directions.

Tourism is another important means of generating money. I draw attention to the fact that there are 110 million Americans living within one day's drive of Ontario. And don't think they are not coming over here in droves. Naturally, we would like to see them coming in even greater numbers to help make Ontario and Canada green, but to encourage this movement it is important that we have the facilities they need, including upgraded harbours.

I will close, now, Mr. Speaker, realizing that there are others who wish to contribute to the debate this evening.

Mr. Herb Breau (Gloucester): Mr. Speaker, I am happy to take part in the debate this evening, consideration of a motion which condemns the Minister of Fisheries (Mr. LeBlanc), allegedly because there has been a lack of consultation. I do not want to spend much time on that part of the motion because the minister himself and his parliamentary secretary have dealt with it adequately. The minister tabled this afternoon a list of the meetings and consultations in which he has taken part, together with provincial representatives, fishermen's groups and other organizations. It is a record unmatched by any other minister.

Not only has the present minister been the best Minister of Fisheries, as the hon. member for St. John's West (Mr. Crosbie) admitted this evening, but he has consulted more widely with provincial governments and others before reaching decisions. As I say, I do not want to spend too much time on the consultation aspect because it seems to me the opposition speakers were not particularly interested in it; they were more interested in finding other grounds for criticizing the minister.

The basis of the argument put forward by the hon. member for St. John's West was that the government did not seem to be interested in developing the Atlantic fishery. He told us that the government of Newfoundland, for example, was putting more resources into fishery development than the federal government. But look at the facts. The 1976 fisheries policy paper indicated that the average expenditure between 1973 and 1975 on resource management and development in the Atlantic region was $89.7 million by the federal government, of which $74.3 million was spent by the Department of Fisheries and Environment and $21 million by the provinces. So there is no question that the federal government has been spending the majority of the funds allocated to fisheries development in Atlantic Canada since 81 per cent of the funds so expended came from that source.

There was another erroneous assumption made by the hon. member for St. John's West. He complained about the fact that 500 permits have been given to foreign fishing vessels which fish in Canadian fishing waters. What he omitted to mention was the type of fish these vessels were catching. Canada took 34 per cent of all fish caught off the Atlantic coast in 1974 but have 53 per cent of the total annual catch in 1978. Most of the remainder consists of non-traditional species such as capelin. For traditional groundfish, cod, haddock and so on, the percentage taken by Canada was 32 per cent in 1974 and is expected to be 69 per cent in 1978.

Allowing for allocations to the U.S. and to France—St. Pierre and Miquelon—and for allocations of stocks either exclusively beyond 200 miles or straddling the boundary, foreign nations have only 13 per cent of the traditional groundfish. The hon. member complained loudly because there are a lot of foreign vessels fishing within the 200-mile limit but he forgot to mention that they are fishing for species which Canada has not eaten traditionally, for which Canada does not have processing facilities and which Canada is not used to marketing. So when we see incorrect assumptions of this kind being made by hon. members on the other side we conclude that the opposition does not really have much to criticize. They do not really have much of a case.

I should like to deal mainly with another aspect of this subject. Members of the Conservative party seem very preoccupied by the development plans put forward by Newfoundland and Nova Scotia and then, presumably, by the four Atlantic provinces. I was very surprised to hear the hon. member from New Brunswick, the hon. member for Carleton-Charlotte (Mr. McCain), say that he thought the province should have control over the resource, that the province should control the fisheries. I hope the hon. member and others of his party go to New Brunswick and campaign on that issue in the forthcoming election. I wonder if the hon. member knows that the province of New Brunswick backtracked quite hastily when they realized the implications of what they were saying.

The hon. member knows that fish swim, that we must rebuild the stock in the Gulf of St. Lawrence, rebuild the Atlantic fishery and restore it to the place it occupied 20 years ago. How can that be done if control over resource management and development is given to Newfoundland or to Nova Scotia? A few years ago a number of members, I believe the hon. member for South Shore (Mr. Crouse) was one, were scandalized at the suggestion that foreign trawlers should move into the Gulf of St. Lawrence; it would have taken them a matter of weeks to have denuded the area.

● (2142)

The hon. member for Carleton-Charlotte, a member from my province, said this evening that we should give the responsibility for the management of fishery resources to the provinces. In other words, he would be prepared to say to the fishermen of northeastern New Brunswick that they should not get a share of the improvement resulting from the declaration of the 200-mile limit. He would be prepared to say that they should get nothing but that Newfoundland should get everything. Mr. Speaker, the fishery resource is owned by all the people in Canada, and the people of New Brunswick, people from my constituency and from the constituency of the hon. member for Carleton-Charlotte, do not expect the Government of Canada to give up responsibility for managing the fishery resource in this country.

Mr. McCain: All those governments aren't Liberal. You are judging them all by yourself.

Mr. Breau: All those governments are not Liberal, but the provinces of New Brunswick and Prince Edward Island and all their inshore fishermen would become bankrupt if we were to accept the plan put forward by the province of Newfoundland, with the support of the province of Nova Scotia, because they do not want to rebuild the stocks. They are not concerned about proper management or rational development. I have a copy of their plan here. They want to build fishing capacity beyond what it was before the 200-mile limit was set. They want to build it beyond what it was when foreigners were fishing there. They are not talking about rebuilding stocks either in the 200-mile limit or in the Gulf of St. Lawrence. What they want to do is rape the resource and get short-term profits for themselves.

I think that point of view should be put to the people of this country and to the people of New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland. I would be very happy for them if they could get something good, but there is a problem. The question is not one of who should own the resource but of who can manage it properly. I am from the Atlantic provinces, but we must criticize ourselves because, while we might agree in criticizing Ottawa or the rest of the country, the four Atlantic provinces cannot agree on the time of day. The maritime provinces have been trying for the last few years to agree on something. Why all these inter-governmental meetings between provinces when really one constitutional authority can listen to the four Atlantic provinces?

The federal authority has to account to this House and to hon. members opposite, who do not consider themselves the protectors of the interests of their constituents. They do not consider themselves the protectors of the interests of the people

of Newfoundland or Nova Scotia. I do, and I am also ready to defend the interests of my constituents at any time in this House. Is it not really more efficient and does it not make more sense to have one constitutional authority? In the Gulf of St. Lawrence or even outside the gulf we really cannot define the line between the provinces of New Brunswick, Quebec, Nova Scotia and Newfoundland. And what do we do about P.E.I.? How are we going to agree on the line?

The position put forward by the province of Newfoundland is unfair in terms of the Gulf of St. Lawrence. The people of New Brunswick depend on the rebuilding of stocks and on a rational and cautious development of that fishery in the future. However, the position accepted by the Conservative opposition is really unworkable, and to suggest that we could bring together the four Atlantic provinces and the province of Quebec even to agree on where to hold a meeting to discuss these things is absurd. Nobody would agree on anything. As I said before, they could not even agree on the time of day. The result would be that a few companies based in Nova Scotia and Newfoundland would rape the resource.

We all know the concentration of power presently in the fishing industry. We all know about the transfer of shares which took place on the stock market in 1977. We all know how strong fishing companies are becoming. We all know that while provincial politicians were arguing amongst themselves, five or six big companies would rape the resource, and the result would be that all of us would pay very dearly.

I just hope that the Conservative party comes before the people in the Atlantic provinces with that kind of position, because I feel that the people of Canada everywhere do want a stronger central government; and if there is one area where the fishermen and the people generally want the federal government to maintain its authority, it is the area of resource management for the fishery. Anything else would be total chaos.

The basis of the policy of the Minister of Fisheries and the Environment in the last few years has been to have a fair allocation of quotas. For the first time in the last two years we have an allocation of quotas. If there is going to be a scarcity of fish, we say that different areas will have a fair allocation of quota. They can extract that fish from the sea. However, we also say that inshore fishermen will have their share. How will they have their share if more than one authority decides how much fish is to be taken? If we do not protect fish coming into the Gulf of St. Lawrence by having a sound, rational and cautious development policy within the 200-mile limit, it just will not get there. If it does not get there, that will mean bankruptcy for the fishing industry. The basis of the policy of cautious development is that the inshore fishermen should have a share and an opportunity to enjoy the prosperity it had, in relative terms, 20 years ago.

Mr. McCain: I agree with that.

Mr. Breau: The hon. member for Carleton-Charlotte now says he agrees. It is difficult to understand the policy of the Conservative party. One wonders if it is the result of conviction or confusion. Just about 20 minutes ago the hon. member was criticizing the minister for saying exactly what I am saying. I am saying that we should resist the policy of the Newfoundland government. Just because it is a Tory government, the hon. member for Carleton-Charlotte should not think it has the divine answer to everything. I am here defending the minister and explaining why, and the hon. member interjects and says he agrees. The hon. member should make up his mind.

I should remind the hon. member about what has been happening to the herring fishery in his own constituency in the last few years. The purse-seine landings tripled in value in 1977 over 1975, from $2.8 million to about $7 million, yet he has the gall to criticize the Minister of Fisheries and the Environment. The minister saved the herring fishery in the Bay of Fundy with his policy. Federal government measures have tripled the value of the herring purse-seine fishery in the Bay of Fundy. Federal fisheries authorities backed the seiners to form a marketing co-operative and helped them work out individual boat quotas which enabled them to slow down their rate of fishing and to sell herring for processing into food rather than racing to catch all the quota in a short time to sell for reduction to fishmeal. That is what was happening before the minister came in with his policy.

The hon. member suggests that the federal government is unfair by insisting that it should have the authority to regulate the fishery. He should have been in his constituency over the last two months asking herring fishermen what they think about that. If the herring fishermen of the hon. member's constituency were to read his speech of this evening, I would have to go there to help him in the next election because he would be in difficulty.

I mentioned a while ago that in 1978 Canada will get 69 per cent of the traditional groundfish catch. In 1974 it got only 33 per cent. That is not the only difference we must look at. In terms of inshore fisheries, again for the first time the Minister of Fisheries and the Environment introduced the concept of allocation on a regional basis. For example, there will be a cod quota in 1978 for the Gulf of St. Lawrence. Not only will there be a cod quota generally for the Atlantic provinces but also for the Gulf of St. Lawrence. Also there is a cod quota for inshore fishermen. As a result of that, the inshore fisheries now have an opportunity to prosper.

● (2152)

For hon. members opposite, under the guise of a motion, to attempt to condemn the minister for lack of consultation is unreasonable. They come here and present various arguments. The hon. member for South Shore (Mr. Crouse) complained this afternoon about 500 licences being given to foreign fishing vessels within the 200-mile limit. Is that a big scandal? In the groundfish industry, we will be fishing 69 per cent in 1978, whereas in 1974 we were fishing only 32 per cent of the total allowable catch. The foreigners are receiving species which Canada is not equipped to process. Canada is not used to

fishing those species traditionally, and we do not have a market for them. Why not let the foreigners take them?

I support the position of the Minister of Fisheries and the Environment. I support his contention that fisheries management must remain a federal authority.

Some hon. Members: Hear, hear!

Mr. Breau: At this time in our history, there is no way that I would want to see the central government weakened in any way, particularly not in the area of the fisheries. That would mean chaos. There is no way the four Atlantic provinces would agree on anything. The result would be that four or five big companies would control the fisheries. For an hon. member from New Brunswick to suggest that the power over fisheries should be given to Newfoundland and Nova Scotia is not feasible. The result would be that the inshore fisheries of New Brunswick would be totally bankrupt. I could not stand for that. I support the posture the minister has taken, as well as the policy which he introduced respecting a cautious development of the fisheries. If there is a need for more fishing capacity, better boats and bigger boats, later on we can acquire these boats when necessary and when there are fish to fish in the sea.

Mr. Cecil Smith (Churchill): Mr. Speaker, in the very few minutes remaining in our allotted day, I should like to speak about the Freshwater Fish Marketing Corporation. It was established in 1969 specifically to market fish, fish products and by-products in the Northwest Territories, Alberta, Saskatchewan, Manitoba and a portion of Ontario. As is clearly stated in its 1976-1977 annual report, the objective of the corporation was to market fish in an orderly manner and to increase interprovincial and export trade.

One could probably write a book on the allegations which have been brought to our attention concerning this corporation over the past eight months. One such allegation is that 14 million to 15 million pounds of fish purchased by the corporation through its Transcona plant were in storage at a cost of $5,000 a day to the fishermen. Some of it has been kept in storage for as long as nine months. Another allegation was that many pounds of fillets had to be thrown away because of freezer burn. A further allegation concerned the deliberate changing of packaging dates on fish already in storage so that it would appear to be fresh fish. Apparently expensive fishing and processing equipment was sitting unused adjacent to the Transcona plant. I could refer to many such allegations.

Prior to the estalishment of the Freshwater Fish Marketing Corporation, fishermen sold their produce through various private companies in the north. At that time all the fish was being sold. It did not have to be put into storage, and the fishermen were not assessed some nine cents a pound per annum to keep fish in storage. Today the Freshwater Fish Marketing Corporation does not seem able to sell half the amount of fish being produced. From 1963 to 1969 the average production in northern Manitoba was nine million pounds per annum. That fish was all marketed. It did not have to be stored, and fishermen were not assessed one cent per pound per month. Now that the corporation is in place, the average annual market volume is 5.5 million pounds. We have taken a step backward.

The corporation will indicate that fishermen are receiving a better price for their catch, but when fishermen are required to pay in order to keep fish in storage for a period up to nine months, that theory does not make sense. Instead of putting this fish in storage, we should use mother nature's deep freeze. The lakes in northern Manitoba are ideal. In the wintertime they could be used to replace deep freezer storage until production is sold to a buyer in the United States, our major customer. The fish could be taken out of the lakes and shipped directly to the market. Then fishermen would receive a better price for their fish, at least ten cents a pound bonus for fishing in the wintertime. Also we would get away from these high storage costs.

If the Canadian inland fishery is to survive, we will have to take a look at the lakeside results which fishermen receive in Manitoba, Saskatchewan, the Northwest Territories and so on. A portion of Ontario has opted out of the program. The fishermen of that province are now receiving $1.16 to $1.20 per pound for pickerel, whereas fishermen under the corporation receive only 50 cents to 69 cents per pound.

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

The Acting Speaker (Mr. Ethier): Order. It being ten o'clock, it is my duty to inform the House, pursuant to Standing Order 58(11), that proceedings on the motion have expired.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

MEDICAL RESEARCH COUNCIL—FUNDS FOR RESEARCH

Mr. David Orlikow (Winnipeg North): Mr. Speaker, on May 3 I directed a question to the Minister of National Health and Welfare (Miss Bégin). I asked her whether representations had been made by medical researchers to the effect that the small increase in funds allocated for medical research this year would have very serious effects on the entire program of medical research, and on the ability of this country to keep medical research in Canada. The minister replied by pointing out that there had been an increase of 5.6 per cent, which amounted to approximately $60 million. Also in view of the freeze under the restraint program, she felt that medical researchers had not been badly dealt with.

The increase is far short of what is required. Medical education in Canada to a large extent has been based on teachers in our medical colleges who are vitally interested and tremendously involved in research in the various specialties for which they have been trained and are deeply involved. They are experts in their fields. They want to continue their work. If they are not permitted to continue their work because funds are not made available, they will move to the United States. The United States is not just a country close to Canada, not just a country to which it is easy to move, and not just a country in which the people speak the same language; it is a country which spends at least ten times as much per capita on medical research as we in Canada spend.

● (2202)

This results in a constant pull from Canada of Canadian medical researchers to the United States. Just a week or so ago one of the best known and most competent of the researchers at the medical college at the University of Manitoba, Dr. Ruben Cherniack, announced he would be moving to one of the mid-western states. He is moving because he does not have to worry in that state about the funding necessary to carry on the research in which he is interested. The money is made available there freely and willingly.

Too little money for medical research has been the story for many years in Canada. What have aggravated the situation are the stop and go programs in Canada. Some two years ago when medical researchers successfully mounted a protest against that year's cut-backs, the then minister of national health and welfare, speaking at a meeting of the Standing Committee of Health, Welfare and Social Affairs, said in part:

> You cannot just turn it on and off as if it were a water tap. What we are trying to develop is a kind of formula or criterion, by which research . . . particularly medical research . . . will be able to count on some reasonably steady rate of growth in its expenditures.

Those were brave and sensible words. The medical research community hoped the government had changed its thinking and that there was a new understanding regarding the importance of medical reasearch. They thought the government had accepted the principles enunciated in those words I have just quoted from the former minister. After two relatively good years, researchers find this year they are right back in the mess they were in two years ago. The $60 million allocated is just not good enough. This is an increase and we can argue how much. The minister said it was an increase of 5.6 per cent. The Prime Minister (Mr. Trudeau) in a letter said it was an increase of 7.8 per cent, and medical researchers say it is an increase of three decimal something per cent. The fact is that the cost of medical research has gone up between 15 per cent and 20 per cent annually.

What this small increase this year means is that the National Research Council had to turn down about 167 grants for highly qualified applicants, as well as the applications of 32 excellent investigators who wanted to continue the work which has been funded by the National Research Council so far. They have been told they would have to conclude their research in the next few months. It has been estimated that they need about another $6 million to cover the cost of staffing their research programs, as well as for equipment and for the development grants program which has gone a long way to providing the salary support needed to recruit new faculty members in the newer medical colleges. This development grants program was cut to the bone. It is short by at least $500,000.

What we have according to medical researchers is another crisis which will have a profound effect not just on the researchers but on the whole program of medical education. What we are talking about is some $6 million, and I do not believe that a country like Canada which has programs in every field which total in the tens of billions of dollars cannot find $6 million. I would urge the minister to reconsider the decision.

● (2207)

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

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I would like to congratulate the hon. member for Winnipeg North (Mr. Orlikow) for bringing up at this time a topic which is not only of concern to him but to many other members of parliament, and certainly to the Minister of the Department of National Health and Welfare. I would like to point out to him that the minister did reply to him in her response of May 3, 1978, but I wish to amplify that to some extent. Before doing so, however, although he has mentioned that many doctors are moving to the United States, I would like to inform him that it is not all milk and honey and sweetness and light in the United States and many doctors are returning.

The hon. member also indicated that the per capita research in the United States is ten times that of Canada. If he checks his figures he will find it is not ten times the per capita amount but rather $10 per capita in the United States as compared to one-third of that in Canada, if my figures are correct. It is true there is a difference, but ten times as against three times is quite a significant difference.

I disagree with the hon. member when he says there is a crisis as far as this is concerned, because many of the most important projects are in fact being funded at the present time. I believe that many hon. members will have received representations from their constituencies about the government's funding of medical research in 1978-79. I appreciate and share that concern.

I would like to take this opportunity, however, to correct a number of inaccuracies that have crept into reports and statements in the media. It has been stated that 20 per cent of ongoing Canadian projects in the medical sector have just been terminated by the Medical Research Council. This is significant exaggeration which should be corrected. In Canada in the fiscal year just ended, a total of 2,725 research projects in medical fields were under way with support from one of the major granting agencies—federal, provincial or voluntary.

This figure included 1,302 supported by the federal Medical Research Council, of which 545 were assured of funding for the coming year without further review.

In November, 1977, and March, 1978, the Medical Research Council had for consideration applications for the renewal of 575 projects. Approval was given to continued support of 475 of those projects for further periods of one to three years. In the remaining 100 cases, support was provided only for periods of three to eight months, to enable the investigators to bring the projects to an orderly conclusion or to revise the protocol for future work so that it would be more favourably viewed by the applicant's scientific peers and thus receive further funding in the next competition. This unconditional award rate of 82 per cent of the requests under review is not at all unusual in the experience of the Medical Research Council.

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

AIRPORTS—CONSTRUCTION OF FACILITIES AT CHARLOTTETOWN—ALLEGED DELAY FOR ECONOMIC REASONS

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, if I may make a minor transgression from procedure, I would like to ask the parliamentary secretary to convey to his minister my opinion that she is a lady of great compassion, and I support her in all the endeavours that she has put forward for the deserving people of this country.

Once again I address the House on a problem both important and pressing, the construction of adequate airport facilities for the city of Charlottetown and the province of Prince Edward Island. This is not the first time I have presented my concerns, Mr. Speaker. I brought up the subject most recently on November 7, 1977, and on May 24 and January 31 of the same year. I had hoped that an announcement made by the Minister of Transport (Mr. Lang) on November 8, 1977 concerning funding for the new terminus would have ended my anxiety. However, I fear that my worries are far from alleviated. Delay and uncertainty seem to remain the order of the day.

The problems we are facing become increasingly serious as we approach the summer months. Tourists will soon be heading to our beautiful villages and sunny beaches. Once again the summer visitor arriving by air will be greeted with uncomfortable and inadequate convenience—an unnecessary and unwelcome set of circumstances far from becoming the capital city of the province where confederation began.

● (2212)

Being a believer in representative democracy, I consider it a grave situation that the worries of the people of the village of East Royalty have not been eased. For months they have had to contend with uncertainty concerning their position in respect to their property. Certainly, land acquisition is a necessary effect of expanding the Charlottetown airport. It has been estimated that approximately 28 property owners will be affected by the project, 28 individuals and families who at the present time have not been given any reasonable assurance from the federal government as to their circumstances or their future. They had been promised ample opportunity through public meetings to voice their position and to receive information from the responsible officials. The last such public session was held in December of last year, with no indication of another forthcoming. The people of East Royalty are deserving of better treatment and I request of the minister that the village be given immediate recognition and full information so that this problem affecting the airport's expansion be resolved.

Not all Islanders are enthusiastic about the Charlottetown airport plan. On a "hot line" radio program in Charlottetown, some citizens have suggested that $21 million is too much to spend. I know this problem and I am convinced of the importance of new air terminal facilities to the economy of the province and the well-being of its citizens. The sum of $21 million is not too much; in fact, I wonder if it is too little. We of the Island have been too long neglected. I urge the minister not to consider a reduction of this figure. PEI deserves a first class airport and I make no apology for advocating such an installation. Why should we settle for second best? I think we should not.

Four weeks ago we all thought that the days of this parliament were numbered. After today's words from the Prime Minister (Mr. Trudeau) it seems that we are to stay for yet another few months. I urge the minister to devote some of this freshly acquired time to the exigencies of the construction of this much needed facility and to go "full steam ahead" on a sorely needed project, the airport in Prince Edward Island.

I want the parliamentary secretary to assure the minister—who is not the most popular figure in that part of Canada—that he will have my full and sustained support in bringing to Charlottetown a much needed airport with the most modern facilities that our province requires and needs. I will support the minister to the fullest extent of my eloquence and capacity as either a has-been politician or emeritus one, depending upon whether it is friend or enemy who describes me. I should like the parliamentary secretary to know that we appreciate his attention.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I share the views of the hon. member for Hillsborough (Mr. Macquarrie) when he describes his province of Prince Edward Island as one of the jewels of Canadian tourist life. I am sure—in fact that is the very reason why the Department of Transport decided to spend a relatively large amount of money on the Charlottetown airport—I am sure that everything in our power must be done to give better services to the visitors who go to Prince Edward Island as well, if not, in particular, Mr. Speaker, to the citizens of the island. I should like to thank the hon. member for his words of support for the Minister of Transport (Mr. Lang). I agree with him that the needs of the people living near the airport must be taken into consideration and efforts made to

try to solve the sociological problems caused by having to move and the construction of a larger airport in the vicinity.

[*English*]

As the hon. member mentioned in his intervention, on November 8, 1977, the Minister of Transport announced that the federal government will completely redevelop the Charlottetown airport at a total cost of $21,531,500, to include a new terminal building and eventually a new 5,000 foot runway. I can assure the hon. member that this amount will not be diminished and that we will forgo the previous engagement we took last November. The Minister of Transport said at that time, and I quote:

● (2217)

This massive project indicates the government's longstanding commitment to improve transportation facilities in this province and throughout Atlantic Canada.

The minister also paid tribute to the dynamic and highly successful Prince Edward Island tourism program since jet service began in 1969, which has resulted in a dramatic increase in air transportation. The Charlottetown airport redevelopment concept was developed in close consultation and co-operation with provincial and municipal authorities.

It is worth repeating that the carriers serving Charlottetown participated fully in the development of the master plan which identified a requirement for a new runway in future years. The first state of the new runway would be constructed to a length of 5,000 feet. As and when the demand developed, it would be extended to 7,000 feet. If at that time aviation technology has changed to the point where an even longer runway is required, operational requirements will be met.

The Acting Speaker (Mr. Ethier): The motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at eleven o'clock.

Motion agreed to and the House adjourned at 10:18 p.m.

HOUSE OF COMMONS

Friday, May 12, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

ADMINISTRATION OF JUSTICE

REQUEST FOR INQUIRY INTO PETER TREU CASE—MOTION UNDER S.O. 43

Mr. G. W. Baldwin (Peace River): Mr. Speaker, under the provisions of Standing Order 43 and under the urgent and pressing circumstances which appear in the following motion, I would move, if approval is given, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That this House, as the elected branch of the ultimate and highest tribunal in the country, concerned that justice should not only be done but be seen to be done, and that judicial and bureaucratic officials shall not make improper or unexpected use of laws enacted in parliament, requests that the Minister of Justice and the Solicitor General inquire into and report to the Standing Committee on Justice and Legal Affairs on certain facts relating to the case of Peter Treu who, after being under charge and trial for approximately four years under the Official Secrets Act, behind a strict curtain of secrecy, was recently convicted and sentenced to imprisonment and, in particular, the allegation that Treu was commanded not to discuss the case even after conviction and was granted bail on appeal only on the same basis, and that the committee be required to consider the provisions of the Official Secrets Act which permit this kind of Star Chamber proceedings, with a view to recommending suitable changes.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POST OFFICE

ACCOUNTABILITY TO PARLIAMENT FOR OPERATIONS—MOTION UNDER S.O. 43

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I rise under the provisions of Standing Order 43 to deal with a matter of urgent and pressing necessity. In view of the fact that sections 80(1) and 80(2) of the Post Office Act specifically state that the Postmaster General shall submit annually to the Governor General a report of the Canada Post Office for the preceding fiscal year, and do this within ten days of the commencement of the next ensuing session of parliament, which action the Postmaster General (Mr. Lamontagne) has failed to take for the 1976-77 fiscal year, and because this is the second example of the hon. gentleman's ignoring statutory provisions in the operation of the Post Office since he recently assumed this responsibility, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House orders the Postmaster General to desist from his tactics of operating outside the Post Office Act in order to avoid accountability in parliament for the operations of the Post Office.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

COMMUNICATIONS

BELL CANADA CONTRACT WITH SAUDI ARABIA—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I rise under the provisions of Standing Order 43 to move an urgent motion. In view of the revelation in today's Montreal *Gazette* that Bell Canada has agreed to pay $88 million to Saudi Arabian "business concerns" under the terms of its $1.1 billion contract with Saudi Arabia, and in view of Bell's refusal to explain why this pay-out is necessary or who are the recipients, thereby preventing the CRTC from having complete information in determining the validity of Bell's current application for a rate increase, and also raising the spectre of illegal kickbacks, I move, seconded by the hon. member for Timiskaming (Mr. Peters):

That this House demands that the Minister of Communications instruct the CRTC to investigate and make public the details of this $88 million expenditure.

Mr. Speaker: Presentation of such a motion for debate would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

TRADE

REQUEST FOR RESTRICTION ON IMPORTED FOREST PRODUCTS—MOTION UNDER S.O. 43

Mr. C. A. Gauthier (Roberval): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of very urgent and pressing necessity.

In view of the very serious crisis facing the forest industry in Quebec generally, and more specifically in the northwestern area of the province, because of the decreasing number of market outlets for the products of that major industry, and because of the very alarming unemployment situation in this sector; and in view of the fact that imports of plywood alone have deprived our forest industry of over $100 million in revenues during 1977, I move, seconded by the hon. member for Moncton (Mr. Jones):

That the House urge the Minister of Industry, Trade and Commerce (Mr. Horner) to examine this situation thoroughly and to impose restrictions on forest product imports which may prejudice the most legitimate interests of our workers.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

ELECTIONS

DATE OF BY-ELECTIONS—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I rise under the provisions of Standing Order 43. My motion concerns the fact that as of this moment over one million Canadians are unrepresented in this House. In view of the fact that the patronage and arbitrary appointments of the Prime Minister (Mr. Trudeau) are responsible for two-thirds of this regrettable situation, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

● (1112)

That this House deplores the fact that the government would allow nearly one-tenth of the Canadian electorate to be unrepresented and, while sympathizing with Liberal candidates such as Dr. John Evans who will have to lose the same seat twice in a matter of months, nevertheless demands that the Prime Minister now set a date for the seven by-elections that he has so far lacked the fortitude to call.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

[Mr. Speaker.]

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

OFFICIAL LANGUAGES

BILINGUALISM IN EDUCATION—MOTION UNDER S.O. 43

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, on a matter of urgent and pressing necessity, and in conformity with Standing Order 43, I move, seconded by the hon. member for Louis-Hébert (Mr. Dawson):

That the Secretary of State table in this House the government's proposals for the new federal-provincial agreement for bilingualism in education which would come into effect as of April 1, 1979, in order to allow adequate time for proper discussion and to remove the anxieties caused by the minister's statement in January of this year that, at that time, it would not be useful or appropriate to discuss them.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PENITENTIARIES

CONSTRUCTION OF PENITENTIARY IN SELKIRK, MAN.—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that there is high unemployment in the construction industry in Manitoba, and in light of the government's decision to proceed in 1980 with the new maximum security penitentiary for Manitoba to be located in Selkirk, I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That the Minister of Public Works or, for that matter, the Solicitor General, immediately proceed with the construction of the penitentiary in order to maximize the economic benefits for both Selkirk and the province, to create employment and to fulfil his promise to the town of Selkirk.

Mr. Speaker: Is there unanimous consent for the introduction of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

TRANSPORT

CONSTRUCTION OF REGIONAL OFFICES IN MONCTON, N.B.—MOTION UNDER S.O. 43

Mr. Leonard C. Jones (Moncton): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas the unemployment situation and the construction industry is at a low ebb in many parts of Canada, particularly in the maritime region; and whereas the federal government has assisted downtown development in many Canadian cities, such as Montreal, Halifax, and so on; and whereas the Department of Public Works and/or the Department of Transport prepared plans, called for proposals and tenders, and proposals and tenders were submitted for the establishment of new regional offices for the Department of Transport in downtown Moncton; and whereas, for some unknown reason, the proposals or tenders were not accepted and construction not undertaken; and whereas, downtown Moncton is in need of a catalyst to revitalize the downtown area and assist in the employment situation, particularly in the construction field, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the Department of Transport and the Department of Public Works take steps forthwith to proceed with the establishment and construction of new regional offices for the Department of Transport in downtown Moncton, New Brunswick, for the reasons outlined above.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

MEASURES TO IMPROVE SITUATION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Prime Minister. Yesterday, in announcing his disinclination to meet the electorate, the Prime Minister indicated that the government would be bringing forward other types of economic measures. He declined to give a date when the House of Commons might receive the Bank Act, which we know is ready, and legislation on small business which the government has been promising for some time.

Can the Prime Minister now tell us the general nature and the subject matter of the new economic initiatives the government is planning to introduce? For example, will there be new job creation measures, productivity incentives, new cuts in government spending, and tax incentives for regional development? Will the Prime Minister tell us the kind of measures

which will be included in this economic package that he has delayed an election to introduce?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this seems like a repetition of the Leader of the Opposition's question of yesterday. We gave him the answer that these matters would be introduced before the House very soon.

Mr. Clark: Mr. Speaker, the reason the questions are repeated is the failure to answer being repeated day after day.

Some hon. Members: Hear, hear!

Mr. Clark: If the Prime Minister expects people to believe his reason for retreating from the election, he will have to spell out precisely the kind of measures he wants to bring before the House. That is what I am asking him today.

Let me try something else on the Prime Minister. He has been proposing for some time, at least as far back as 1975, that his government is going to proceed on a major program of government deregulation. He repeated the promise when he met with the first ministers. Will the Prime Minister give an undertaking now that he or a responsible minister will make a full statement on motions on Monday outlining the extent of the progress of the government toward deregulation?

● (1117)

If they have done nothing in this field either, will he give us an undertaking now that he will refer that question to a standing committee of the House of Commons so that parliament can get to work on deregulation even if government will not?

Mr. Trudeau: I will take that as a representation, Mr. Speaker. I thank the hon. Leader of the Opposition for it.

* * *

ESTIMATES

STUDY BY HOUSE COMMITTEES

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I think there is an acting prime minister somewhere. I wonder if the government House leader could be enticed back to his seat for a question. I ask the acting prime minister—well, they are both acting prime ministers.

Some hon. Members: Hear, hear!

Mr. Clark: As the government House leader will know, one consequence of the dithering, the delaying and the inability of the Prime Minister to make up his mind is that Liberal chairmen of committees have been delaying discussion and consideration of estimates by the House of Commons during the last few weeks.

An hon. Member: That is not so.

Mr. Clark: For example, there has been no consideration of the estimates of the Post Office, Air Canada, Public Works, the Royal Canadian Mounted Police or the National Energy Board. We are only beginning to make progress on consideration of the estimates of other departments. In light of this delay as a result of the indecision of the Prime Minister, will the government House leader agree to seek the unanimous consent of the House, which he will receive from this side, to extend by two weeks the deadline for the consideration of estimates in committees?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I have had absolutely no indication that committee chairmen or members of committees have not been doing their work. The responsibility for the operation of the committees is up to committee members. They are not under the direction of the government in this particular case.

Some hon. Members: No?

Mr. MacEachen: If work has not been proceeding in committees, which I have no reason to believe, then it is the responsibility of committee members as a whole to accelerate the work. I am satisfied that before the end of June, or June 22 which would be the end of the normal supply period, there will be plenty of time to consider the estimates in a thorough and businesslike manner. There will be absolutely no need to extend the period.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, it amazes me that even this minister can be so out of touch with what is happening in committees of the House of Commons. If he had been paying attention to parliament instead of trying to read the entrails of Mr. Goldfarb over the last several weeks, he would know that very little has been done in the House of Commons because of the deliberate refusal of Liberal chairmen of committees to proceed.

Some hon. Members: Oh, oh!

Mr. Clark: I repeat my question to the government House leader. Will he seek the unanimous consent of the House, which we on this side will give, to extend by two weeks the capacity of standing committees of the House to consider the estimates of departments?

Mr. MacEachen: Mr. Speaker, I have stated already that I do not accept the allegation made by the hon. Leader of the Opposition. It is passing strange to me, at a time when the House itself was accelerating legislation, at a time when we succeeded in passing a good many bills and at a time when the House was very productive, that the Leader of the Opposition should allege that committees have ground to a halt.

I think there is a very obvious contradiction in his argumentation. Even admitting, for the sake of argument, that there might have been some uncertainty in the minds of committee members as to what might happen, there is still plenty of time before the end of the supply period for the committees to do their work.

Mr. Baker (Grenville-Carleton): May 31.

Mr. Baldwin: Not June.

Mr. MacEachen: Hon. members have failed to recall the suggestion made by the hon. member for Grenville-Carleton when he suggested that the last supply day for this period would be June 22. We cannot have final supply until that day. It is my expectation that we have until June 22 to complete the supply period. If some arrangement is required to continue consideration to June 22, it will be quite all right with me—but certainly not beyond that date.

* * *

● (1122)

FINANCE

GOVERNMENT INTENTIONS RESPECTING SALES TAX

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is directed to the right hon. Prime Minister, in the absence of the Minister of Finance who just left the House—a Minister of Finance, by the way, who will probably have the unique distinction of being the only minister in our history who had to bring down three budgets in one session.

In view of the fact that the only economic stimulus in the budget of the minister is the reduction in sales tax, and this expires along with the FLIP program in October, and in view of the serious impact this will have on the economy and on unemployment—which is expected, under normal circumstances, to rise at that time of year—now that we will be around for a while will the Prime Minister indicate if the government intends to bring in a measure either to extend the provision in respect of sales tax beyond the six-month period or bring in new economic stimuli to replace it?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member is experienced enough to know that we would not answer a question relating to tax cuts or alterations six months in advance. If there is need for a further budget in six months, in eight months or in ten months, we will have a further budget then.

Mr. McGrath: Mr. Speaker, under normal circumstances the House would adjourn at the end of June and we probably would not come back until after these budgetary measures have expired. I ask the Prime Minister whether he intends, in the interim, to at least arrange a federal-provincial meeting to deal with serious problems in respect of the economy, and especially of unemployment which will be considerably aggravated by the expiration of these budgetary measures.

Will the Prime Minister indicate to the House whether it is the intention to meet with ministers of finance, because we

have a situation in which employment is down and is going down in a number of important sectors, including construction?

Mr. Trudeau: Mr. Speaker, we are within weeks of a budget which was passed by this House—a budget that is already having the beneficial effects on the economy that are quite obvious.

Some hon. Members: Hear, hear!

Mr. Trudeau: Of course, the best evidence of that is the negative evidence in that we have not had any questions from the opposition in recent days about the state of the dollar; they have not asked any questions about our successful export drive. The budget is having its effect. Of course, several times in the course of a year it is important for the provinces to be consulting with the federal government.

The hon. member is asking about a specific meeting. The hon. member will recall that I suggested one in my letter to the premiers following the February conference: there is discussion going on now as to when such a meeting would be appropriate.

* * *

ENERGY

PROPOSED INCREASE IN PRICE OF OIL AND NATURAL GAS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a question to the Minister of Energy, Mines and Resources? Press reports of Wednesday quote him as saying he intends to urge OPEC to forgo any increase in prices this year. I am sure members in all parts of the House wish him well in his endeavours in that regard.

I would ask the minister if it does not seem somewhat contradictory, therefore, for the Canadian government to proceed with the idea on July 1 of increasing the price of oil by $1 per barrel and the price of gas by 17 cents per thousand cubic feet, which will add about $500 million to the fuel bill of the Canadian people in a 12-month period?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the hon. member is well aware of the government's policy to cushion Canadians against high international prices. We have been able to hold the Canadian price below the international price and we have been able to hold the Canadian price below the United States price, so that we have been able to provide Canadian industry with a competitive edge it would not otherwise have had.

The hon. member is also aware that we have reached an agreement with the province of Alberta, an agreement which was endorsed by a majority of the consuming provinces of Canada, in respect of moving the Canadian oil price up in an orderly and graduated way but in a way which would maintain the competitive position of Canadian industry.

● (1127)

I am sure the hon. member is also aware that the Canadian government, through the oil import compensation fund, has been providing very large sums of money to subsidize consumers in eastern Canada. Since that program was first put into place, it has worked out to something like $820 per capita in some provinces. The bill is very close to $1 billion a year in oil import compensation payments. The federal government's position has been to move up slowly and only to move up in a way which will provide a balance between the interests of Canadian consumers and producers.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the minister omitted to mention that the government has collected, in taxes for compensation in the last five years, approximately $1 billion more than it has paid out in compensation. Last year the major oil companies of this country were inserting one-page ads in periodicals and newspapers warning the Canadian people they would freeze in the dark if we did not get the Mackenzie pipeline. They are now telling us that we have a surplus of oil and gas, and they are urging the Canadian government to allow these commodities to be exported to the United States.

I ask the minister, since he is a supporter of the principle of free enterprise and the law of supply and demand, if in fact there is a surplus of supply over demand, should the price of gas and oil not come down, rather than going up on July 1?

Mr. Gillespie: Mr. Speaker, the hon. member is talking about what I believe is described in many circles as a deliverability bubble or a temporary surplus; he is not talking about any long-term surplus, so far as I know, inasmuch as Canadian gas supplies are concerned. For that reason, I cannot see that there should be any change in pricing policy at the present time.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, it is the government's oil policy that is the bubble, and it is being pricked every day by the events that are transpiring. Can the minister tell the House whether he is aware of studies done in his department and also by the government of Ontario which show that an increase of $1 per barrel for oil at the wellhead, and 17 cents per thousand cubic feet in the price of gas, will add approximately one percentage point to the consumer price index and will result in a loss of 30,000 jobs across Canada? Will he not make representations to his colleagues to combat both inflation and unemployment at the same time by forgoing the proposed price increase in oil and gas on July 1?

Mr. Gillespie: Mr. Speaker, I have already made clear to the hon. member that the Canadian government's policy has been to hold the price below the comparable price in the United States so that there would be in fact an edge, or a competitive advantage, for Canadian manufacturing industry and for Canadian industry in general. The result of that policy has been that many more Canadians have been employed than otherwise would have occurred.

Oral Questions

ESTIMATES

STUDY BY HOUSE COMMITTEES

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question for the government House leader arising from his exchange with the Leader of the Opposition with respect to the study of main estimates by the committees. I do not think that my hon. friend intended to mislead the House, but he must be aware of the Standing Order of the House which provides, in terms of committees dealing with estimates:

Each such committee shall consider and shall report, or shall be deemed to have reported, the same back to the House not later than May 31 in the then current fiscal year.

The date referred to the Leader of the Opposition is a date after which the committees' consideration of estimates has finished. The government House leader has indicated that he has no objection to June 22, but we will need a House order to allow the committees to deal with estimates up to June 22 of this year. Will the government House leader put such an order to the House, on the understanding that we are prepared to deal with that matter immediately?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I appreciate the hon. member's reference to the rule. When I replied to the Leader of the Opposition about the period for estimates, I had in mind the period of about June 22 when we would deal with final supply, or allotted day. It was not my intention that we would go beyond that particular period, namely, to June 22.

● (1132)

If we agree that this shall be the final allotted day, I have no objection, if it is the desire of the House, to go into June for consideration of the estimates, but not beyond that date as has been suggested by the hon. member for Grenville-Carleton.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I look forward to considering, with my colleagues, the House order that would follow from that. May I deal with another aspect of the estimates, that is, the estimates of the Chief Electoral Officer. The costs of his office and the returning offices in ridings across the country may very well be increased as a result of gearing-up for the election upon which the Prime Minister has turned his back.

Is the government giving consideration to bringing in supplementary estimates to deal with that particular matter, as well as supplementary estimates with respect to government spending, beyond those contained in the main estimates?

Mr. MacEachen: On the second point, Mr. Speaker, I believe the hon. member would have to address his question to the President of the Treasury Board; but I will draw it to his attention. On the first point, with respect to possible additional requirements by the Chief Electoral Officer, up to the present he has not submitted any request for additional funds. When these are required, the normal course is that he submits them to me for presentation to Treasury Board, and that has not been done.

[Mr. Gillespie.]

If I may revert to an earlier question, with the indulgence of the House, may I say it would be in the interests of all of us, prior to the provision of a House order to extend the period for study of the estimates, to consider ways in which the committee system could work more effectively as well as over a greater period of time.

Mr. Baker (Grenville-Carleton): Mr. Speaker, the government House leader knows that the opposition has been calling since 1969 for a more effective working of the committee system. There are a number of other things that my hon. friend knows could be changed.

* * *

ELECTIONS

CONSULTATION WITH CHIEF ELECTORAL OFFICER ON FORTHCOMING BY-ELECTIONS

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a final question for the Prime Minister arising out of questions asked yesterday about by-elections. The Prime Minister indicated he was going to follow the law. Has he, or any official on his behalf or on behalf of the government, consulted the Chief Electoral Officer about the problem that has been created with respect to by-elections: the fact that 1,300,000 Canadians are unrepresented, and the electoral problems dealing with boundaries?

Are these matters being pursued by the Prime Minister, and has he made any decision on them? Also, has he made up his mind about the dates for the balance of the by-elections which have not been called?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am informed that consultations have begun with the Chief Electoral Officer.

* * *

COMBINES

ALLEGED CONSPIRACY OF URANIUM PRODUCERS

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I have a question for the Minister of Justice. In view of the decision of the United States department of justice to file a misdemeanour charge against Gulf Oil Canada Limited alleging that the company conspired with other uranium producers between February, 1972, and December, 1974, to fix the price of uranium oxide, and noting that the company has stated they became involved only as a result of Canadian government direction, I ask the minister if he agrees with that statement.

Secondly, has the United States Department of Justice requested the co-operation of the Government of Canada, and does the minister intend to co-operate with them if that is requested?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, the case involves a number of things. It is largely, however, an information filed against a United States corporation. The Canadian subsidiary is not a defendant. We have made representations, which appear to have been observed, to the extent that if the defendant or any co-conspirator was acting in accordance with Canadian policy, they should not be involved in the lawsuit.

Mr. Kempling: A supplementary question, Mr. Speaker. Can the minister tell the House if the government intends to supply information to the United States department of justice if requested to do so and, particularly, will the findings of the director of combines investigations be made available to the U.S. department of justice when they are complete?

Mr. Basford: Mr. Speaker, we do not intend to supply any information that would be contrary to the uranium information regulations.

Mr. Clark: Which are illegal.

* * *

[*Translation*]

CANADIAN BROADCASTING CORPORATION

REQUEST FOR EXTENSION OF SERVICE TO SMALL COMMUNITIES

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, my question is directed to the Minister of Communications.

As the CBC has decided not to extend its accelerated radio and television coverage program to communities where, since the 1971 and 1976 censuses, fewer than 500 persons speak a given mother tongue, that is the required minimum under the program to benefit from accelerated coverage, and seeing the very absence of those radio and television services is a significant cause of assimilation, could the minister and her cabinet colleagues convince the CBC to reverse this iniquitous decision and stem the appalling tide of assimilation in those communities and remind the CBC that part of its mandate is specifically to protect the minorities?

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, of course the CBC's expansion program is the responsibility of my colleague the Secretary of State. But there is still hope that the CBC may be able to ensure its services to communities with a population of less than 500. Through the Department of Communications developments in satellite technology, it may be possible to give the service at a relatively low cost to those communities, thanks to technical means now being studied and developed. So, within a few years, perhaps three or four, and at a relatively low cost, all communities may be served throughout the remote areas of Canada, even if their population ranges between as few as 50 and 200 persons. Even now it is possible to bring the service in the far north to scattered and sparsely populated groups. That is the type of research and development being performed in the Department of Communications, which at some point down the road can be integrated into the CBC development program.

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[*English*]

POST OFFICE

LATE TABLING OF ANNUAL REPORT

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question for the Postmaster General, but in his absence I would direct it to the President of Privy Council. Could the hon. gentleman inform the House why the Post Office report for the fiscal year 1976-77 has not been tabled, as is ordered in section 80(1)(2) of the Post Office Act?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I have no idea why it has not been tabled, but I will make inquiries.

Mr. Dinsdale: A supplementary question, Mr. Speaker. I think this question also lies within the competence and knowledge of the President of Privy Council. Can he tell the House if the delay in tabling the report is designed to avoid its referral to the estimates committee for detailed study, which will be embarrassing to the government because of its clear revelation of government administrative incompetence?

Mr. MacEachen: No, Mr. Speaker. I am sure scrutiny of the annual report would dispel some of the erroneous views the hon. member has formed.

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ELECTIONS

EXPENSES INCURRED BY RECENTLY NOMINATED CANDIDATES

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my question is for the Prime Minister. An unofficial general election has been going on for some months, some 600 candidates have been nominated by the various parties, and the Prime Minister says he is concerned about the laws of Canada being followed. Would the Prime Minister consider having discussions with the Chief Electoral Officer in order that a clear statement could be made by the Chief Electoral Officer as to what proportion of expenses incurred before the writs are issued, whenever they are drawn, will be part of election expenses, so that candidates who are nominated in the traditional fashion do not find themselves in moral breach of the new elections act?

● (1142)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will certainly draw this question to the attention of the Chief Electoral Officer. I do not think he will want to judge morality, but he will be interested in the law itself. It seems to me that in this area the law will give us fairly clear guidance.

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PIPELINES

NORTHERN PIPELINE—LIABILITY FOR COST OF EXTENDING RAIL LINES IN B.C.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the government House leader. Some time ago I asked the government House leader about the representations made by the province of British Columbia regarding maintenance of the rail lines south from Fort Nelson. That matter, of course, was directly related to the pipeline treaty.

Can the government House leader now advise whether there will be any federal assistance forthcoming to the province of British Columbia other than that contained within the treaty, as a result of those representations? Or can he advise the House that the treaty will speak for itself as far as that province is concerned and they will have to find their own funds for extension of the rail?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, as the hon. member knows, I had a meeting some time ago with two ministers of the government of British Columbia. They made a series of proposals with respect to what would constitute an agreement between the Government of Canada and the government of British Columbia. The proposals have been under study in the meantime and I hope they will be considered by the Government of Canada relatively soon. Only at that time will it be possible to answer the general question as to whether there will be assistance, and what form of assistance might be forthcoming. That question has not yet been decided but it is under urgent consideration at the present time.

Mr. Leggatt: Mr. Speaker, could the government House leader advise as to the position of British Columbia with regard to the treaty itself? Is there a legal commitment from the province of British Columbia to proceed with the Alaska pipeline and to be committed to the terms of the treaty, or is that matter still under debate or negotiation? Can he advise whether, in fact, the terms under which British Columbia will participate have been settled, or is that still a matter that is open and, therefore, as far as we know there is no way we can proceed with the treaty until British Columbia has made a commitment to proceed?

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

Mr. MacEachen: Mr. Speaker, no, the treaty itself is not in question. With respect to this particular pipeline, we have undertaken to follow the principle of non-discrimination, particularly with respect to taxation, so that no province will tax this specific pipeline in a way different from the taxation of similar pipelines. That is the obligation that Canada has made with the United States through the transit pipeline treaty. In concluding the treaty on the pipeline with the United States, it seemed appropriate to secure assurances from the provinces that they would live up to the terms of the treaty in taxation matters.

As my hon. friend knows, the province of British Columbia said, "Yes, we will observe that particular principle of non-discrimination, but we would like you to meet some of the conditions that we set forward in communications made last August." It is this particular point which is still under discussion with the province of British Columbia. But the Government of Canada has a clear obligation to the United States to ensure within its power that the taxation systems will be non-discriminatory.

* * *

SMALL BUSINESS

DEFINITION OF "SMALL BUSINESS"

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question is directed to the Minister of State for Small Business. In view of the fact that his predecessor was unable to define "small business" as it relates to the small business portfolio, and because that ministry has done very little else since its inception other than initiate studies in order to study other studies on top of studies, could the minister advise this House whether all these studies have enabled him to define "small business" in order for him to realize which sector of the economy needs assistance? In other words, can he tell us the definition of "small business" as it relates to his portfolio?

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I regret that the hon. member's pursuit of the reactionary cause closest to his heart has prevented his looking at many of the things that have been done by way of taxation, the Small Businesses Loans Act and a good many other things for small business. And more will be done. In answering the hon. member's question I would point out that on many occasions he has heard the definition we have prescribed. Essentially, it is that a small business is defined as a business with fewer than 100 employees and which, in general terms, is legally and financially independent of a larger corporation.

Mr. Jelinek: Mr. Speaker, I am glad the minister has finally come up with a definition, although it is a fuzzy one. My supplementary question is this: On April 11 the minister told this House that he was pleased with his government's budget

in respect of small business. Yet a just concluded survey indicates that 78.1 per cent of the small businesses questioned are not at all content with the budget nor the government's handling of that sector.

In view of the serious need for more incentive opportunities and less government interference, could the minister now assure this House that an over-all, comprehensive, incentive-oriented small business program will be implemented prior to the summer break?

Mr. Abbott: Mr. Speaker, I differ from the hon. member when he suggests that my definition is fuzzy. I would say his hearing is fuzzy. It is as precise a definition as one could expect.

Some hon. Members: Hear, hear!

Mr. Abbott: I would question this so-called survey of his and its origins, and if he conducted it I would cast very serious doubt on it indeed. I would say I do not disagree with the hon. member that there are things that need to be done for small business. We have been working extremely hard to prepare programs. I am very hopeful we will soon be able to bring them forward.

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CANADA MANPOWER

JOBS FOR STUDENTS

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I have a question for the Minister of Employment and Immigration. In his news release of February 1, 1978, the Minister of Employment and Immigration stated that the CMCs for students would attempt to place 250,000 young Canadians in positions in the private sector.

Since the words "placements" and "positions" have in the past been used to inflate and misrepresent the number of real jobs created, in that a student may be placed for three days, four days, a week or maybe one day, and some students are placed seven or eight times for short periods of work, showing seven or eight placements, will the minister revise his reporting methods and report the number of man-days of work created, so that Canadians will receive a true and accurate picture of the work situation as it relates to Canada's youth?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I am much more interested in placing students this summer than I am with fiddling around with management statistics. We will, however, look at the hon. member's representation.

ELECTIONS

MILEAGE ALLOWANCE FOR RURAL ENUMERATORS

Mr. Gordon Towers (Red Deer): Mr. Speaker, I have a supplementary question to the one put to the government House leader by the hon. member for Qu'Appelle-Moose Mountain. In view of the problem that is developing in rural constituencies by no provision for mileage allowance for rural enumerators—this is causing problems for returning officers—is the minister, in the discussions he will be having with the Chief Electoral Officer, prepared to bring this matter to his attention? If not, it will mean that there will be inadequate voters' lists in the rural communities.

● (1152)

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Here again, as I recollect, the Chief Electoral Officer establishes a tariff of fees for the compensation of election officials. I am sure he will pay attention to the representations the hon. member has made, and if he brings forward a new schedule of fees we will consider it carefully.

* * *

INDIAN AFFAIRS

CUTBACKS IN FUNDING OF NATIVE PEOPLES

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. May I ask the hon. gentleman whether he has yet had an opportunity to meet with the executive council of the National Indian Brotherhood regarding the cutbacks in government funding for the native peoples and, if so, what was the result of that meeting?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Yes, Mr. Speaker, we met with the members of the executive council of the NIB six weeks or two months ago. I have also met with the presidents and representatives of the provincial associations and as a result of those representations made to us we have conferred with Treasury Board and there has been approval for a $27 million price and volume increase which will now be allocated in an attempt to deal with the problem the hon. gentleman has outlined.

* * *

SMALL BUSINESS

LEGISLATION TO ASSIST SMALL BUSINESS SECTOR OF ECONOMY

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is directed to the Minister of State

for Small Business. Is the minister aware of the fact that figures released by the government this month indicate that business failures in March of 1978 were at a level of 36.9 per cent higher than in March of last year? If so, can he tell us when he will be introducing legislation designed to give small business a much needed break?

Hon. A. C. Abbott (Minister of State (Small Business)): I did see the figures to which the hon. member has referred. I noted them with considerable regret. They bear testimony to the fact that in difficult economic times no sector faces greater difficulties than does the small business sector. As to the second part of the question, I cannot give the hon. member a precise date. I can only say it is my hope we shall be introducing initiatives in the near future.

Mr. Beatty: Last Thursday I asked the minister why he had yet to present to parliament a single piece of legislation since he became Minister of State for Small Business. At that time he told us he did introduce the CALURA amendments. Would he care to correct the information he gave to parliament at that time, and tell us why he has yet to present to parliament a single piece of legislation with his name on it?

Mr. Abbott: I did say I introduced the amendments to CALURA. The statement was, in effect, inaccurate because my situation is within the Department of Industry, Trade and Commerce, so of necessity under the act it is the Minister of Industry, Trade and Commerce who introduced this nominally. But I was responsible for it and I therefore took some credit.

However, I do not think the measures which I consider to be important require legislation. For instance, there was the change in the interest rate under the Small Businesses Loans Act which was made, quite properly, by regulation. There was the publication of our statistical book on small business, and the development of a variety of other procedures including the important task of advocacy before my colleague, for example, the Minister of Finance. These are not things which could be the subject of legislation introduced by me, but they are nevertheless important. I may add, however, that I share the hon. member's conviction that despite the real improvement we have made in taxation arrangements and a number of other areas, more needs to be done. I am hopeful that at an early date we shall be able to introduce positive new initiatives which will be helpful to this important sector.

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TRANSPORT

CONSTRUCTION OF REGIONAL OFFICES IN MONCTON, N.B.

Mr. Leonard C. Jones (Moncton): Mr. Speaker, my question is addressed to the Prime Minister. Is it now the policy of the government to cause plans to be prepared and tenders to be submitted, and then fail to proceed, as was done in the case of the establishment of the regional office of the Department of Transport in downtown Moncton?

Right Hon. P. E. Trudeau (Prime Minister): I can inquire. I am not aware of the latest plans with regard to this building.

COMMITTEE CONSIDERATION OF ESTIMATES

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is directed to the chairman of the Standing Committee on Transport and Communications, the hon. member for LaSalle. Given the fact that the transport committee has not met for the last two weeks, and that there are only two weeks or so left before the estimates have to be reported, given the fact that there has not been a single transportation item considered by the committee and that there are urgent and pressing matters concerning transportation which ought to be discussed, including the implications of the Hall report, the congestion at Vancouver and the subject of air safety, may I ask whether the hon. member is considering calling the standing committee together? As a minimum step, is he prepared to call a meeting of the steering committee so that we can discuss the prospect of considering the estimates of the Department of Transport totalling $1.5 billion?

Mr. John Campbell (LaSalle-Émard-Côte Saint-Paul): There have been plans to hold a meeting of the steering committee next week to set up a schedule for the consideration of the main estimates and any legislation the government may wish to put forward.

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[*Translation*]

INDIAN AFFAIRS

CONSULTATION WITH MUNICIPALITIES TO OVERCOME STORM WATER PROBLEM AT CHÂTEAUGUAY, QUEBEC

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Indian Affairs and Northern Development.

The minister is no doubt aware of the problem created for the town of Châteauguay by the storm drainage system flowing towards the Caughnawaga Indian reserve. In view of the fact that this puts the town in a very embarrassing situation because of the work that is required, has the minister recently met with the town council on this matter, and if so can he tell the House what decision his department intends to take in reply to the request put by the Châteauguay town council?

[*English*]

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): This matter was drawn to my attention by the hon. member for Laprairie several months ago and—

Mr. Clark: Nothing happened.

Mr. Faulkner: Wait a minute. We have since held discussions with the municipal officials concerned. The reason there has not been a complete resolution of the problem is that there are differences in our points of view as to where responsibility lies, and until we can agree on who is responsible for what, I do not think we can reach a solution.

[*Translation*]

Mr. La Salle: Mr. Speaker, as the work already done represents an amount of $900,000, and as the municipal council should spend $1,600,000, which of course it cannot pay, and in view of the recommendations made by the member for that riding, can the minister assure the town council that a decision is forthcoming? Is he also willing to financially back the town which cannot be responsible for all the work to be done, which indeed is the responsibility of a reserve under the authority of the federal government? In other words, will the minister take his responsibilities to help this municipality?

[*English*]

Mr. Faulkner: I think the hon. member should understand that a decision has been taken and that the municipality is unhappy with that decision. There has been some discussion between the department and the municipality as to the reason for the decision. It relates to the division of responsibility for the construction which has taken place. Until there is agreement as to who is responsible for what, it will be difficult to allocate the costs. I cannot, therefore, give the hon. member the assurance he is seeking.

GRANT TO SASKATCHEWAN INDIAN COMMUNITY COLLEGE

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I wish to address my question to the Minister of Indian Affairs and Northern Development: it concerns the Saskatchewan Indian Community College, Saskatoon, whose funding needs for 1978-79 are projected as $3.3 million. I am informed the college is getting only $439,000 which means, according to one of the officials of the minister's own department, that the college may have to close. Since the minister announced today that more will be available through his department, will he provide the amount necessary to enable this college to remain open?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): It is not our view that the college will close. I think I should point out to the hon. member that last year we made a contribution to the college of roughly $430,000. We plan to make roughly the same contribution this year. The FSI is arguing for $3.3 million, so there are some differences between their figures and our figures, but there is no reason to believe that we would have jumped from a subvention of $430,000 last year to $3.3 million this year. There is no reason to believe, based on the evidence I have to date, that a continued contribution similar to that of last year would lead to the closing of the college. I also point out that Canada Manpower is making a contribution to the college of roughly a half million dollars.

ROUTINE PROCEEDINGS

● (1202)

[*English*]

MARITIME CODE ACT

MEASURE TO CODIFY LAW

Hon. Otto E. Lang (Minister of Transport) moved for leave to introduce Bill C-54, to provide a maritime code for Canada and to amend the Canada Shipping Act and other acts in consequence thereof.

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

Mr. Speaker: When shall this bill be read a second time?

Some hon. Members: Now.

Mr. Speaker: Is there to be discussion about leave being sought either now or at a later time to deal with this bill at second reading later this day?

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I was told that there had been some discussions about which I did not know, but I was involved in a discussion this morning, and we would be prepared for this bill to be called for second reading later this day. We would ask that any further stages be left until we see what develops.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I apologize. I was engaged in a conversation about another bill which was in the order of business given yesterday. Would Your Honour please tell me the number of the bill to which you are referring?

Mr. Speaker: The bill just introduced for first reading dealing with a maritime code. Unanimous consent may be sought either now or later, and it is obviously being sought now for the matter to be taken up for second reading later this day, and that subsequent stages would follow in their normal course.

Mr. Baker (Grenville-Carleton): Mr. Speaker, there have been discussions, and that is agreeable. Perhaps later today we can discuss together when and how.

Mr. Jones: Mr. Speaker, I am not prepared to consent to that item unless I see what is being talked about.

Order Paper Questions

Mr. Speaker: Unanimous consent is not being sought at this time. There simply has been an indication that some time later in the day consent may be sought to proceed in that way.

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[*Translation*]

SOCIAL SERVICES FINANCING ACT

MEASURE TO AMEND CANADA ASSISTANCE PLAN

Hon. Monique Bégin (Minister of National Health and Welfare) moved for leave to introduce Bill C-55, to provide for the making of contributions by Canada toward the costs of the provision, development, extension and improvement of social services throughout Canada and to amend the Canada Assistance Plan and repeal the Vocational Rehabilitation of Disabled Persons Act in consequence thereof, and to create a Rehabilitation Fund.

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

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 1,102, 1,231, 1,333, 1,365, 1,378, 1,429 and 1,438.

[*Text*]

MERCURY POISONING STUDY

Question No. 1,102—**Mr. Howie:**

Did the Department of National Health and Welfare begin its study on mercury poisoning in Canada and, if so, what will be the cost of such study and, how many persons will it employ?

Hon. Monique Bégin (Minister of National Health and Welfare): The medical services branch of the Department of National Health and Welfare has, since 1971, been carrying out a program of investigation surveillance and education in areas of the country, such as northwest Ontario and northwest Quebec, known to be affected by mercury contamination of the environment. In 1976, this program was expanded to include investigations on Indian reserves in all the provinces and in all communities in the Northwest Territories and the Yukon. To date, the program has involved some 24,000 tests in over 200 communities. The results of these tests are released regularly by the department. These tests are performed as part of the ongoing contaminants program of the medical services branch and mostly by employees of the branch as part of their regular duties. In certain specific areas, such as northwest Ontario and northwest Quebec, additional nursing staff and local health workers have been hired. On February 27, 1978 an agreement amongst the federal government, the department of social affairs of Quebec, the Donner Canadian Foundation and McGill University, was signed in Montreal. This provides for the carrying out by McGill University, of detailed epidemiological study on the health effects of methylmercury in northwest Quebec. The study is being funded equally by the federal and provincial governments and the Donner Canadian Foundation. Each of these parties has committed $125,000 for a total of $375,000 over a two year period. McGill University will be utilising the services of a number of its faculty during the course of the study. There will also be some short term employment of individuals in Montreal and in the communities being studied. These arrangements are being under the terms of the contract by McGill University. Information already collected by the medical services branch of the Department of National Health and Welfare is being used as a basis for this study.

NFB MULTI-MEDIA KIT

Question No. 1,231—**Mr. Reid:**

1. Did the Department of National Health and Welfare begin publishing "Facts and Feelings Filmstrips Series 295C 0176 002 Family Life, Values, Education, Social Studies, Physical Education and Health" and, if so (a) on what date (b) for what reason (c) how many copies were produced, in each case (d) were requests received from Provincial Departments of Education for this type of material?

2. Did the Department consult with provincial departments of education during the (a) development of the ideas for the series (b) production of the series (c) distribution of the series and, if so, with which ones?

3. (a) What was the total cost of the project (b) what was the cost of each of the filmstrip series (c) what was the price charged to the Department for the production of each of the series of filmstrips (d) was there any subsidy provided by the National Film Board in the production of the series in that it did not recover all costs associated with the production?

4. Did the Department distribute the filmstrips (a) throughout Canada (b) outside Canada and, if so, in each case (i) in what way (ii) through what agencies?

5. (a) How many filmstrips have been purchased by school boards in each province and in the Northwest Territories and the Yukon (b) how many were given to boards of education by the Department?

6. Did the Department seek the permission or consult with provincial departments of education before promoting the filmstrips series to local boards of education?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. Health and Welfare Canada has acted as sponsor to the National Film Board in the production of a multi-media kit, of which one series is entitled "Facts and Feelings". (a) The series has been available from National Film Board distributors since December, 1976. (b) The series was intended to provide an audio-visual resource in sex education. (c) As of January, 1978, the following number of copies have been produced: "Facts and Feelings": 129, "Savoir . . . Sentir": 83, "A Question of Values": 128, "Points de Vue": 49, "Living and Growing": 130, "La Vie Qui Pousse": 88. (d) Yes.

2. (a) Yes. (b) Consultation on such joint projects production, is carried out by the National Film Board. The board has a practice of inviting representatives of ministries of education to preview semi-finished materials. This procedure was in effect at this time. (c) Officials (designated for purposes of

federal-provincial liaison on family planning matters) in departments of health and/or welfare in all of the provinces and territories were consulted in reference to the distribution of the series. This is in keeping with established departmental policy.

3. (a) $206,188. (b) "A Question of Values", "Points de Vue": $114,568. "Facts and Feelings", "Savoir ... Sentir", "Living and Growing", "La Vie Qui Pousse": $91,620. (c) "A Question of Values", "Points de Vue": $72,536. "Facts and Feelings", "Savoir ... Sentir", "Living and Growing", "La Vie Qui Pousse": $45,000. (d) It is our understanding that costs are recovered through sales. The National Film Board advises us that no subsidies are involved in these projects.

4. (a) The distribution of the filmstrip is the responsibility of the National Film Board. The department provided copies to the two national voluntary agencies, namely, "Planned Parenthood Federation" and "Serena" (La Société pour la régulation des naissances) and to each province and territory, in the latter case via officials in departments of health and/or welfare designated for purposes of federal-provincial liaison on matters relating to family planning and sex education. (b) No.

5. (a) The National Film Board states that total sales to January, 1978 are: "Facts and Feelings": 115, "Savoir ... Sentir": 55, "A Question of Values": 116, "Points de Vue": 49, "Living and Growing": 115, "La Vie Qui Pousse": 68. (b) None.

6. (a) The Department has not undertaken any promotional activities with local boards of education.

CAMBRIAN FAMILY PLANNING CENTRE

Question No. 1,333—**Mr. Brisco:**

1. What will be the total cost involved, in terms of manpower and office rental, leases, expenses, etc., with reference to the proposed Cambrian Family Planning Centre which has been proposed for Sudbury and district?

2. What services are to be provided by the Cambrian Family Planning Centre and how will they differ from existing services currently being provided by other agencies within that community?

Hon. Monique Bégin (Minister of National Health and Welfare): 1 and 2. A grant of $179,000 for the Cambrian Family Planning Centre has been requested. The proposal was appraised by federal, provincial and regional authorities, who took into account the existing services and service requirements in the Sudbury area. Major revisions have also been suggested, and discussions are currently underway between health unit officials and the applicants to ensure that any grant request from Sudbury meets the needs of the area. Because of these continuing discussions further information is not available at this time.

Order Paper Questions

CONTRIBUTIONS TO PROVINCIAL WELFARE SCHEMES

Question No. 1,365—**Mr. Lambert (Bellechasse):**

1. During the 1976-77 fiscal year, did the government contribute to provincial welfare schemes and, if so (a) what were the programmes (b) what was the (i) total amount (ii) amount for each province?

2. What is the percentage of the government's contribution to such programmes?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. Yes. (a)(i) Blind Persons Allowances; (ii) Disabled Persons Allowances; (iii) Vocational Rehabilitation of Disabled Persons; (iv) Young Offenders; (v) Nursing Home Care Benefits; (vi) Canada Assistance Plan—Part I and Part III; (vii) Unemployment Assistance. (b)(i) Total amount contributed in 1976/77 was $1,706,159.

(ii) Amount per province	Total 1976/77 ($000's)
Newfoundland	40,841
Prince Edward Island	10,812
Nova Scotia	48,376
New Brunswick	69,009
Quebec	614,830*
Ontario	475,467
Manitoba	68,624
Saskatchewan	65,732
Alberta	121,891
British Columbia	185,376
Northwest Territories	4,294
Yukon Territory	907
	$1,706,159

2. Through the program listed in 1(a) the federal government cost shares 50 per cent of the shareable costs incurred by the provinces in carrying out these programs. However, provision is made for the federal government to reimburse 75 per cent of the amounts paid by each province through Blind Persons Allowances.

* Since part of the Quebec provincial welfare scheme is financed through the interim arrangements act, both the cash contribution and the tax point amounts are included in this above figure.

OLD AGE SECURITY FUND

Question No. 1,378—**Mr. Dionne (Kamouraska):**

Since 1969, did the government allocate any money to the old age security fund and, if so, how much per province?

Hon. Monique Bégin (Minister of National Health and Welfare): The allocation of funds to the old age security fund is based on individual eligibility to benefits and not on any "allocation per province". Since April 1, 1969, however, amounts paid to individuals under the Old Age Security Act can be identified by province of residence as outlined in the schedule below.

Total Old Age Security, Guaranteed Income Supplement, Spouse's Allowance Payments

Fiscal Year	National Total	NFLD.	P.E.I.	N.S.	N.B.	QUE.	ONT.	MAN.	SASK.	ALTA.	B.C.	N.W.T.	Y.T.
1968-69	1,541,320	32,278	12,588	69,257	52,021	364,113	550,611	88,360	86,905	103,946	179,976	820	445
1969-70	1,730,535	36,375	13,768	76,118	57,720	415,812	618,063	97,978	96,249	117,206	199,802	948	496
1970-71	1,907,225	39,710	14,735	82,939	62,729	464,482	681,106	106,514	104,718	129,905	218,769	1,062	556

Order Paper Questions

Fiscal Year	National Total	NFLD.	P.E.I.	N.S.	N.B.	QUE.	ONT.	MAN.	SASK.	ALTA.	B.C.	N.W.T.	Y.T.
1971-72	2,205,355	47,183	17,204	97,117	73,208	543,751	775,910	123,494	121,949	150,831	252,708	1,304	696
1972-73	2,524,345	54,475	19,663	110,681	84,002	628,029	881,391	141,268	138,945	173,835	289,738	1,527	791
1973-74	3,034,492	64,209	23,123	131,450	99,554	756,027	1,063,979	168,243	164,196	209,049	351,927	1,803	932
1974-75	3,444,474	73,067	25,936	148,330	112,865	863,914	1,206,760	189,251	183,064	236,839	401,319	2,089	1,040
1975-76	3,933,976	85,237	29,480	170,198	128,767	1,000,433	1,369,293	214,191	205,450	269,883	457,388	2,457	1,199
1976-77	4,436,673	98,063	32,793	191,973	147,373	1,134,178	1,535,638	239,904	229,525	306,133	516,720	2,975	1,398
1977-78* (to date)	4,438,084	98,565	32,600	190,870	146,793	1,137,587	1,539,485	238,691	228,068	304,648	516,333	3,015	1,428
TOTAL	29,196,478	629,162	221,890	1,268,933	965,032	7,308,326	10,222,236	1,607,894	1,559,069	2,002,275	3,384,680	18,000	8,981

*February 28, 1978

Note: Payments are expressed $000's

METRIC COMMISSION ADVERTISING COSTS

Question No. 1,429—**Mr. Neil:**

For each year since its inception, what have been the amounts spent by the Metric Commission (a) in total (b) on printing and publishing the Metric Monitor paper (c) on newspaper advertising (d) on all other forms of advertising?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): (a) Metric Commission Canada Budget: 71-72, $44,541; 72-73, $530,943; 73-74, $1,590,792; 74-75, $2,634,101; 75-76, $3,316,100; 76-77, $5,175,000; 77-78, $5,532,000. (b) Starting in 1974 contracts for printing and publishing the Metric Monitor, decided by the Department of Supply and Services on a competitive bid system are as follows: October 24, 1974, $35,000; August 15, 1975, $60,000; July 28, 1976, $72,000; August 2, 1977, $67,344; February 16, 1978, $67,344. (c) Metric Commission Canada has a policy for not paying for advertising space and time. On one occasion only, the Department of Industry, Trade and Commerce, office of information and public relations, on behalf of Metric Commission Canada did spend approximately $130,000 in 1975 on the "Say Goodnight Fahrenheit" newspaper advertising campaign. (d) Same as (c) above.

RIMOUSKI—PERSONS EMPLOYED IN FEDERAL OFFICES

Question No. 1,438—**Mr. Allard:**

1. Does the city of Rimouski have an Old Age Security Office and, if so (a) since what date (b) what is its address?

2. (a) How many persons are employed in the office (b) what are their names (c) from what date have they been employed (d) how were they appointed (e) what are their annual salaries?

3. Were any of these persons (a) formerly employed in the Public Service (b) from the Constituency of Rimouski and, if so, in each case, how many?

4. How many such offices are in the Province of Quebec?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. Yes. (a) February 3, 1978. (b) Set up temporarily at "70 est, rue St-Germain, pièce 101, Rimouski". It will be permanently located at city hall, 204 rue de la Cathédrale as soon as facilities are available.

2. (a) One. (b) Louise Sainterre. (c) January 3, 1978. (d) Lateral transfer from the Quebec regional office. (e) $11,350.—$12,409.

[Miss Bégin.]

3. (a) Yes. (b) Yes. One.

4. In addition to the two existing offices, one in Quebec City and the other in Montreal, there are nine new offices in the process of being established in the province of Quebec. They are located in Longueuil, Sherbrooke, Rimouski, Val d'Or, Sept-Îles, Gatineau, Drummondville, Trois-Rivières and Chicoutimi.

[*English*]

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

[*Translation*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

AERONAUTICS ACT

AMENDMENTS RESPECTING CHARGES FOR USE OF AIRPORTS, ETC.

The House resumed, from Monday March 13, consideration of Bill C-4, to amend the Aeronautics Act, as reported (with amendments) from the Standing Committee on Transport and Communications, and motion of Mr. Mazankowski (p. 3708).

Mr. Bob Brisco (Kootenay West): Mr. Speaker, in rising to speak about the amendment to Bill C-4 presented by our transport critic, I would like to say that I strongly subscribe to the intent and the purpose of this amendment. There is a need for careful scrutiny of government regulations. There is no question that in the past, regardless of the form of legislation, the public and certainly members of parliament have shown a great deal of concern in the House and through the media about the nature of amendments, orders in council, regulations and so forth which come before us, or which we find out about after legislation has been approved.

One must ask what changes in the regulations or what new regulations will go forward to resolve problems at the community airport level. I am reminded of the circumstances surrounding the Castlegar airport, and I wonder whether regulations will put some form of stricture on that operation. The operation to date has shown signs of federal stricture. Positive decisions have been made by regional authorities, and negative decisions have been made by Ottawa-based authorities. The reverse can also happen.

Recently, after a number of years of operation at that airport, the Ministry of Transport in its benign wisdom decided that the Castlegar airport should have the benefit of a foam truck for the purpose of fighting fires. I think that is very commendable. The difficulty is that in providing a foam truck at the Castlegar airport the department did not realize that, in the freezing temperatures of winter, foam freezes. I have been applying to the Ministry of Transport now for about two years for an expansion of the facilities for the storage of equipment which services the runway. There is no storage facility in which to keep a foam truck. The only other way would be to leave other equipment sitting outside to freeze up during the winter months. I can just imagine the foam truck being called upon for immediate and urgent use in the middle of winter and it being discovered that the foam had frozen in the tanks. That would create all kinds of waves for Ottawa.

• (1212)

Surely in terms of regulations, and considering what will be done at the local level, there must be some form of reporting at the standing committee level, and reporting to this House. This House should have the opportunity to deny, or at least express concern about, the implementation of regulations that have an impact on flying, whether commercial or by private pilots.

Castelgar airport has an excellent record of all who use that facility. This includes the flight crews in commercial transports, private pilots, the ground crew in terms of weather and tower instructions, as well as the directors of the Selkirk College, one of the finest flying schools in Canada with some of the finest students.

On a recent visit to Selkirk College I overheard an inspector from the Ministry of Transport say what a treat it was to examine second year students at the flying school at Selkirk College. He said he did not think there was a student with a mark below 83. He stated that in Vancouver, where there are a number of flying schools, students applying for commercial licences frequently have an average of around 60 per cent, on the border line of failure. They fight with the instructors, inspectors, and examiners to try to get a pass mark. That speaks very well for the quality of students and instructors at Selkirk College.

That kind of dedication is demonstrated by students, instructors, air crew, be they private or commercial, the ground crew and those who operate at Castlegar airport. They have an outstanding record of safety, even though Castlegar airport is considered by many pilots to be one of the most awkward airports in Canada at which to land.

There are no facilities at that airport such as VOR, a type of navigational aid that is very costly and highly sophisticated. This facility would be very useful because of the mountainous terrain and the approaches to the field. We have difficulty with transport regulations and priorities in providing some of the most essential, but in terms of sophistication almost rudimentary, navigational aids for Castlegar airport. The aid that is now there belongs in the Smithsonian Institute. Parts are difficult to obtain. I recognize the problem is supposedly going to be solved before this year is out. Hopefully it will be.

When dealing with regulations one is drawn to the concern that has emanated from the findings of the inquiry into the terrible accident at Cranbrook airport. I can only say that there, but for the grace of God, go I. It is a route I travel practically every week end. I am very disturbed by the reports that have come out in the press as a result of the coroner's inquest in Cranbrook for the past three days. It is very disturbing to hear that the ground operations at Cranbrook Airport were not aware that that ill-fated flight was going to arrive in Cranbrook ten minutes earlier.

Given the right weather conditions and passenger load, it is not unusual, particularly for a jet aircraft, to arrive at its destination five, ten or 15 minutes early. We sometimes benefit from that kind of early arrival. The passengers on that ill-fated flight reaped a different kind of benefit, though it can scarcely be called a benefit. Surely that type of incident is something that can be discussed in depth by concerned members who serve on the Standing Committee on Transport and Communications.

I believe the Minister of Transport (Mr. Lang) is sensitive to some of these concerns. I believe also that he may be stubborn with regard to others, as is his nature. I really am dumbfounded as to how it can be concluded that it would not be possible for an aircraft to arrive at Cranbrook ten minutes early.

To remark on the other reported causes of the accident would not be appropriate for me or anyone else who lacks the experience, expertise, and knowledge to comment on them properly. They deal with the question of whether there was pilot error, mechanical error, or whatever. Much of that we will probably never know.

The Cranbrook airport has been in operation as a Ministry of Transport airport for a number of years. It enjoys a substantial amount of traffic, both private and commercial. It does not have the benefit of a tower. I might ask why Castlegar got a tower before Cranbrook. However, I would then be open to some concerns by my constituents. I am indeed pleased that a tower was constructed at Castlegar before Cranbrook, possibly because Castlegar is considered a much more difficult airport in terms of approaches. Nevertheless, the fact remains that we have our priorities mixed. There should be much greater emphasis on air traffic control.

It is incongruous that at this very moment in Castlegar the airport is under major reconstruction, with a total rebuilding of the surface. For the expenditure of a few extra dollars, there could be provision for adequate parking rather than having the

cars parked every which way, and even out in the field. There should be provision of adequate facilities for the Castlegar airport such as for the reclaiming of baggage, especially in winter. The outdoor baggage pick-up area clearly does not demonstrate good judgment.

In Kelowna, which does not experience anything like the weather conditions at Castlegar, in fact it is positively tropical, there is indoor provision for luggage. The same is true of Cranbrook, but not so in Castlegar. They must work in cramped and confined quarters inside the terminal building, both in terms of service personnel and management as well as the representatives of PWA. The passengers are confined to a very small area. It is totally inadequate to meet the needs of the people.

There are a large number of airports in Canada. Nevertheless, the public questions the mixture of priorities in terms of the Ministry of Transport. The Minister of Transport has a habit of foisting these airport operations on to the communities. He makes it appear like a gift or a fire sale. Frequently it is the communities that end up being burned. The reaction from the communities is, "Take back your airport. We do not want the damn thing. You did not tell us the whole story". Another of the mixed reactions is, "Now that we are operating it for you, you are not prepared to spend a penny. You expect us to do all the work for you".

● (1222)

I am sure every municipality which has an airport is proud of that fact. They take pleasure out of being able to call their airports the City Airport of Cranbrook, the Castlegar City Airport, or the Vancouver International Airport. The communities cannot bear the load respecting airport facilities, equipment, manpower and maintenance, alone. They should not have to; they should not be asked to do that. There should be common ground and understanding before communities walk into situations such as that with their eyes blinded by the Department of Transport. At the other end of the road, there will be a big bill. Not only do local airports have cause for concern. The smaller airport facilities have cause for concern as well.

I am amazed at the Community Airport Facilities Fund. The Minister of Transport can correct me if he wants, but it is my understanding the fund per year allotted for that type of a facility is around $2 million, generally speaking. Also it is my understanding that the call on that money across Canada is in excess of $9 million. Some of these smaller community facilities—call them emergency strips, if you will—are in desperate need of upgrading in order to make them reasonably safe for private aircraft landings. Yet we have a fund of $2 million, with a demand of $9 million annually. It takes a long time for any community to reach the top of the pile. In some instances, communities find that they have been reshuffled and end up at the bottom of the pile.

The community of Kaslo made overtures to the fund for a number of years, with no results. The town of Creston was anxious to put in an airport. That town did not receive encouragement from the Minister of Transport because it was a community with a tax base which did not allow it to make an initial start. In fact that community requires that boost and that help. As matters now stand, they will not get an airport.

Aside from the provision of facilities, buildings, plants and other structures at airports, a great deal of concern should be directed toward the question of air safety, commercial or private. After the coroner's inquest, it was revealed that there have been other instances across Canada. Apparently there was one at Dorval and, if I am not mistaken, one at North Bay or Thunder Bay. In these instances, commercial flights landed and were impeded on final approach and touchdown by vehicles on the runway such as snow removal equipment, maintenance equipment or whatever.

Surely some kind of policy or regulation to protect us from accidents of that nature is necessary. I am referring to accidents which are caused by conflicting traffic being on the runways at the same time. I think of the horrible accident which occurred in the Canary Islands a couple of years ago. In that accident I lost two good friends from Kelowna when two 747s collided on the runway. I would hate to think a remotely similar accident could occur in Canada.

The hon. member for Winnipeg South Centre (Mr. McKenzie) has repeatedly expressed his concerns in this House for air safety. He has drawn to the attention of the minister the violations which have occurred repeatedly in the north. I am aware of a number of occasions where aircraft have crashed, resulting in the death of the crew and passengers, because of one simple failure—the failure to adhere to load limits.

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

Some hon. Members: Agreed.

Mr. Brisco: The responsibility for load limits rests with the commander or the pilot of the aircraft. Load limit infractions are most dangerous, a real poker game with death. They are occurring repeatedly, most particularly in the north.

I can recall making a flight in a Beaver from Smithers to Buckinghorse Lake. I had the benefit of a good pilot and a good aircraft. He wondered why the aircraft would not maintain the straight and level course which he wanted. After we landed and were unloading supplies, the pilot realized that someone back at the base in Smithers had put a drum of fuel into the back of the aircraft. He did not know it was there. The aircraft was fully loaded with equipment prior to the drum of fuel being loaded. That drum was covered up, and the pilot was not aware of it being there. It was not an easy flight for him, and it was rather uncomfortable for me. I was aware of his concerns because I am a pilot as well, but I am not as skilled as those men who fly in the north. One should not risk death by overloading. The men who fly in the north are asked repeatedly to take a chance by overloading their aircraft.

There is a host of areas which can be covered during debate on this bill. I will not attempt to cover all those areas. I thank hon. members for allowing me to continue my remarks after my time had expired. The Minister of Transport bears a tremendous responsibility in the enormous and widespread field of aviation. This responsibility is shared by his officials, who are dedicated and have proven well, but are constrained by government policy. It is difficult to comprehend that government and cabinet regulations would impinge upon the effectiveness of the Department of Transport itself or those who are under its blanket or cover.

Some hon. Members: Hear, hear!

• (1232)

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I am happy to have this opportunity of participating in the report stage of Bill C-4 dealing with the Aeronautics Act, formerly known as Bill C-40. Members of this House are quite aware of the furor this bill caused small aircraft operators because of proposed changes in landing fees and so on. I am happy to say that because of pressures put on by those operators and other concerned groups, as well as by opposition members, we have been able to come up with some improvements to the bill during the committee process.

We now have an amendment to clause 2 which will provide for better consultation between the minister and aircraft owners and operators, and will exempt aircraft that weigh less than 5,700 kilograms from the regulation requiring a deposit of security lien for nonpayment and cases of overdue accounts.

Also during the committee process we amended clause 4 to eliminate the need to license premises used in the design of aircraft, and to provide notice by registered mail to landowners affected by zoning regulations made under the provisions of this bill. Prior to the amendment, any landowner who might be affected because of zoning changes brought in by the federal government was not even to receive the courtesy of getting a notice of that change by registered or first class mail. We managed a definite improvement there.

In addition, clause 7 was withdrawn from the bill. This would have changed licence requirements for non-scheduled air carriers.

I am happy to see that we have an amendment by the hon. member for Vegreville (Mr. Mazankowski) which will permit, if 20 members of this House desire, the Standing Committee on Transport and Communications to call witnesses and report to the House concerning the proposed regulation of landing fees and other aspects of the act. We support that amendment because we feel it is important to have on-going consultations with those affected, and we want to see how this act will affect the people in its operation, and have the chance to change or negate any of its detrimental effects.

In the short time remaining to me I should like to zero in on two aspects of the bill which, in a sense, relate to the process of amendment before us and the examination of how the act operates, that is, the effects the bill will have on landowners because of zoning changes near airports, and the matter of air safety.

An amendment in the bill gives the federal government an opportunity to make zoning regulations in areas adjacent to airports to provide for safety in respect of commercial and private aircraft. We welcome the idea in principle that the federal Department of Transport should have some authority in zoning around airports. However, we are dismayed at the lack of provision and safeguard in the bill in the whole regulatory process to protect existing land owners from any deterimental effects of rezoning. For example, we know there is no avenue of appeal before or after publication of the regulation affecting those who are going to be rezoned. The method of determining compensation to those affected by zoning is, in the opinion of the NDP, quite inadequate. Compensation is provided only to those who are using land in a manner which does not conform to the new regulations, and the act does not compensate for injury caused by airport operations.

I think of a specific case in point which demonstrates this situation, and that is the case of the residents of the Stanley Park area near the federal airport in that community of the city of Thunder Bay. The city made a detailed representation to the Standing Committee on Transport and Communications, making what I thought were quite logical and proper recommendations in terms of protecting landowners adjacent to airports. They brought out a number of weaknesses in the bill which, unfortunately, the Minister of Transport (Mr. Lang) has not seen fit to address himself to by providing proper amendments.

Let me quote from this representation from the city of Thunder Bay as I think it is well worth putting on the record, and I urge the minister to take these recommendations into consideration. The city points out:

> Subsection 10 only provides for compensating owners who are put in the position of contravening the zoning regulations because the use exists at the time the regulations become applicable and only on the basis of the decrease in value caused by the application balanced by any increase in value of the property which may come about by the effects of the airport. No provision is made for compensation:
>
> (a) where damages are attributable to disturbance of occupation or business losses;
>
> (b) where there are special difficulties in relocation;
>
> (c) in a special allowance where a residence is taken, including a fixed amount for inconvenience and the cost of finding another residence as well as an allowance for improvements to the land where the value is not reflected in the market value;
>
> (d) for special costs in replacing the premises;
>
> (e) for moving costs;
>
> (f) for legal, survey and appraisal costs
>
> The act does not make special provision for compensating tenants or deal separately with mortgages.
>
> Subsection (11) limits the time for claiming compensation within two years from date of registration of the regulation. This provision without the safeguard that the owner has been properly notified would appear to assume that everyone checks his property's title every two years.

Those are the concerns of the city and property owners, and the only advance we have really made is in the area of

notification. If there is to be a rezoning, the federal Department of Transport will send a letter to those affected. In terms of those other valid complaints we do not see any improvement. I think that is a glaring inadequacy of this bill, and unless it is overcome by regulation, or perhaps even by proper amendment, I do not see how we can support the bill as it is written. Surely property owners should not be jeopardized by "after the fact" kind of regulations, and if we have a government that believes in fairness and justice there should be a proper method of appeal, and we should have proper compensation procedures for those affected.

The other area of the bill which gives me much concern is that with reference to air safety. It is my conclusion we have a Department of Transport that is woefully negligent in this matter of air safety. I refer to that part of the country with which I am very familiar, northern Ontario, and in particular northwestern Ontario. We have seen one example after another of non-compliance with air safety regulations, non-enforcement of air safety regulations and, indeed, lax regulations in terms of air traffic in that part of the country.

● (1242)

The House and the public would be shocked to know that since 1970 in northern Ontario there have been more than 520 airplane accidents north of a line between Ottawa and Georgian Bay. One hundred and seventy people have died in those accidents. Between January and November, 1976, there were 57 accidents which claimed the lives of 13 people. The transport ministry official estimate states that there were almost an equal number of incidents in the same period caused by such things as fuel caps off, sliding off runways, near collisions in the air, and faulty plane maintenance. Yet the Minister of Transport likes to tell us in the House that we have one of the safest records of any country in terms of air safety.

Statistics in those specific areas indicate that we may have a very safe record when we average it out internationally, but certainly in terms of regions of Canada and the people who have to use that air travel, this is a very sad record indeed. I have called in this House for a public inquiry into the air safety aspect in northern Ontario time and time again. We have seen a department investigation in response to the clamour from the people of the area in light of these many accidents, and it was called the Slaughter and Carswell report. It brought in a devastating report on the state of air safety in northwestern Ontario.

Among many things they found overloading, falsification of log book entries, illegal and unsafe maintenance practices, flying below legal limits in bad weather, flying with insufficient flight instruments, failing to record aircraft defects, failing to train pilots although it is required by law, signing of logs by maintenance engineers without the required work being done, and employers pressuring employees into unsafe and illegal practices.

It also came to light that part of this horrendous state of the air safety situation in northwestern Ontario was that political considerations can supersede the safety of the travelling public. A memo from R. L. Bolduc, director of the ministry's aeronautical licensing and inspection branch, indicated instances in the past where an aircraft inspector had tried to suspend the licence of an airline operating out of Red Lake, Ontario, for violating safety regulations and was told by his Ottawa superior that suspensions should never be considered until, and I quote:

—you fully consider the possibility of embarrassment to the minister and any other potential political implications—

Does embarrassment to the minister take precedence over enforcing air safety regulations? What an incredible state of affairs that we have in this country when memos such as that are given to inspectors in the field. If that alone does not justify a full public inquiry into the full operations of air traffic in northern Ontario and the whole business of the adequacy of our inspection and regulations, I do not know what does.

Despite that revelation, the number of accidents, the Slaughter and Carswell report, the minister refuses and stonewalls a full public inquiry into that situation. Instead, what the minister does is issue a press release in December of 1977 announcing that a number of recommendations, of the 15 outlined in the Slaughter and Carswell report, are being given serious consideration, and that he is hiring 12 more aviation inspectors. Well, that is commendable and we do not argue with hiring more inspectors, but that surely is not going to get to the root of the problem. It will not clear up the example I mentioned of who is telling whom when air safety regulations are to be applied or not to be applied, and under what circumstances.

Mr. Leo Bernier, the provincial minister of northern affairs, requested an inquiry because there had been 134 crashes between January and October, 1976 in which 32 people died. The Minister of Transport's office confirmed these figures but responded by saying that an inquiry was not necessary because, and I quote:

—experienced aviation specialists have been hired and positioned in our regional offices to monitor and take appropriate action to improve the standards of operation of air carriers in all parts of the country.

We have had these assurances in the past, yet we still have the incredible accident rate in this part of the country. The governament must get to the bottom of this, and the only way that can be done is by an independent inquiry or holding public hearings that will examine such things as the state of radio signals and beacons in the small airports, landing strips throughout the north, mechanical repair facilities in these small communities and, indeed, the operating procedures of the various aircraft companies themselves.

The recent developments in northern Ontario are most disconcerting, and I refer particularly to one company, Patricia Airways. Anyone who has been following the situation will be familiar with the fact that on May 12, 1977, a Patricia Airways DC-3 crashed and the pilot, Dave Belluz, was killed. Three charges were laid against Patricia Airways under the federal Aeronautics Act that were later dropped in February, 1978, because the Crown prosecutor did not arrive in court on time. This is an incredible situation, but since then we have heard that the federal government is not going to proceed with

prosecuting Patricia Airways because the company has now declared bankruptcy. What possible relevance does the financial state of a company have in relation to compliance or non-compliance with the Aeronautics Act of Canada? If they have been violating the act, then people must be held responsible and appropriate charges laid. It is hogwash when the federal government uses the excuse of bankruptcy for non-prosecution.

The airline was charged with assigning Mr. Belluz to a plane when he had not passed an efficiency test on that type of aircraft within six months, as is required by law, with operating an aircraft that was not safe and fit, and with operating an aircraft in a sparsely settled area without the required emergency equipment. The inquest found that the plane had been overloaded by 500 pounds to 600 pounds, the logbook was not up to date, the entire history of the plane was sloppy and sporadic. The jury advised that maintenance be improved. It was also learned that sometimes officials concerned with the aircraft had been found intoxicated. Indeed, one of the employees had stated that she had been instructed to keep a logbook out of sight so that it did not fall into the wrong hands.

● (1252)

There is an example of one company which, it would appear, violated section after section of the act and which, it would appear, is responsible in no small way for the death of the pilot, yet we learn there will be no prosecution by the federal government. What an incredible situation, Mr. Speaker. I think it was summed up very well by Mr. Iain Angus, the New Democratic Party candidate in Thunder Bay, who, in a press release stated:

It is bad enough that the federal prosecutor missed the first opportunity to present the Crown's case because he didn't plan for the inadequacy of the air system in the northwest, but to now drop any and all charges against the air carrier whose pilot died in the crash at Pickle Lake, just because the firm is in financial difficulty is an insult to every pilot and every passenger having flown in northwestern Ontario.

The bill before us is inadequate in regard to the whole business of zoning and expropriation. It is a bill that indicates much of the arrogance and authoritarianism of this government and the way it applies policy.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but his allotted time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Symes: Thank you, Mr. Speaker, and I thank my colleagues. I shall be brief.

As I was saying, this demonstrates the arrogant heavy handedness of this government when it deals with ordinary individuals and their property rights. More important, the inadequacies of an air safety program accentuate the jeopardy that many people are exposed to just because the government is not serious about strengthening and upholding safety regulations.

The incidents in northwestern Ontario indicate that the only way we can find out who is responsible for this disastrous situation, and to what degree they are responsible, is to have a full public inquiry. We must not only find out who is responsible but see to it that they are prosecuted. In that way we may be able to introduce regulations to improve the situation so that all those who depend on air services in this country may feel safe.

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, for over six years I have been involved in federal politics full time. I remember being nominated in early February, 1972. At that time we were going through a period similar to the one we find ourselves in now. The Canadian people were expecting an election to be called for June or July, 1972; then the Prime Minister (Mr. Trudeau) announced, as he did yesterday, that there would be an election-free summer.

I had the same experience as many candidates who have been nominated now are having. Some have quit their jobs and are involved full time in running for office, travelling about a constituency talking to people about their concerns and the issues that should face members of parliament.

As I travelled about the constituency and talked to my distinguished predecessor, Mr. Marvin Howe, he said that during his time in parliament—

The Acting Speaker (Mr. Turner): Order, please. I should like to suggest to the hon. member that he speak on the terms of Bill C-4.

Mr. Beatty: Mr. Speaker, I am pleased to do that, and I was just coming to my point. Mr. Howe pointed out to me that the most distressing aspect of his years in government was the continuous use by this government of the odious phrase "the governor in council may make regulations." This relates directly to this bill. On page 2 of Bill C-4 to amend the Aeronautics Act, in clause 3 appears the following statement:

5.2 For the protection of passengers, property and persons on the ground, the governor in council may make regulations requiring the owners and operators of privately registered aircraft to subscribe for and carry liability insurance, and fixing the minimum amount of such insurance.

The motion which stands on the order paper in the name of my colleague, the hon. member for Vegreville (Mr. Mazankowski), applies to this clause. It provides that if a significant number of members of parliament are concerned about the regulations imposed by the governor in council without consultation with parliament, and if 20 of them sign a motion to that effect, a debate could be held on the subject of the regulations imposed by the government and could require that a study be made by the appropriate committee to determine whether such regulations should be allowed to stand. Surely nothing could be more sensible than ensuring that the power of parliament remains intact and that members who are concerned that regulations imposed in the dark of night by cabinet, without consultation with parliament, should be fully and adequately examined.

The issue is nothing less than the need to preserve parliamentary sovereignty. No issue is more important to members of parliament than this. To this government the issue of parliamentary sovereignty appears to be an arcane one and parliament is viewed as an impediment, not as a partnership. I say to you, Mr. Speaker, the power of parliament is nothing less than the power of the people of Canada. If the government takes away the ability of parliament to debate, scrutinize, and hold it accountable for its actions, it undermines the ability and power of the people to keep an effective check on democracy and on this government.

During the six years that I have been in parliament there has been a steady undermining of the role of parliament. We have seen this happen in many ways. During question period today there was some discussion about committees, many of which had not met or considered the estimates. It is very possible, if this government insists on this sort of procedure—

The Acting Speaker (Mr. Turner): Order, please. I would suggest to the hon. member that he get back to the terms of Bill C-4.

Mr. Beatty: The terms of Bill C-4 are explicit, Mr. Speaker. They further undermine the power of members of parliament to keep an eye on what the government is doing. What I am trying to establish is that over the last several years it has taken away the power of parliament to carry out its functions on behalf of the people of Canada. This bill, and the power to govern by regulation, are only one more step in a long process aimed at dismantling the power of parliament and removing the ability to check which is presently held by members of parliament.

The Acting Speaker (Mr. Turner): Order, please. It being one o'clock, I do now leave the chair until two o'clock this day.

At one o'clock the House took recess.

• (1402)

AFTER RECESS

The House resumed at 2 p.m.

• (1412)

Mr. Beatty: Mr. Speaker, when the House broke for lunch at 1 p.m. we were discussing the amendment placed on the order paper by my hon. friend from Vegreville. It would have the effect of amending Bill C-4 which is before us at the present time on the subject of the Aeronautics Act. The force of the amendment proposed by my hon. friend would be to ensure that when orders in council are made by the governor in council under the terms of this measure, the House of Commons would be able to scrutinize those orders to see that the government had acted properly within the power delegated to it by parliament. The amendment would provide for parliamentary review if 20 members signed a petition requesting it.

I began earlier by noting that there had been an increasing tendency on the part of government to bypass parliament. What I should like to do this afternoon is to make four points. I think they are fundamental points. They are crucial, I believe, as we try to decide whether or not the amendment in the name of my hon. friend from Vegreville deserves support.

The first point I want to make is that the power of parliament is the power of the people of Canada. We have no rights except those which are drawn from the people. We act in their name upon authority delegated by them, and anything done to undermine the authority of parliament and lessen the power of the people's representatives undermines the power of the people themselves.

The second point I wish to make is that the government's increasing reliance upon the issuance of regulations is, in fact, undermining the authority of parliament. I will return to that point a little later.

The third is that the track record of the government with regard to government by regulation is bad, a dangerous one for the Canadian people.

The fourth and most important, I intend to establish that the amendment proposed by my hon. friend would give at least some protection to parliament and to the people.

I return for a few moments to the second point I made, namely, that the increasing reliance by the government upon governing by regulation is undermining parliament. I shall not deal this afternoon with other areas in which the government has been bypassing parliament or eroding its sovereignty by detracting from our ability to place a check upon the arbitrary powers of the cabinet, but it is worth mentioning that increasingly during this government's term of office the administration has relied upon orders in council, upon clauses in legislation which say that the governor in council "shall make regulations". A broad grant of powers having thus been given by parliament, the government is able, without returning to this House, to make decisions which affect the daily lives of Canadians.

I have in my hand, Mr. Speaker, a document which weighs about five pounds and contains over 1,000 pages. It is entitled "A Catalogue of Discretionary Powers in the Revised Statutes of Canada, 1970." This book, which simply lists the various discretionary powers held by the government—it does not elaborate on any of them—runs to more than 1,000 pages. What the government is proposing in the legislation now before us is to add to this list of the powers the government possesses to erode the freedom of Canadians without the consent or approval of the House of Commons. The government has increasingly been looking for ways in which to bypass parliament so that it can continue to rule Canada by order in council.

There was a book published several years ago entitled "The New Despotism," written by a former Lord Chief Justice of England, the Right Hon. Lord Hewart of Bury. Lord Hewart deals with means whereby a determined government could turn a parliamentary democracy into a despotism. I should like

to read a couple of passages from this book into the record because I believe they are germane to the subject we are considering.

Writers on the constitution have for a long time taught that its two leading features are the sovereignty from and the rule of law. To tamper with either of them was, it might be thought, a sufficiently serious undertaking. But how far more attractive to the ingenious and adventurous mind to deploy the one to defeat the other and to establish a despotism on the ruins of both! It is manifestly easy to point a superficial contrast between what was done or attempted in the days of our least wise kings and what is being done or attempted today. In those days the method was to defy parliament—and it failed. In these days the method is to cajole, to coerce and to use parliament—and it is strangely successful. The old despotism, which was defeated, offered parliament a challenge. The new despotism, which is not yet defeated, gives parliament an anaesthetic. The strategy is different but the goal is the same. It is to subordinate parliament, to evade the courts and to render the will, or the caprice of the executive unfettered and supreme.

That is the issue before us when we are faced with demands by the government for more power to allow it to rule by orders in council. I should like to put on the record also one further quotation from this book. It reads as follows:

It is one thing to confer power, subject to proper restrictions, to make regulations. It is another thing to give those regulations the force of a statute. It is one thing to make regulations which are to have no effect unless and until they are approved by parliament. It is another thing to make regulations behind the back of parliament which come into force without the assent or even the knowledge of parliament.

My third point was that the track record of this government with regard to governing by regulation is very bad. Nothing could be more germane when we are considering whether we should give the government the further discretionary power it is seeking. I will cite just one example. I would like to bring to the attention of the House today the report of the Joint Committee on Regulations and Other Statutory Instruments. That committee examined the government's use of orders in council as a means of avoiding coming back to parliament to increase postal rates. The committee made this short but very fundamental recommendation:

● (1422)

Your joint committee reaffirms its objection in principle to the use by the Crown of subordinate legislation under section 13 of the Financial Administration Act to prevail against parliament. It reiterates its grave doubts as to the validity of relying on the general power in section 13 of the Financial Administration Act to set postal rates, to override the special enactments contained in sections 10 and 11 of the Post Office Act, to overcome the will of parliament as to the domestic letter rate expressed subsequently to the enactment of section 13 of the Financial Administration Act, or to empower the Postmaster General to set rates when parliament has empowered neither the governor in council nor anyone else to do so.

The amendment which has been proposed by my colleague would refer orders in council which are made by the government under the terms of the amendments to the Aeronautics Act back to parliament so that interested members of parliament could have the authoritiy to examine the orders in council to see whether the government had acted properly.

It would also make provision for a committee of parliament to study those orders in council. On the basis of the way this government has operated in the past, we know that even when the appropriate committee of parliament has studied the abuse which has been made of orders in council by this government, the government has simply decided to ignore the recommendations which have been made by parliament. When the issue of the increase in the postal rates was raised in parliament, the Postmaster General (Mr. Lamontagne), in response to a question in the House, made this one short statement:

I think we should put to ourselves the more serious question of trying to have more efficient delivery of mail everywhere, instead of wasting our time arguing if the rates are legal or not.

What more scathing indictment of this government could there be than the fact that the Postmaster General says he believes that parliament is wasting its time in questioning whether the government has acted legally or not? How can the government have the temerity to come back to parliament and say that it wants a vast grant of power which would be unchecked by parliament, when its track record shows that it does not deserve it?

All the amendment proposed by the hon. member for Vegreville asks for is simply that in cases where it is clear to members of parliament that the government has gone too far in making an order in council or a regulation which is offensive to the Canadian people and of concern to parliament, parliament should have the right to review that regulation and to hold the government to account. I suggest that when this power has been given to this government in the past it has historically abused it, and it is clear that parliament must have some remedy to ensure that its rights and the sovereignty of the people of Canada are protected.

No issue is more fundamental to parliament than the rule of parliament itself, and I think that is why the proposal which is being made in this motion in the name of the hon. member for Vegreville deserves the support of every member in this House.

The one last point I would like to make is that the government denies that there is a need to have this parliamentary scrutiny of its actions by order in council. It says that what the government will be doing by order in council will be so innocuous that parliament would be wasting its time even to consider it.

Let me put the proposition another way. If in fact the regulations which will be passed by the government by order in council will be innocuous and of little concern to parliament, what cause does the government have to fear that parliamentary scrutiny would in any way endanger its ability to act? Unless the government has something to hide, and unless the government expects to be abusing the power it is asking parliament to give to it, it should have no objection whatsoever to allowing parliament to maintain its very fundamental right of keeping a check over the activities of the government. The proposal which is being made in this motion is eminently sensible. It is designed to protect the rights of the people of Canada, and I think it deserves the support of every single member of this House.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, I suppose if any individual reviews his educational background he finds that by some joke of fate he may have had a particular subject taught in a particular way which is well

remembered. That particular aspect of my experience in education was to have had a series of teachers who emphasized the use of language as applied both in English and in French, as it was taught to me. Unfortunately, the latter language was never taught to me to such a degree that I can speak it, but I well remember the teaching I received in both, the emphasis upon the use of language and its value in our everyday life.

I suppose what I am going to say this afternoon may be thought by certain members on both sides of this House to be repetitive and, to a degree, boring, but anything one values and wishes to promote may perhaps have to be the subject of repetition.

This bill is perhaps as good an example as any of the utter failure of the proper mechanical use of language. A piece of legislation is intended to be definitive in its object as it relates to the control of our society in one way or another. Because this legislation is not definitive or precise, it must lean on that crutch clause which appears in many bills in this House, the regulatory clause.

Regulatory clauses may sometimes include the phrase "notwithstanding any prior clause" or some other item which might be of consequence in the administration and intent of the particular bill involved. It is because of the practice of poor language that this government brings to us legislation requiring regulation to the extent that this and many other bills do. I am alarmed that this House, which has among its membership many outstanding barristers—most of them, of course, are on this side of the House, but the other side is also favoured with one or two—as the upholder of the law does not object in holy horror to the language of this bill and its transfer of power to the hands of an individual. This is the lazy man's way of presenting legislation. This legislation indicates improper consideration and lack of knowledge of its objective. It indicates lack of thought, lack of planning and, above all, bad government.

I am pleased that the regulatory clause of this bill has become a subject of debate because, while this principle may not relate specifically to aeronautics legislation, it relates to all legislation, and I think we must abandon the lazy man's way of planning the laws which regulate our society.

I suppose I would have to say that the Minister of Transport (Mr. Lang) has demonstrated to this House and to the country at large that he has a good command of the English language. His legal training and background should preclude the possibility that he, as a minister, would introduce legislation of this sloppy type. However, this legislation is not definitive or precise, and it is certainly not concise, and that should be the objective of all those who practise the mechanics of language.

● (1432)

In view of the fact the bill is sloppy and does not cover the field which will be later covered by regulation, I hope the government will indicate promptly that it will accept the amendment offered so that this House may consider the changes which may be made by regulation. Unfortunately, as pointed out by the last speaker, this is hidden law. I am going to be repetetive. This is the kind of law which allows Canadians to go to bed innocent of any breach of legislation in our dominion, and wake up the next morning criminals. This is because the governor in council passed a regulation, behind closed doors, changing the rules of the game, as this bill will permit the governor in council to do.

When you think of a crutch you usually think of the maimed and unfortunates who are incapable of proper walking without some additional instrument to aid them. I submit that when a minister brings in an act which is as subject to regulation as this one is, which is as incomplete without regulation as this bill is, he is wearing a crutch. It indicates his incompetence by virtue of his use of the language in the bill which has been submitted for its purpose.

In the committee which sits on statutory instruments for this House, consideration is given to regulations which are passed by government. Although I may have missed something, it has not been drawn to my attention that government has accepted the fact that the statutory instruments committee has on occasion found fault with the regulations passed by government. In fact, on occasion I have found them reprehensible, neglectful, illegal and, worst of all, retroactive.

On one occasion when I participated in the deliberations of that committee, they were discussing a regulation passed to accommodate an error which had been made by the Canadian Feed Grains Board. The legislation spelled out very clearly some of the things they could do. However, having that basket clause at the bottom, it permitted them to circumvent the bill by virtue of regulation. They found they were in some conflict of certain aspects of their administration. They had to ask the governor in council to approve of an amendment which they had drafted and submitted to the proper minister who, in turn, submitted it to cabinet.

What that amendment did was legalize what could be properly classed as illegal behaviour by the board for a period of 15 to 18 months. That regulation was passed by cabinet and considered by the committee. To the best of my knowledge and belief, the government took no action to chastise or in any other way criticize the Canadian Feed Grains Board for their illegal behaviour. It patted them on the back, approved the regulation on a retroactive basis, and forgave them all of their sins.

That happened to be a relatively minor matter. Granted, the action which they took was probably positive as it related to the execution of their duties. However, it is an example of the incapacity of the draftsman to define the purpose of the act, and the crutch had to be used, a regulation. I want to emphasize the necessity of the House of Commons, with all the capabilities it has, having the opportunity to consider those regulations. It should have the opportunity to present them to the minister and receive his respect for the recommendations with regard to language. What we are talking about is incompetence in the use of language.

My early indoctrination into procedures of government in this country happened in the province of New Brunswick in the provincial legislature. I well remember about four people

whose minds were sharp and whose use of language was very much above average. There were such people as Gordon Fairweather, whom all hon. members know and respect, the late Babbit Parlee, the late George McInerney, the Hon. William West, who has shown himself to be an excellent member of the bench, and others. They analysed every bill presented to that caucus. They analysed it in a debate which demanded that the attorney general's department should present to government and to the province the type of language which was, as I suggested earlier, precise, concise, and definitive.

I raised this in committee many times. I asked that language be changed because it was ambiguous and did not fulfil the purpose outlined by the minister. That little legislature produced, while those minds were directing, legislation of the type which did not require regulation to the degree that this does.

There is, of course, a place for regulation. That place is for the minister's use so that he may to some degree direct the fashion in which the intent of the law is administered by his employees. However, it is not intended to amend the law so that his employees may administer the law as they see fit. That is precisely what is happening right here.

Examples of regulations are probably more obvious as they come from the fisheries department than any other department of government. I am reasonably familiar with that. Some of them have started as low down as the fisheries officer who, on his own, can virtually make a regulation. His superiors back him up after he has made a ruling. There are regulations which fishermen have not heard of before. Demands are made on them after they have obtained a licence and a guide for its use. That is a serious abuse of the regulatory power extended in the blank cheque legislation for which this government demands approval by this House.

I commend to the minister John Gray, Q.C., presently a member of the staff of the CTC. In that provincial legislature he made the necessary adjustments and became part of the drafting team which produced a type of legislation which we should have in this House as well as in the province of New Brunswick. Since we cannot have that kind of legislation, it is absolutely imperative that there be some vehicle which will give a meaningful opportunity to examine regulations, preferably before they become effective, preferably before they reach the stage of being gazetted because, after they have been gazetted, they are law. It is then too late, unless one can obtain an amendment. The subjects of this country are subject to the orders in council which have been passed. There should be a vehicle at the disposal of this House for the consideration of regulations.

The previous speaker mentioned that he had a catalogue which showed merely the names and numbers of orders in council which government has issued, approved, and incorporated into the statutes of this country. However, I read somewhere that a committee or group had been commissioned to determine how many regulations there are in Canada, and that it would probably require 40,000 pages to print them all. If I am incorrect, I ask any member of the government to correct me, but I am quite sure that is the figure that appeared in a news release some time within the last year. Since a 1,000-page volume would be necessary to list the names and numbers of them, I suppose it is not excessive to suggest that it might take 40,000 pages to print the real content of all those regulations. Canada is over burdened with regulations.

● (1442)

In the field of air transportation, a loyal maritimer or a resident of eastern Canada would suggest that we have permitted a scheduling structure which is detrimental to service in that area. An example of the lack of control in scheduling can be seen if one looks at the flights between Ottawa and Atlantic Canada. Our regional airline, EPA, has scheduled flights to Montreal. The Air Canada schedule includes a flight departing for Ottawa at the moment of the arrival of the EPA flight. A passenger is dumped at Gate No. 42 in Montreal and is expected to board the next plane leaving from Gate No. 1 within an instant. The distance between those two gates is practically the maximum with which one can be faced. Yet neither legislation nor regulation has interceded on behalf of proper economic arrangements for both airlines and proper convenience for those who travel to and from Atlantic Canada.

If Air Canada is late or if EPA is early, and if one rushes, he might make the connection. The alternative is to wait up to two hours in the Montreal airport in order to make a connection with the flight to Ottawa. Also, it is a sorry situation that it is more convenient for a person to fly from Ottawa to Fredericton for an evening appointment in Saint John than it is to fly to Saint John for that meeting. One wastes less time, although those cities are approximately 70 miles apart.

Only this week I experienced this situation. Because of appointments in Ottawa and appointments in Saint John, it was necessary to leave for Fredericton in the late afternoon and return to Ottawa the next morning in order to meet my commitments. I saved several hours by arranging my trip in that manner. This is not good.

If there is regulatory capacity, at least it should be exercised on behalf of the people who ordinarily use the system. I refer to regulations and contractual agreements which have been made by the Government of Canada in respect of privileges extended to regional and third level air corporations. The improper control of those airlines and national airlines has led to the economic demise of some regional groups, the sell-out of others, and the proposed sell-out of some yet to come. Existing legislation does not correct these situations, and regulations in this legislation will not do anything to alleviate them.

I have every sympathy with Canadians who are required to live under a structure in which regulations may be law. How can a lawyer be sure that his client is operating within the laws of the Department of Transport after this act becomes law? The regulatory capability within the law virtually supersedes the law itself. Since that regulatory capability will not be taken out by the government, on behalf of Canada, its citizens, its airlines, its transportation, and on behalf of better government, I plead for the acceptance of this amendment. Since one

cannot define what he wants to do by law, and since it is necessary to rely on the crutch of the legal cripple, then the government should concede that this amendment should be passed. That would show the House of Commons and Canada what particular crutch is needed, why it is needed, and its impact. Let us go to bed innocent and get up innocent. Let us not go to bed innocent and get up guilty.

Some hon. Members: Hear, hear!

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I am pleased to have an opportunity to participate at this stage in the debate on Bill C-4, and particularly the amendment standing in the name of hon. member for Vegreville (Mr. Mazankowski). That amendment accentuates the principle many members on this side of the House are attempting to illustrate. When power is given to ministers by order in council and power is delegated to boards, there comes a point in time when wide and vague legislation, in effect legislating by regulation, must come to an end.

The complexity of modern society and the technical subjects contained in bills put members of parliament into a position where they cannot become directly involved in a lot of the detail contained in legislation. Certainly that is the reason why there are so many general bills giving power to ministers by order of governor in council to make necessary regulations in order to implement the purpose in bills.

If I had spoken three or four days ago in the waning days of this parliament, I would have indicated that perhaps these are waning days for some people in parliament. Apparently parliament will continue for a while. A week or so ago the Minister of Justice (Mr. Basford) brought in a bill containing fundamental amendments to the Criminal Code. Of course the present Minister of Transport (Mr. Lang) was the minister of justice at one point. Those amendments covered many subjects. One was an entire reclassification of the offence of rape. The effect was to take rape out of the dictionary, more or less, and rename it as indecent assault, and other forms of aggravated assault against persons.

Perhaps I do not know all the details of the Aeronautics Act. Certainly I do not know all the details of the regulations passed under the Aeronautics Act. During the several years I have been in the House I have watched an increasing tendency to provide unlimited, vague powers to governors in council to make regulations. I am beginning to understand, in a parliamentary sense and not in a criminal sense, the rape of parliament, if power is given to ministers to make regulations which involve the public of the land. If we are talking about many complex technical and scientific subjects, obviously members of parliament cannot become involved in all aspects of these.

Mrs. Holt: Obviously the hon. member is stretching the subject.

Mr. Nowlan: Since I am not in an angry mood this afternoon, I will not raise the timbre of my voice too high. The Minister of Justice should define some of the forms of parliamentary rape that government has incorporated in its bills. In effect that is what we are receiving.

The debate today would not be taking place if we were dealing with another subject matter. We are talking about the Aeronautics Act and the amendment put forward by the hon. member for Vegreville. In very simple terms that amendment indicates, if a regulation is passed by the governor in council affecting the aeronautics of the land, particularly the safety of flights, that regulation, upon the signatures of 20 members, should come on to the floor of the House for debate. Then it would be referred to the appropriate standing committee, which has a government majority. In that event, the government controls the Standing Committee on Transport and Communications. You have the debate, the report comes back, and at the most four hours are taken in this House to consider the regulation.

• (1452)

As I say, the only regulations which would ever get into that cycle are ones affecting the safety of people using the airlines. You might have one in the cycle in respect of the charges at airports which also affect the public. This happens when the public is concerned and directly involved. That is much different from an awful lot of bills in respect of which the public is very indirectly involved, as the public is in respect of whatever we do here in terms of the general law. The public is also indirectly involved in terms of the application of regulations passed under the law.

In this case which deals with aeronautics, because of the fact that more and more Canadians are flying each year, the hon. member for Vegreville introduced an amendment. That amendment is the subject matter now before us for debate. It in effect is an attempt to leave with parliament some input through this public process in respect of something that affects the public.

Why the minister should sit there so Gibraltar-like or sterile of thought and not receive this amendment with positive acclaim, I really fail to understand. When bills come before the House they are not in perfect form. That is certainly true of this government's bills, again without being too critical. One of the reasons this government is in so much difficulty is that never has any government drafted more faulty legislation which has to be corrected in committees on any subject than has this government.

Bill C-4 was before the committee where certain changes were made. At least at that time the minister acceded to requests by opposition and government members, some of whom had a hand in this. At least then the bill, which was just to give the minister the power to make regulations, was corrected. As the hon. member for Carleton-Charlotte (Mr. McCain) has said, the only time one knows about the regulation is when he finds out he is in violation of it. You can go to bed at night under one regulation and wake up in the morning to realize there has been a change because the minister has signed an order in council. At least through the diligent work of the members of the committee the minister was persuaded

to see some light, and four or five changes were made in respect of notice to the public about things that could affect the public, for example, regarding air safety.

There were changes made. There was a change to clause 2 of the bill which in effect sets up the first ray of sunlight in this regulatory process. This is something members on this side of the House have been trying to be consistent about for years. The hon. member for Peace River (Mr. Baldwin) has been trying for years to get a freedom of information bill. He has proposed other amendments to bring some light to the regulatory process. To give the Minister of Transport credit, he finally agreed at the committee to some changes which go part way down the road, allowing a little light to filter into this regulatory process.

Clause 2 now says that a regulation passed shall at least be published in the *Canada Gazette* for 90 days, and during that 90 days if someone feels very aggrieved, upset or affected, there can be, and I think the word is, consultation, with the minister and the department, with no great direction regarding the definition as to what "consultation" should be. I guess you could write a letter and he might answer it. I guess you could try to get an appointment with him and he might be able to see you if he was not too busy. However, at least there is to be publication of the regulation, and that is a step in the right direction.

As my hon. friend pointed out when he introduced this amendment when the bill was being debated on March 13, there is a most interesting statistic regarding the year 1976. That was the last year for which we have a record of the number of orders in council passed. In that year there were 3,326 orders in council passed, of which only 653 were gazetted, or ever shown the light of day. No one knows about the rest until a Canadian citizen runs into one. The rules of the game may have been changed, but that citizen would not even know of the change and would not receive notice of how they were changed until someone in officialdom informed him that was not the way things are being done because a new regulation has been passed through the simple means of a signature.

At least through the diligence of members of the committee there is a slight improvement to the bill. We have at least made sure that regulations affecting aeronautics and air travel, with particular interest to public safety, will be published and given the light of day for at least 90 days.

You and I know, Mr. Speaker, that not too many of us read the *Canada Gazette*. As members of parliament we get copies in our office. I must say that it is an interesting piece of information. I was trying to ask a question today of the Minister of Communications (Mrs. Sauvé) about something which was gazetted and will affect all the radio ham operators in the land after the publication time runs out. Quite frankly, this has taken a little time to catch on because most ham operators in the country do not read the *Canada Gazette*. I suggest, with deference, Mr. Speaker, that although you are learned in procedural definitions, with the high talent and grace with which you occupy the chair, part of your bedtime reading is not the *Canada Gazette*, unless you really want to go to sleep very quickly. In that case perhaps you could read it to put yourself to sleep, but then you might not remember what you had read when you woke up in the morning. The point of the matter is that it is a not a very well read public document.

We are talking about the public in respect of air travel, and what better forum is there than the House of Commons, where the representatives of 22 million Canadians sit, to have some input in respect of air regulations which are to be written by the bureaucrats? Those bureaucrats are going to write those regulations in all sincerity in the ivory towers of the Department of Transport. I guess they will be written in that big number two tower of Place de Ville, or at least that is where the Ministry of Transport used to be. That is a beautiful building. They can be up on the twenty-fourth or thirty-fourth floor of what is not even colloquially an ivory tower because it is all glass.

They can be looking out of those glass towers at the Gatineau Hills and the Ottawa River, and get carried away with writing the script, and write regulations they think are sensible. Then the minister, who is harried, comes back from the west where he has been trying to maintain one of the outposts of Liberaldom—whether it is "Fort Lang" or "Horner Hall"—and signs these documents without really knowing what is in them. He may be out in one of those places west of Thunder Bay all week, or all week end, doing his best, as we all do from time to time as politicians, trying to maintain government strength in certain parts of the country. He might be doing departmental work, and then on Monday morning or Tuesday he gets these sheets of paper to sign. He does not really look at those orders in council. They have been prepared by somebody else, put on his desk, and he is expected to sign them because somebody before him has ticked them and recommended them for the minister's signature. That is how the process works.

If I were the Minister of Transport I would be in favour of the amendment of the hon. member for Vegreville because it would make it possible, when there was a regulation affecting the public and air safety that might be embarrassing, to have an outlet for that frustration and a forum where the mistake could be corrected. Such a mistake could be correct in a procedural way without anyone having really to take ministerial responsibility for an official goof. This is what would be accomplished by the amendment of my friend. It would allow a debate here or a referral to the committee. The suggestion that this would tie up parliament is ridiculous, because other than the estimates which are referred to committees and a direct reference of other work, our committees are not always functioning.

Members of parliament, both in the opposition and in the government, are somewhat sensible creatures and will not be referring during debate in the House of Commons to a number of regulations, certainly those of a highly technical nature. As a matter of fact most members likely do not know a darned thing about those regulations. However, members are in contact with the public when travelling back and forth across this

country, even more so than a lot of well-meaning public servants who write the regulations.

Members come into contact with the public, specifically small craft operators. We each have small airports in our ridings and we all pass through the larger airports on our trips back to Ottawa. We often have members of the public talking to us about matters that affect them, perhaps a specific regulation they have come across, wondering what it is all about.

● (1502)

Surely, if there is public outcry against a regulation that was conceived in all sincerity but based on an incorrect assumption, this amendment would allow the House of Commons to debate it and refer it to committee for study. Once out of committee, hopefully the regulation would be changed. I give credit to the minister for going so far as to publish the regulations but it seems to me that like night follows day it is natural and logical to go one step further so that parliament would have some input into a kind of regulation that very well would have aroused the public. In effect members of parliament themselves should have the opportunity to take an interest in it, but without the passage of this amendment, within a year, regardless of what government is in power, there will be a regulation under the Aeronautics Act that will have insulted and irritated in a most meaningful way the public of the land and thus will have to be changed.

No one is suggesting that our regulations are infallible. In fact, the more you get the more problems you have and the more chances of mistake. An example of this situation is when the government wanted to levy an airport tax and the minister was proposing increases of 400 per cent to 500 per cent in what the public would have to pay to get their aeroplane tickets. There was a public outcry and the minister had, in effect, to eat crow and make some changes. If the minister could make a change in that instance, certainly there should be a chance for public debate on this amendment so that members of parliament will have a chance to reflect the concerns of the public in something so vital as the Aeronautics Act and air safety under the act.

The essence of this debate is not the pros and cons of the Aeronautics Act but the amendment introduced by the hon. member for Vegreville, who is merely asking that when there has been a public outcry about something affecting the air safety of the land, members of parliament can debate it. It will be the only time members will be interested in debating it and getting it referred to committee, because it will be important enough to affect the travelling public from coast to coast. This amendment merely asks the House of Commons to refer it to the Standing Committee on Transport and Communications. Since the government controls the majority in committee it will not get hung up there, and if the government does not want it it will come back here and be debated for only four hours. But at least the parliament of Canada would have an input into something that affects the public of the land.

[Mr. Nowlan.]

We continue to see the erosion of the power of parliament, which in the old days was to protect the power of the purse. We know from our amendments and the way in which we deal with estimates now in the standing committees that the powers of parliament have already been eroded to a great extent and that we are almost unnecessary in terms of examining the estimates. Surely, in something as important as the safety of the airways we should have some input in a parliamentary way that is delegated to the standing committee on transport which is very involved in this subject. Recommendations could then be made by that committee. Mistakes will be made—innocently—but will still have to be corrected. All the amendment is suggesting is that we use this parliamentary forum. I hope hon. members will consider the proposal seriously and not vote it down merely because it comes from the hon. member for Vegreville.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, sitting here listening to the debate this afternoon, I am reminded of the motto or creed of the Jaycees, the Junior Chamber of Commerce organization in Canada, which says that they believe in a government of laws and not a government of men. It led me to conclude that if this Liberal government has a motto or creed it would be just the opposite, namely that they believe in a government of men and not of laws. Every piece of legislation that I am aware of in the six years I have been here contains clauses like the one we are discussing today, an offensive provision which says that the governor in council or the minister may make regulations, et cetera. In fact, that has become such a prominent part of government legislation that social scientists looking at the trends would have to conclude that the Liberal government will bring in at the start of a parliamentary session a single clause bill saying that the governor in council or the minister shall do whatever he wants. That is the result of clauses that provide this very arbitrary power of making regulations and have the same impact as any other form of law and legislation passed by this House.

As we travel down the path to more and more non-democratic use of regulations, more and more legislation and law by regulation as opposed to legislation passed in this House, we are surely travelling down the path toward what is less and less a democracy in which people are governed by laws established by their elected representatives.

Last fall, I was interested in this question of regulations and the extent we are governed by them, so I phoned the Department of Justice and inquired whether there was a compilation of all government regulations. As I have indicated, every piece of legislation has provision for regulations, and I wanted to know how many there were and whether a list had ever been compiled. The Department of Justice instructed me that they were working on a compilation and expected it to be completed and published this spring. When I asked whether I could obtain a copy, they informed me it would be possible but it would be very awkward because it consisted of 12,000 sheets of computer print-out. When I asked what it would be like when it was published, they indicated that it would consist of 40 volumes of 800 pages each—regulations flowing from this

kind of legislation and which have not been examined in terms of their impact by democratically elected representatives.

Regulations are passed at a horrendous rate in cabinet, with the quick stroke of a pen, and at no time have they had the careful consideration that they should be given with regard to their effect on the people. Last year, as was mentioned earlier, some 3,400 orders in council were passed by this government, a huge amount of law making which has never been exposed to the public and which this body has never had a chance to examine or adjudicate upon.

In addition to this democratic question, which by far and away is the most important issue raised, we have the question of cost. The Minister of State (Small Business) (Mr. Abbott), in plugging his new appointment as "comptroller of the paper work burden", offered to the House and the people of Canada the figure of $10 billion as the indirect cost upon the economy of regulations made by government. That is not just the administrative cost, but the total cost to the economy. It does not necessarily mean there is no value, but that value is nowhere near $10 billion. So we have the Minister of State (Small Business) saying that he is going to start to deregulate and eliminate some of these regulations and reduce this $10 billion cost which is borne by the economy.

● (1512)

In earlier times the Prime Minister (Mr. Trudeau) indicated that he would undertake systematic deregulation so that people would not be fettered by the thousands and thousands of regulations emanating from government. On the one hand we have the Prime Minister and the Minister of State (Small Business) making statements like that, and on the other hand we have another minister introducing legislation which imposes more of the type of things that the Minister of State (Small Business) claims is detrimental to the economy and to society. It makes one wonder if they talk to each other. How can they say, on the one hand, that they are going to reduce the role of government by deregulating government, and on the other introduce legislation which provides for the arbitrary imposition of more regulations, for no democratic control, and for no opportunity for this House or anybody else to debate the merits?

Surely, when we have a minister indicating that the cost of making these regulations is $10 billion, it is reasonable to require, to request, to provide some opportunity for the people's representatives in this House or in one of its committees to examine these regulations and see whether they are appropriate, how they fit into the total range of regulations, and to make sure that they simply do not become another burden that costs more than whatever benefit might accrue.

In the United States, President Carter has indicated that in the future any new regulations—such as those similar to the type contemplated in this bill—which are imposed upon the economy must be accompanied by a cost/benefit analysis. Regulations will not be examined or approved until there has been an associated cost/benefit analysis. They have recognized the horrendous cost of unnecessary regulations and that any regulation at all has a cost. Any wise decision-making process should involve some cost/benefit analysis. There is no such provision in this bill, of course, although the amendment proposed by my friend and colleague, the hon. member for Vegreville (Mr. Mazankowski), would at least provide an opportunity for debate. Questions of cost could be raised at that time.

I think it is fair to ask why the government continually introduces this kind of legislation. Why do they always put in an escape clause to the effect that the governor in council may pass regulations as he sees fit? The answer is, of course, that there is a need for flexibility. The problems that may arise in a certain area cannot be foretold so there is need for flexibility on the part of government. I think we all understand that. The ultimate flexibility, of course, is the clause that says the government can do whatever it wants to do. Obviously, when we reach that stage we are no longer a democracy but some sort of tyranny. It is therefore very important to watch just how far we go in that direction.

When the question was raised members of the government replied that we live under a system of ministerial responsibility. It is that ministerial responsibility which precludes any inappropriate use of the power that a government gains through this type of legislation. If we look up the definition of "responsibility" in a dictionary, we see that to be responsible means to be accountable—to be held to account. That is the kind of language used. Then we must ask, to whom are ministers accountable and how is ministerial responsibility exercised? If ministers are accountable to the people, which is frequently claimed, then why is parliament here? If they are only responsible to the people at election time, why have a parliament at all? Why do we sit here if we cannot hold ministers responsible? Surely the answer must be obvious to anyone who watches the proceedings in this House. It must be obvious that we have no authority to hold ministers responsible. There is no way that this House of Commons can hold ministers responsible for their actions.

When the government is challenged on this matter of seeking authority through clauses that allow them to set regulations, they claim they need flexibility—that ministerial flexibility is the safety valve to ensure there is no abuse of this authority. If they sincerely believe that ministerial responsibility is a check on excessive abuse of the right to set regulations which have the effect of law, then surely they must accept the amendment proposed by the hon. member for Vegreville.

The sole purpose of the amendment is to provide the opportunity for the House of Commons to hold ministers to account—to ensure that ministerial responsibility means something. The amendment in no way, shape or form reduces the flexibility of the government. It in no way reduces the minister's flexibility. He may still pass regulations where he sees the need but it provides that the House of Commons may hold the minister responsible for the regulations he recommends to the governor in council.

Surely anyone who values our democratic system, who values parliamentary democracy, has to accept the validity of

the amendment. Without it there is no opportunity for the House of Commons to hold the minister responsible. Without it how can anyone with respect for honesty and truth claim that we have a system of ministerial responsibility? We cannot have that unless there is some mechanism to effect it, and that is all the amendment does. It merely provides that if 20 or more members of the House of Commons deem it appropriate, the minister can be required to explain the impact of his regulations, can be required to justify his regulations and submit the matter to a vote of a committee of the House.

As I have indicated, the people in this country who look beyond the short-term horizons in terms of our democratic system must be and indeed are—judging by the reaction that I am getting, as I am sure others are—very concerned about the direction in which the country is taking our democratic institutions. Year after year the role of parliament and the role of the representatives of the people is diminished. More and more authority becomes concentrated in the ministries. Senior civil servants and individuals as knowledgeable as Simon Reisman, a former deputy minister of finance, have seen this happening. He recently indicated that governments today are involved in more and more things in more and more ways, and doing things badly, acknowledging that the amount of authority that is concentrated within the upper levels of the bureaucracy, such as organizations like the Privy Council office and so on is horrendous. Indeed, I do not think there is another country in the world that has less democratic control over the state than Canada—that is, no country that claims to be a democracy.

● (1522)

So I would beseech the minister and the government as well as members opposite to look again at this minor amendment. It will not reduce the ability of the Minister of Transport (Mr. Lang) or his successors to manage the operation of that department, to introduce regulations for the benefit of the safety of the public and so on. This amendment will merely provide a small opportunity in a real way for the exercise of democratic ministerial responsibility. If there is some feeling for our system, some concern that a democracy must be maintained in this country in fact as well as in form, I am sure members opposite will find it easy to vote for this amendment and bring it into law and thereby improve this legislation significantly.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I am the seconder of the motion in the name of the hon. member for Vegreville (Mr. Mazankowski) which is the subject matter of debate in the House this afternoon. As such, I think I should say something with respect to this amendment. As my friend the hon. member for Calgary Centre (Mr. Andre) has said, it is designed primarily to bring back into parliament something which has been lost in terms of the legislative process and control over the processes of government. Like the hon. member for Calgary Centre, I find people saying that that has occurred. Studious observers of the parliamentary system have indicated they are alarmed by the tendency to move to a greater degree toward the use of regulations and guidelines rather than statute law which is passed openly in parliament.

I agree completely with those who have said that government cannot be fettered and that it is impossible in a complex age for everything to be set forth in statute form. It is equally possible and equally with precedent in this House of Commons to ensure that parliament at some time has at least the occasion to pass judgment on regulations, and that is the precise purpose of this amendment. It does not say that parliament must make a judgment in terms of a vote or that parliament must waste time debating the regulations. It merely says that if parliament is moved by the substance or the direction of legislation by regulation, or legislation by order in council, then parliament will be given this opportunity to consider it.

I say, sir, it is not without precedent for a very good reason. My recollection indicates that in the recent bill establishing the Anti-Inflation Board, which is within the life of this parliament, the right of referral to parliament for a second look was given in that bill. Also, in the recently passed legislation dealing with the northern pipeline, there was established by a rule change in our House a committee on which the duty was placed of overseeing the construction in the interests of Canada and to report to parliament. If my recollection serves me correctly, there was also some legislation affecting petroleum administration in this country which called for a review, for a look back at the legislation to see how it is functioning. I suggest those precedents are within the limitations of this very simple and direct amendment moved by my colleague from Vegreville.

The hon. member for Burnaby-Seymour (Mr. Raines) was in the House a few moments ago. I watched him on a local television program the other evening. The member for Burnaby-Seymour recently announced that he will not be contesting the next election. He said that he was frustrated generally with the life of a member of parliament. He made no reference to it in terms of his work on behalf of his constituents. He said that he enjoyed that work. He was not complaining about the travelling which is so necessary when one is a member from British Columbia and must go back and forth each week. This is a tremendous burden that a member bears. But that was not worrying him. What was troubling him was that parliament has lost touch somehow or other with the legislative process and its execution; that the processes of our parliament were not in tune with the necessities of the twentieth century. I believe this was the phrase he used, if I understood him correctly.

What has happened in the twentieth century is that we have moved to legislation by order in council to a great degree. In fact, more and more it is being done that way, and parliament is getting out of touch with such a legislative process. Even if the public servants who make the regulations are well intentioned, and I think most of them are, they are not elected and they are not responsible in the sense that a member of parliament is. There is no great opportunity for the public servants of the country to obtain feedback from the nation as to the

effect of legislation, and subsequently regulations and orders in council under legislation, as there is for members of parliament, because that is our job.

I was so impressed by the television program the other night that, after midnight when the program was over, I telephoned the station and spoke to Mr. Brooke McNabb who introduced the interviewer of the hon. member for Burnaby-Seymour. It was a very thought-provoking interview and I expressed my sentiments to Mr. McNabb of that station. It is a problem that we have here, a problem that leads to frustration on the part of members. It is a problem that can lead to real injustices from time to time. They may occur inadvertently, because regulations on the whole are well intentioned, but sometimes they are misdirected.

The purpose of this amendment is to ensure with respect to the regulations made under the Aeronautics Act that this parliament has the opportunity, if it wishes, to review them. It would be a very foolish parliament indeed if it were to usurp the right of the government to govern. That is not the point. But it would be an equally foolish parliament which would not agree that perhaps the time has come for us to follow the process that was begun in these pieces of legislation that I talked about.

How important is the process? If I may for a few moments, I will deal with some things which indicate how deeply ingrained is the process now in Canada of legislating outside of this place by order in council or regulation. I am referring to a number of things not directly and specifically related to the Aeronautics Act but to the abuse which the amendment that is before the House is intended to obviate. I am happy that the hon. member for Vancouver-Kingsway (Mrs. Holt) is in the House. She attended the meeting of the Standing Committee on Regulations and Other Statutory Instruments yesterday. She spoke out fully and strongly about the problems concerning regulations under the Customs Act. I hope that she enters the debate, because I do not think the problem is only for the opposition, it is a problem for this whole parliament.

● (1532)

I have in my hand a brief to the special committee to review personnel management and the merit principle in the public service. This deals, among other things, with regulations which were purported to be passed under a statute. As a result of those regulations certain things happened. I will quote from the brief because it shows how the operations of the merit system, in this case, were affected. The issue was finally placed before the statutory instruments committee of this House which had to deal with the matter. This is what the brief had to say about the use of regulations under one particular statute:

> Well over 8,000 appointments were made in the public service in 1976 without competition. These appointments were not made in conformity with the merit system but were made pursuant to section 7(2) of the public service employment regulations under which if the responsible staffing officer is of the opinion that a competition or other process of personnel selection would not result in the identification of a candidate better qualified than the person who is willing and able to accept appointment, he may appoint that person.

Because of the widespread delegation of authority in the public service at the present time, these opinions expressed by staffing officers have the force of law, and by using this power they have overcome the fundamental principle governing public service appointments—that they should be based on merit. The brief goes on to say in this case:

> This section leaves room for internal patronage in the public service by permitting departments to appoint persons without competition.

In 1976, as was admitted, this was done to the tune of some 8,000 appointments.

I might quote a host of other instances to show the effect some of these regulations have had. For instance, I could refer to the program which flowed from the Official Languages Act and its repercussions on the public service; it resulted in a set of guidelines, a set of rules, which had the force of law for whomever is subject to them. Now, with a change of direction, we find there is a new set of rules in place.

The same kind of thing can occur under the statute we are considering in the context of the Aeronautics Act. We in this party take great exception to making law by statute behind closed doors. We did so particularly when the gun control legislation was before parliament. A great deal of the power which would normally be expressed in the statute emerged by way of regulations. If this is a very real problem for those who must concern themselves professionally with statutes and regulations, it poses a dreadful problem for the general public.

The most improper misuse of the regulatory power which occurs to me is, of course, to be found in the Post Office Department. A report was made to the House of Commons not long ago with respect to the use of the regulatory power to increase postal rates from 12 cents to 14 cents. The committee found this method of increasing postal rates to be improper and the House of Commons concurred in its report. Notwithstanding all this, the Postmaster General (Mr. Lamontagne) has told us he does not care what the House of Commons says.

It is important we should bear such things in mind when considering whether the government should be given further powers to act by order in council. I can understand the necessity for a great many things being done by regulation and in accordance with guidelines. In an increasingly complex world it cannot be otherwise. But I trust it will not be foreign to the thinking of members of this House that it is equally necessary that, where there is excessive regulatory power, or a great deal of such power, we should have the right at some stage to consider these things in the House of Commons.

I commend to hon. members the speech made earlier in the debate by my hon. friend for Peace River (Mr. Baldwin) in which he set forth very clearly the danger which faces this parliament and, I suppose, every legislative body in the world with respect to what is happening because of the complexity of society, on the one hand, and, I am sorry to say, lazy draftsmanship on the other. You know, Mr. Speaker, it is much easier for a legal draftsman faced with a complicated problem to succumb to the temptation of deferring a difficult section to be dealt with by regulation, something which can be done later and at leisure. The statutory instruments committee deals

every week with a thick pile of documents which its counsel considers may have been passed improperly, cases where officials have taken unto themselves a discretion which was not contemplated in the statute or even in the regulations. Mr. Speaker, if the statutory instruments committee has done anything at all, it has at least been able to alert those who draft the regulations in an attempt to make statutes work that legislation is the function of parliament. The committee acts as a brake on the practice of exceeding the power given in the statute.

The amendment does not say that the operation of the Aeronautics Act shall grind to a halt. It does not say that the powers given to the government under the act can suddenly be brought to an end. It does not say that the government has no regulatory power at all. It does not say that the Minister of Transport cannot exercise the discretion which is appropriately left in any minister. It says none of those things. It merely says that, if one chooses to move by regulation under the Aeronautics Act, there is a duty on the government and, indeed, on this parliament at least to examine whether those regulations are appropriately enacted, and that parliament should have an opportunity to pass judgment on that openly.

● (1542)

While the Minister of Transport is in the House, I want to say to him that in view of the precedents we have already made in this parliament—indeed, in this session of parliament—I cannot understand, frankly, why the government should disagree with this amendment, unless it is because it would be an inconvenience, unless the government wishes to hide something or unless it feels there might be something done which parliament ought not to see. I cannot believe there should be any objection to this amendment. I cannot believe that at the end of the debate on the report stage it ought not to to be axiomatic or follow automatically that this government would allow this report stage amendment to proceed.

Just before I sit down, I want to ask the Minister of Transport to reconsider what I believe is his view that this amendment ought not to go forward, because I think it is important to our process. Although we have disagreements with the minister from time to time, I think he has some feeling for that process. But I think it is important that this kind of thing appear in a bill which affects such a broad spectrum of the Canadian community. I ask the minister to consult with his colleague, the Minister of Employment and Immigration (Mr. Cullen) and, if the Deputy Prime Minister (Mr. MacEachen) is in the House, with him, to see whether as this debate draws to a close the government cannot reconsider its position with respect to what is really a fundamental matter of parliamentary government.

Mr. Leonard C. Jones (Moncton): Mr. Speaker, I must say that preceding speakers have spoken very adequately, but this subject is of great and dire importance not only to this House but to all Canadians and to all those who believe in our system of parliamentary democracy. Is there any need whatsoever to have to make such an amendment? Quite frankly, I think this legislation by regulation is the phoniest blooming thing I have ever seen in my life. When I was in law school—and that is a number of years ago—I was taught that there would be no way under the British parliamentary system of justice that parliament would pass regulations unless they came back at a subsequent date to parliament for approval. That was the principle, and I suggest that that still is the principle of common law under the British system.

Having that in mind, I suggest that this amendment is too mild. It should have been more forceful. We should have no regulations at all because regulations are and have been abused time after time, to the detriment of the citizens of this country.

Let us look back 760 or so years to Runnymede when King John decided to recognize parliament. Prior to that he governed by decree or edict. Orders in council or regulations are edicts of one man or group of men called the governor in council. In King John's time it was necessary to pass the Magna Carta, and from that time we were supposed to have responsible government, freedom in government and democracy for the sake of the people.

I suggest that regulations are like a cancer. They get worse and worse, and that cancer is getting to be terminal because it eventually will result in the death of parliament. At one time the Prime Minister (Mr. Trudeau) said that parliament was becoming irrelevant. Parliament will and does become irrelevant through the use of legislation by regulation. Making a regulation is like drafting a document and putting at the end of it "One party may do this unilaterally". That is just exactly what is being provided in this legislation, that one party or group of parties may do something unilaterally. This invention of orders of council or regulations by a minister is far more serious than one would think. I suggest that regulations can be dictatorial and improper, and they can bring bad results to the whole system of parliament.

This practice reflects not only on ministers and their ministries but also on the House of Commons for allowing this type of legislation to go through without a clause such as the one suggested by the hon. member for Vegreville (Mr. Mazankowski). I suggest that it is not proper that we should have other bills without clauses like this one. Possibly there should be a special act to cover all regulations so that they can be reviewed by parliament and be subject to parliamentary scrutiny.

We talk of responsible government. Responsible government does not permit legislation by regulation. The people want to know and we want to know what the results will be and what is happening. Regulations are an invention—perhaps a fiction—but we are not being fair to ourselves or to our constituents by permitting this type of thing to happen. I know that some hon. members have already suggested to the minister that he consider this amendment. This amendment would not stop him from making his regulations; it does not go that far. The amendment is very fair to the minister. With this amendment he could make his regulations, but upon a petition presented by so many members of the House the minister could be

requested to allow his regulations to be scrutinized by the House and by a committee of this House.

I think that would be very fair, and I say seriously that if we do not stop this legislation by regulation, somewhere down the line we will cause the death of parliament, the death of responsible government and the death of democracy in Canada. I hope the minister will take these words seriously. They are meant to be taken seriously and, if they are, people will wake up to the problem which is the height and depth of this country.

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to raise my voice with those who have expressed concern about a development which has crept into our parliamentary practice. The whole purpose of the amendment put forward by my colleague, the hon. member for Vegreville (Mr. Mazankowski), is to provide parliament with a safety valve. It is not enough for the Minister of Transport (Mr. Lang), a distinguished lawyer, a former head of the faculty of law of one of the great universities of the country and a former minister of justice, to sit back complacently in the knowledge that we have a Standing Committee on Regulations and Other Statutory Instruments. As a good lawyer the minister surely knows that that is not enough. He knows that that committee cannot possibly keep abreast of the hundreds and hundreds of regulations which flow from bills which are passed by this House.

I recall a few years ago a very important bill coming before this House, a bill dealing with packaging and labelling. That bill received a great deal of attention by the House, and rightly so. It was the first real thrust by the government to provide a degree of consumer protection in the area of packaging and labelling. I remember debating that bill at great length in this House. I remember the bill going before a standing committee of the House where it received a great deal of attention. We heard a number of witnesses and studied the provisions of that bill with great care and in great detail. The bill became law. However, the operative part of that bill was the regulations which were to flow from it. The bill provided for publication of the regulations before they would be promulgated into law. We must not forget that regulations are a very important part of statute law. The fact is the regulations were not gazetted and promulgated into law until almost three years after the bill was passed by this House.

• (1552)

The extraordinary thing about that piece of legislation which struck me at the time was that there was never any reference whatsoever to this House or to a committee of this House of the regulations that had been put together by order in council to make that bill operative.

It is possible for regulations to go beyond the ambit of a bill. Indeed, there have been occasions when regulations have gone beyond what parliament intended.

What my colleague, the hon. member for Vegreville, is trying to do by this amendment is to provide a safety valve whereby if we find that the regulations which will flow from this bill go beyond what we intend by the legislation, we will have the right to call those regulations before the House and examine them. Surely that is a reasonable proposition. It does not follow that we will exercise that prerogative; it is merely put there in the event that the government and its senior bureaucrats attempt to go beyond the legislation which parliament passes.

When he spoke on this bill a few days ago, the hon. member for Peace River (Mr. Baldwin) referred to what I would call the case load of the statutory instrument committee. He referred to the fact that the committee had to examine over 3,000 regulations put in place by this government to cover various bills.

If we pass bad law, a bill that is going to be unjust or is going to take away somebody's rights or hurt somebody in some way, we have to be accountable for it as legislators. However, there is absolutely no accountability for the regulations of the government, none whatsoever. These regulations are put together by nameless, faceless bureaucrats who hardly ever follow the debates in this House. I look into the official galleries today. Where are the public servants who will draw up these regulations? Are they here listening to members of parliament express their concern over the danger of regulations going beyond the ambit of a bill? Will they sit down and read *Hansard*? I doubt it very much.

My colleague has put forward a very reasonable proposition, one that should surely lend itself to the serious consideration of the Minister of Transport. It is not an irresponsible move; it is made in the knowledge that we as legislators have the ultimate responsibility for any regulations that will be put together as a result of this bill. All we are saying by this amendment is that we would have the right to call these regulations before the House for a short debate if we deemed that the regulations did in fact go beyond the authority given to the government by the bill. That is a reasonable proposition.

There is concern in this country today over the growth in government, especially the uncontrolled growth of the federal government. When we have this kind of uncontrolled growth in the Government of Canada, it means that somewhere along the line some citizen of this country is getting all tangled up in red tape. In the process, he is losing some of his civil rights. That is happening every day.

When this bill passes the House and when these regulations are put together, somebody is going to be hurt by the regulations. At the very least, someone is going to find himself all snarled up in bureaucratic regulations. The very reasonable amendment moved by my colleague will give parliament the right to call these regulations back before the House, if we deem it necessary, so that we can examine them in the light of the bill to ensure that the regulations do not in fact exceed the authority given to the government by the bill.

[*Translation*]

The Acting Speaker (Mr. Ethier): The hon. member for Lafontaine-Rosemont on a point of order.

Mr. Lachance: Mr. Speaker, I wonder if the hon. member would allow me a question.

Mr. McGrath: Yes, Mr. Speaker.

Mr. Lachance: Mr. Speaker, I merely want to put a question to the hon. member because he referred to the Standing Committee on Regulations and Other Statutory Instruments. Does he not feel that precisely because the committee is empowered to examine such regulations as concern it and, because it reports periodically to the House, the latter does have the power to scrutinize the regulations the minister may introduce eventually in order to check and see that they respect the act authorizing them?

[*English*]

Mr. McGrath: I thank the hon. member for that question, Mr. Speaker. Certainly he has a point. However, I remind him that just a few days ago the House unanimously supported a recommendation or a report of the statutory instruments committee where it found that the government had in fact exceeded its authority under the Post Office Act and arbitrarily increased postal rates. The government completely ignored that committee recommendation. What can we expect from a government that virtually ignores the workings of this most important committee of the House? Consequently, we feel that this amendment is vital if the rights of parliament are going to be protected.

The Acting Speaker (Mr. Ethier): Order, please. It being four o'clock, the House will now proceed to the consideration of private member's business as listed on today's order paper, namely, public bills, notices of motions, private bills.

[*Translation*]

Mr. Pinard: Mr. Speaker, I think there is unanimous consent for proceeding with Bill C-243 and, consequently, that preceding bills be allowed to stand.

[*English*]

The Acting Speaker (Mr. Ethier): The House has heard the suggestion of the parliamentary secretary. Is it agreed?

Some hon. Members: Agreed.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

CANADIAN BILL OF RIGHTS FOR CHILDREN

MEASURE TO PROTECT FREEDOM AND DIGNITY OF CHILDREN

Mr. James A. McGrath (St. John's East) moved that Bill C-243, respecting a Canadian Bill of Rights for Children, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

[The Acting Speaker (Mr. Ethier).]

He said: Mr. Speaker, 1979 will mark the twentieth anniversary of the signing by Canada and the passing by the General Assembly of the United Nations Declaration of the Rights of the Child, a declaration that was adopted by the General Assembly on November 20, 1959. Perhaps it might be appropriate if I were to cite part of that very important declaration to which Canada is a signatory. I quote Principle 2:

> The child shall enjoy special protection, and shall be given opportunities and facilities, by law and by other means, to enable him to develop physically, mentally, morally, spiritually, and socially in a healthy and normal manner and in conditions of freedom and dignity. In the enactment of law for this purpose, the best interests of the child shall be the paramount considerations.

● (1602)

As I have stated, that was adopted by the United Nations. It was signed and ratified by Canada approximately 19 years ago. Up to now, our laws have reflected the belief that a child's interest can be served best within the traditional family unit. That belief is now being questioned by increasing numbers of parents, educators and hopefully politicians, as they face the serious problems of the child in today's society.

There are a number of areas which I could cover to define what I believe to be the rights of Canadian children, and the need to have these rights defined by law. Let us take a look at poverty and malnutrition. Who would think, in this great land of plenty, that poverty and malnutrition would be a problem? Statistics Canada defines poverty as a state where more than 62 per cent of family income is required to provide the minimum necessities of food, shelter and clothing. The National Council of Welfare report entitled, "Poor Kids" is dated March 1975. I commend that excellent publication to the House. It indicates that according to the 1971 census, 1.65 million of the total 6.76 million children, or 24.5 per cent, were classified as below the poverty line. The census found substantial numbers of children living in poverty in every province. I am sad to say the highest proportion was in my own province of Newfoundland where almost half the province's children, 45.3 per cent, were in families with incomes below the poverty line. But even in rich provinces, the so-called "have " provinces of Ontario and British Columbia, more than one child in six came under the definition of poverty.

It is interesting to read through this publication to understand what poverty means to a child. It is a very moving document. I should like to read from one letter written by a poor child in New Brunswick. It reads as follows:

> My name is Pierre and I'm 13 years old. I'm the eldest of seven children. What makes me suffer most is not having a house, having to live in a shack where it's always cold and too small for all the family. There are nine of us. The seven children all sleep together in two 36-inch wide beds—pushed together in winter for more heat since we don't have enough blankets. We have an old broken-down stove. In the winter we push the beds near the stove, but it's dangerous.

The letter goes on. In fact, this publication contains a number of similar letters reflecting the plight of poor children in this country who lack the basic necessities of shelter, clothing, and an adequate diet. Lack of nutrition is not necessarily a problem confined to the poor. It has become a problem of nationwide proportion, thanks to the fact that we have many

families in which both parents work and their children go to school without adequate breakfasts, and these children have to make do for the day with lunches of junk foods.

What are the consequences of poor nutritional standards? The ramifications are serious. Poor nutrition will lead to poor general health and a lower resistance to infection, thereby increasing the likelihood of sickness. Children who are suffering from poor general health are likely to be less alert and attentive in school; since they have less resistance to sickness, they are likely to miss days from school because of illness. Moreover, the results of poor nutrition form a vicious circle. For example, if young girls continue to have poor eating habits when they are adults, the effects of these habits are usually passed on to the next generation. Researchers have found that the physical and mental development of a child is affected by the adequacy of the mother's diet during pregnancy. This is a serious problem. We know that poor nutritional habits affect a child's mental health, physical health, as well as its learning ability.

I should like to turn to the area of child abuse. Who among us was not deeply moved by the very tragic death in the city of Ottawa last winter of little five-year-old Adrienne Paquette? The evidence showed that the Children's Aid Society returned Adrienne to her 32-year-old mother, despite overwhelming evidence indicating that this little girl had been abused and battered over the years since she was a baby. She was found dead from suffocation in the basement of the family home, with her hands tied behind her back in such a way as to force her to stand on one foot, with a gag in her mouth and a pillowcase over her head. If young Adrienne had been treated with dignity and respect as a human being, instead of as a chattel of her parents and a chattel of the Children's Aid Society of Ottawa, she might be alive today.

If we had a society which was prepared to recognize the fundamental rights of children as human beings, then Adrienne would have had an advocate to speak for her before the courts. But there was no such advocate. There was no one to speak on behalf of little Adrienne and she is dead. That is what my bill is all about. It is designed to protect the Adriennes of this country from child abuse, from irresponsible parents and irresponsible organizations which act as surrogate parents, whether it be the province or someone delegated by the province, such as the Children's Aid Society.

The House has the benefit of the recent report on child abuse and neglect. Again this was a private member's motion brought before the House. It was allowed to go to committee, and the committee came forward with an excellent study. It is difficult to know the exact incidence of child abuse in Canada because of the variations in definitions or in reporting systems. However, Dr. H. B. Cotnam, Chief Coroner of Ontario, stated that a fairly reasonable assessment can be made from United States studies which indicate a range from 225 to 350 cases per million population per year respectively. That is a substantial number.

Using this criterion, the number of cases in Canada, which has an approximate population of 22 million, would range from 4,950 to 7,700 cases. At the present time, approximately 25 per cent of the cases occurring in a province like Ontario are being reported. That is the tragedy of it. The majority of these cases are never reported. They never get to court. Like little Adrienne, for these children it is probably too late. In 1977, the Ontario Children's Aid Society reported 1,045 cases of child abuse. In addition, child abuse was held responsible for 13 deaths in the province. How many other little children have died as a result of child abuse? There is growing evidence that this is a serious social problem in our society. It is a crime which is committed but almost never reported.

So far only the battered child syndrome has been discussed, but the appropriate standing committee of this House also found that physical abuse is the extreme end of the continuum of child neglect, and that there is no firm dividing line between neglect and abuse. Child neglect covers a wide range of situations, including situations where parents are unable or unwilling to care for the child adequately. We all know of cases. I suppose there is not a member of this House who has not had direct experience in dealing with a constituent when he knows there is child neglect. You find it in any of the middle or upper middle class neighbourhoods in this affluent city.

● (1612)

Surely it is child neglect if both parents leave at eight o'clock in the morning without taking any care to ensure that their children are provided with an adequate and nutritious breakfast, the most important meal of the day. Surely it is child neglect when those parents do not bother to check on their children during the day and these children have to fill up on junk food, such as soda pop and potato chips and all the things they eat during the day. We know that kind of inadequate diet makes for an aggressive child, makes for a difficult child and makes for a child who has difficulty in learning.

It is not without interest that we note the growth in the rate of child suicides. This shocks us all but we have to talk about these things. Children as young as five years of age are taking their own lives. This is a serious problem. There is not a day that goes by in the city of Toronto when there are not ten reported cases of attempted child or teenage suicide, and unfortunately there are often deaths.

The Minister of National Health and Welfare (Miss Bégin) has noted that as of June, 1975 there were approximately 68,000 children in the care of child welfare authorities in Canada as a result of neglect. These are the surrogate parents and many of them are not equipped either by training or any other criterion to be responsible surrogate parents of these children. Aside from the children removed from their homes, child welfare authorities are working with over 42,000 families involving approximately 96,000 children in order to protect the children from neglect by attempting to correct or mitigate the potential or actual situation in the home.

I wonder, Mr. Speaker, how far we have come from eighteenth century England when that famous English lawyer, William Blackstone, identified three duties which parents owe

their children? He identified the duty to maintain, the duty to protect and the duty to educate. How far have we come since that famous jurist defined those parental responsibilities? We still treat children today as chattels. Children are in the same position today that women were in twenty-five years ago, when the female spouse was considered the property of her husband. That was the case in most of the provinces in this country, and she could be subject to beating or any other kind of abuse without any recourse to law. We have changed and corrected that situation, but we have not bothered to examine the problem of the young Adriennes of this country.

I address this question in the form of television advertising. We abuse children by what we do to them on television; by taking advantage of their young imaginative minds and using them as surrogates to sell junk foods or toys that do not work. We confuse them by advertising products and telling them that if they want to be members of the "in" group of young teenagers they have to drink "X" brand of beer. By the very sophisticated use of peer group advertising we are taking our children and turning them into alcoholics before they even reach the age of majority. We are confusing them and turning them into cynics.

We have addressed that problem by reference to a standing committee of the House of a bill I introduced. We made recommendations to the House, and the House concurred in the recommendations that this form of advertising should be eliminated in Canada. Those recommendations were ignored by the CRTC and the Minister of Communications (Mrs. Sauvé). That was three or four years ago and today the Federal Trade Commission in the United States is getting around to banning that kind of advertising. At least they have recognized this is a serious problem and are now holding public hearings which will lead to the serious curtailment, if not the total prohibition, of this kind of abuse of children which we condone in this supposedly modern and enlightened society of ours.

We could talk about venereal disease which is a growing problem. We could talk about the problems of the urbanization of our country and what that means to a child. Stop and think for a moment. Most of us in this House when we were growing up were part of an extended family that included not only our parents but also our grandparents, maternal and paternal, as well as aunts and uncles, the neighbourhood church, the neighbourhood school, all of which provided an umbrella of protection in the small towns and villages of rural Canada.

Look what is happening today in the megalopoli of this country. The extended family no longer exists. The neighbourhood pastor is gone. The grandparents are no longer there. The children are lost in this large urban society and no longer have that protection children once enjoyed. They are now very much alone, and require the attention of society to afford them a degree of protection.

Traditionally parents have had almost total control over their children. But, at the same time, as I have said, that control was exercised in the framework of a supportive network; a network which held the parent accountable for the way in which he raised the child. Lifestyles are changing and traditional family life has been altered. The movement of large groups of people from rural to urban areas, the increasing size of metropolitan areas and even the type of work one does are all factors which contribute to the changing lifestyle. No longer is there a majority of families living in a close-knit kinship group with numerous relatives nearby to offer a helping hand. Often families live several hundred miles from their relatives. Frequent moves because of job requirements also discourage close attachments to a particular community.

Other aspects of family life are also changing. With the increasing number of divorces and separations and with the tendency of unwed mothers to keep their children—and I support that situation—there are more families in which there is only one parent to shoulder the burden. In addition, more women are entering into the labour force, either by right or through necessity because of inflation, and remaining in it even when they have very young children; and that leads to the problem of providing adequate daycare centres which this country has not yet addressed. The Minister of National Health and Welfare should address herself to the matter of providing funding for good daycare centres, because there is greater reliance on this form of supervision and care.

Because of these changes and others, parents are confronted with a difficult and confusing task. No longer are parents confident that they know exactly how to raise a child, for the world is increasingly different from the one in which they grew up. Lacking the traditional basis of familial support and living in a society increasingly characterized by permissiveness and alienation, parents face a complex assignment. Needless to say, some parents are unable to cope with the pressures.

I notice, Mr. Speaker, that you are about to indicate that my time has expired. I wonder if the House would allow me the indulgence of carrying on?

The Acting Speaker (Mr. Ethier): Is there unanimous consent that the hon. member should continue?

Some hon. Members: Agreed.

• (1622)

Mr. McGrath: I will try not to take up the time of the House, Mr. Speaker, but I feel that the subject is important enough to have the case adequately presented. We are talking about whether or not parents are able to cope with the pressures of modern society, and we must ask if society is doing enough to assist parents in their job. What is the responsibility of society to ensure that every child has a chance to enjoy the benefits which society can provide? These include a healthy life, an opportunity for a good education, a chance for a meaningful career and the opportunity to work.

What can society do to protect the right of a child? Basically, society can take two approaches. First of all, my legal friends would appreciate the negative approach, which we now take, in which offenders are punished; and there is the positive approach in which respect for children's rights are encouraged. It is that positive approach that my bill speaks to.

At the present time the federal government, through the enactment of the Criminal Code, has followed the first approach in that parents or guardians are punished if they neglect or harm children under their care. Under the Criminal Code, parents or guardians can be charged for such offences as using undue force as a method of discipline—sections 26 and 43; for endangering the morals of the child—section 168; for failing to provide the necessities of life—section 197; and for exposing a child so that its life is endangered, likely to be endangered, its health injured or likely to be permanently injured—section 200. These laws help to protect the rights of the child by punishment through criminal proceedings. We have more amendments to the Criminal Code before the House now whereby it will become a punishable offence to exploit children sexually, through pornography or through the use of children to produce this kind of offensive material.

Negative sanctions can only be used when some infraction has occurred. Usually, as in the case of Adrienne, it is too late, because even if the child is saved all too often it is marked mentally for life. A preferable way to protect the rights of a child is by making sure that certain provisions are in place so that these infractions do not take place. It is therefore essential to place firmly in the minds of the public the idea of children's rights.

I do not mean giving Johnny and Jane the right to ridiculous things, like the right to vote. That is not what children's rights are about. Children's rights are what the UN declaration talked about in 1959. Many people are puzzled and bewildered by the concept of children's rights. I submit it is the task of legislators in Canada, and especially in this House, to provide leadership. It is an idea whose time has come and is absolutely essential. A child is an individual with certain basic rights and freedoms. Canada must take steps to show that the value and importance of the family and children are fundamental aspects of the future development of this country.

The last time this House addressed itself to laws affecting children in a serious way was in 1885. We passed laws in parliament patterned after those in Great Britain and the United States to protect children from exploitation in the labour market. For the first time children were recognized as citizens. The time has come for us as a nation to recognize in law that children have rights. I refer to the 1959 declaration of the United Nations. It is time that we as a nation started to live up to our commitments as a signatory to that declaration of 1959. I can think of no better time to start than now, 20 years later, as we approach 1979, a year that has been designated by the UN as the year of the child.

We have yet to hear anything from the government on how they propose, as a signatory to the UN declaration of 1959, to mark the year of the child. What better way for us to discharge our responsibilities under that declaration and to show the world we care about our children than for our government to provide for some kind of a forum where the provinces, which have the majority of the responsibility in this regard because of the constitutional provision regarding property and civil rights, are brought together to at least ensure that across this land—in a child custody case or in the case of a battered child or in the case of malnutrition—the child will have an advocate before the law to make sure its rights are protected. Let us make sure there are no more Adriennes.

Mr. Marke Raines (Burnaby-Seymour): Mr. Speaker, I have had an opportunity to look over Bill C-243 as proposed by the hon. member for St. John's East (Mr. McGrath) and I wish to say that I am in favour of this bill and that I hope it will not be talked out at five o'clock.

The rights of children have been and are blatantly abused. I would like to share with the House an unforgettable incident which I witnessed more than ten years ago in British Columbia and which I cannot forget. At that time I was in a different role; I was a reporter and not a member of parliament. I was covering what I thought at the time was a story, as I still do. It was the case of four children all of whom were of pre-school age in British Columbia.

When I arrived on the scene in this home in the greater Vancouver area I came upon a father lounging in an armchair, a relatively young social worker about 30 years of age, and four children. My first question was, "Well, what is going to happen to these four children? The mother has left the house, where will they go?" I was told by the social worker, "Oh, we will find a home for them, a home here or there or somewhere but hopefully in British Columbia, but perhaps elsewhere, we are not sure." My response was, "Well, surely you can keep these children together and find a home for them?" The social worker replied, "Oh, no, that is too difficult in our society, you know; it is rather difficult to find a home that will take four children so we will scatter them around." My reaction at the time was, "Well, even puppies get better treatment, or the same treatment at least."

So there are no rights for children, and these children were no doubt handed around to various homes. Under our present system of doing things children have no rights later on if they want to know who their natural parents or brothers and sisters were. They are told that that is a bureaucratic secret. This is not right. Even as children they should have the right to know, and surely there should be no question when they are adults.

A task force should be set up to look into situations like these. Another such situation is the splitting up of a family. In countless cases today, in child welfare cases as well as custody cases, the children should be represented by somebody, perhaps a lawyer in this case. We should get away from the concept of various Children's Aid Societies and other groups we now have institutionalizing humanity. Their aim should be to bring the family together, not to act as a broker in breaking the family up.

I appreciate the comments of the hon. member for St. John's East in proposing this legislation, particularly as it concerns television program advertising that exploits children. This too should come under the bill and be looked into by a task force.

I do not want to take up the time of the House in outlining what the task force should encompass, but I believe that since

the rights of the child are far reaching, it should be composed of federal and provincial representatives that might consider the rights of children as proposed in this bill, such as their right to a proper education—although I appreciate the fact that education is still considered a provincial matter. The right of a child to a proper education in the seventies might include not only the opportunity or privilege to learn the other language but the absolute right to learn the other language. What is a proper education so far as children are concerned in the seventies in Canada?

● (1632)

If the task force is set up I hope it will take into account that the right of a child in British Columbia is to have one hour of French in school every day beginning in grade 2 or 3. I include Quebec in that; perhaps their right should be to have an hour or two of English every day. Aside from what rights bureaucrats think children should have, and aside from federal provincial jurisdictions we are speaking of the rights of children to travel from one province to another and to be able to speak both official languages. That too should be the right of children.

I know that the hon. member for St. John's East has taken into account the ten provinces and two territories and the complex jurisdictions relating to the designation and enforcement of rights of children in the various provinces. I say this is all the more reason we should set up a task force comprised of both federal and provincial representatives to enforce the rights of children across Canada.

I submit we need uniform legislation by virtue of a task force. I would disagree on only one point. Clause 4 of the bill reads as follows:

Such officers and employees as are necessary for the proper conduct of the work of the task force may be selected—

In other words, we wish to select the task force. It continues:

—from among the public service of Canada and from among the public service of the provinces.

I would suggest that this task force be drawn from a broader spectrum of society such as is represented in the House of Commons. I should like to see lawyers, journalists, unionists, ministers, homemakers—people who, with all due respect, would not have a bureaucratic mind. The bureaucratic mind is worth while in some cases, but not in this case. I suggest it was the bureaucratic mind that ten years ago said: "Here we have poor little children so let us scatter them out like little puppy dogs or litters of kittens." I think we could enlarge the area from which members of the task force could be drawn.

I appreciate the fact that on December 21, 1976, the General Assembly of the United Nations passed a resolution declaring 1979 the International Year of the Child. That is all well and good, Mr. Speaker. A poster is fine, but what we need is a task force to go across the country making sure that children have their rights in the 1970s.

I hope the bill proposed by the hon. member for St. John's East will reach the committee stage and that we will soon have a task force bring in a report.

[Mr. Raines.]

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I should like to support the hon. member for St. John's East (Mr. McGrath) not only on this bill but I should also like to congratulate him on some other initiatives he has taken in the past. I think it is particularly important that we note the work he did with regard to children's advertising. I think that was one of the most effective contributions that a single member has ever made to this House, and I for one would like to congratulate him.

Some hon. Members: Hear, hear!

Mr. Leggatt: I am disappointed, of course, that the recommendations from the committee in regard to that matter, which were unanimous, were not adopted in legislation. Nevertheless I hope the hon. member will continue to press for changes in the advertising laws. Surely if there is one right that children have, it is not to be abused by subliminal advertising.

With regard to this bill, Mr. Speaker, one of its key parts would set up a task force to examine the rights of children. One of the most important of these is the right not to live in abject poverty. As we look at changes in the law to provide some protection from battering and starvation and the agonies that children suffer, I hope we will keep in mind that the bottom 20 per cent of our population in terms of wealth distribution draws about 4 per cent of the gross national income. That condition has prevailed over the last 20 years and as long as it continues the abuses that the hon. member so eloquently referred to will continue. We allow families and children to live in abject poverty, which is one of the main reasons for the abuse of children.

One aspect of this subject that I want to deal with is education. This is one of the reasons I am so anxious that the bill not be talked out and that the subject matter go before the committee. A subcommittee comprised of all members of this House examined all the maximum security institutions in Canada. We found that the educational levels of inmates in those institutions averaged grade 8. Even more important, 40 or 50 per cent of those inmates suffered some kind of dyslexia, brain disfunction, or some learning disorder that was not diagnosed early in their lives. As a result, those individuals who were discarded by their peer group, discarded by their parents, discarded by the school system, decided they still had an ego and the only way to display that ego was to commit crime. As a result, they wound up in our institutions.

Surely one of the rights of children is the right to an education, and in order to give them that education we must have the facilities to diagnose learning disabilities. All across this country we continue to place children in what they call "special classes". In these there are children with I.Q.'s of 80 or 130, hyperactive children and children with a wide variety of learning disabilities. Surely those children should be diagnosed and treated as individuals.

There has been a fair amount of debate in this House and in the country on the question of the death penalty. That may or may not make a contribution to the criminal justice system but

That Bill C-243, an act respecting a Canadian Bill of Rights for Children, be not now read a second time, but that the order be discharged and the subject matter of the said bill be referred to the Standing Committee on Justice and Legal Affairs.

I am not going into that here. We know, however, that psychopathic behaviour can be diagnosed very early in life. If we do not start diagnosing it early we will not solve that behaviour through the criminal justice system. We have not been able to in the past, and we will not in the future.

Some hon. Members: Hear, hear!

Mr. Leggatt: These problems must be solved early. It is no good putting children in jail. Their behaviour should be examined and treated early and we should have the resources for such treatment. We must understand that a child has a right to be educated and that a child who is disabled has a right to be educated or treated. That includes a child with a psychopathic disorder.

We hear talk about the extended family and I think the hon. member for St. John's East has put his finger on the major problem in society. Uncles, aunts and cousins today are gone. That family group pressure was upon the parent to treat that child well, otherwise grandmother would come over to take the child away. That pressure is no longer there. We have replaced it with nothing. We have replaced it with the faceless bureaucracy that tries to solve the problem. The only way to solve it is with a bill of rights for children so children have rights and the doctor will not be worried about protecting the parents of a battered child. The refusal to report suspicious incidents of battered children is a national tragedy and is a situation occurring across Canada. We need to change the law and in order to do that we need to study that law.

● (1642)

I began my remarks by congratulating the hon. member for St. John's East, but I want to take issue with him on one point which he made. It was probably an offhand remark and it concerned the question of unwed mothers and children of unwed mothers. I happen to think that that child also has rights. If the wrong parent is the unwed mother, that child should not be routinely raised by the unwed mother. The rights of that child should be paramount, and what is best for that child must prevail.

Perhaps it is wrong in many circumstances for an unwed mother to say "I must cling to my child. After all, I have been through a tragedy and all I have out of this tragedy is my child". If that is the wrong thing for the child, I for one do not think we should have an unbending rule that says that that unwed mother should raise the child. Quite often an adopting family provides a far better atmosphere in which to bring up that child. Perhaps that is the only thing the hon. member and I have a disagreement about. He may have simply been expressing a preference in an individual case.

As I have said, I do not want to see this bill talked out. In order that that will not happen I would hope the House would now support the following motion which I propose. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

I put this motion, Mr. Speaker, realizing there may be some reluctance to accept an opposition member's bill by the committee. Surely the subject matter is well worth the study. Certainly the precedent has been well set in terms of the bill which dealt with the subject of pornography as well as the bill which dealt with the subject of the abuse of children in the way of television advertising. I would hope the House would support this motion.

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): Order, please. It is moved by Mr. Leggatt, seconded by Mr. Knowles (Winnipeg North Centre), that Bill C-243, an act respecting a Canadian Bill of Rights for Children, be not now read a second time but that the order be discharged and the subject matter of the said bill be referred to the Standing Committee on Justice and Legal Affairs.

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I am sure members on the other side would not want to deny me an opportunity to say a few words—

Mr. Knowles (Winnipeg North Centre): Take five minutes.

Mr. Francis: I am sure the hon. member for Winnipeg North Centre (Mr. Knowles) would not want to gag me in this House when I have some things I want to say.

Mr. Knowles (Winnipeg North Centre): No.

Mr. Francis: I have not had previous notice of the amendment. It does seem to me that the Standing Committee on Justice and Legal Affairs is about to have a number of very serious matters put before it. Before an amendment like this is adopted routinely there should be some consideration of what kind of attention the committee is prepared to give such a motion in the near future.

I want to commend the hon. member for St. John's East (Mr. McGrath) who introduced the motion. I have commended him on other occasions for the work he has done in the area of care for children. I am aware of his concern. He sets a very good example to members of the House in his own family life.

Without question his concern is a very real one. The cause which he has undertaken is one that will take a good deal of time, not only in this parliament but in subsequent parliaments. There is no easy resolution within our federal-provincial constitutional framework of the very complex matters raised. There is a very limited jurisdiction on the part of the federal authority as the hon. member would recognize; he is a lawyer and I am not.

When I listen to hon. members' stories about incidents of child abuse that live in their memories, there is one which will live with me as long as I am still rational and in possession of my faculties. When I was elected a member of the Ottawa city council in 1958 I was a new member of council and I had some

knowledge of what a member of council could do, but I had very limited knowledge in the area of family care. I received a complaint about a family living in a converted summer cottage in Britannia. The complaint came from a neighbour and it concerned a sick child. This incident happened over the Christmas period. I called at the cottage and a woman answered the door. I identified myself, and with the greatest reluctance she allowed me to come in. When I asked her if she had a sick baby she told me that she had a baby with a cold but it was really none of my business. I noticed there was a broken window which was covered by a piece of cardboard. There was a baby in a crib not too many feet away from that window. I asked her if a doctor had seen the baby and she said no. I suspected the family might have been on welfare and I started to make a discreet inquiry. I discovered that her husband was employed and there was a regular income in the family. I was told in the bluntest terms that the matter of her child's cold was none of my business. The child was dead two days later.

Looking back, I have no knowledge even to this day what kind of action was available to a member of city council to intervene in a situation where there was gross neglect and abuse by a parent who was not competent to look after a child.

I listened to the hon. member of the NDP who said he was persuaded that not every unwed mother should have the right to raise her child. The simple truth is—and it is with the greatest reluctance that I say this—that the incident which will always stand out in my memory was that of an unfit mother and father with the responsibility of a child.

The truth is that our law is complex. Historically the common law gave no rights to the child. The father presumably had wide and extensive control over his children and he had very little by way of civil obligation imposed upon him. I understand that in this century jurisprudence has developed, but it is almost entirely at the provincial level and a very limited amount is at the federal level. The concept of the rights of a child is something very fundamental.

I have one or two comments about the bill before us. The hon. member for Burnaby-Seymour (Mr. Raines) has said that if we are to set up a task force we must expect ten provinces to enact legislation. It does seem to me that an inadequate amount of provincial representation is suggested by the hon. member in this bill. Furthermore, I am a little bit at a loss concerning clause 6, which I now quote:

> Nothing in this act shall be construed as requiring an appropriation of any part of the public revenue.

How will the task force operate? Will it hold hearings or will it be entirely conducted by volunteers? I would personally find that a very impractical way of conducting—

An hon. Member: No choice.

Mr. Francis: The hon. member says that he has a bill that would be out of order if there was a charge to treasury. In order to meet the rules of the House he puts a totally impractical consideration into the bill. He had the alternative of drafting a general resolution rather than a bill. However, that is really inconsequential. The general intent of what the hon. member is trying to do is highly desirable.

I said I am not a lawyer, but in the reading I have done and as a result of the limited number of situations which I have had to face, it seems to me that the balance between the rights of a family and the rights of a child is not easily established. It is possible to lean too far and to set up a situation where a manipulative child in later years could take advantage of and harass parents, especially when property settlements and such matters are considered.

● (1652)

I became familiar only recently with a situation where a marital breakdown is taking place, and it is almost certain that at the earliest opportunity one parent will attempt to deprive the other of access rights guaranteed by an agreement. I was shocked to learn from the lawyer who is giving advice that the most effective thing to do was to kidnap first. The possibility of the other parent performing in good faith is minimal, and the parent who is most reponsible in terms of the custody of the child does not have complete legal right, nor is there any means under present legislation by which such a right could be accorded.

The Standing Committee on Justice and Legal Affairs already has a lot of work to do, which is another consideration when it comes to proposing that yet a further burden be added to its program. I would remind the House that Bill C-51 was introduced on May 1 to amend section 250 of the Criminal Code and create the offence of abducting a child in circumstances not now covered by law, such as in contravention of a custody order by a Canadian court or, in special circumstances, where no order has been made but the child is taken with the intent to deprive a parent or guardian of possession. The whole subject is a complex one.

The task force will not find its work easy and I look forward to several debates on the subject in the House of Commons. A great many people are exercised over the seal hunt. We see a hundred times more attention given that matter in the House and outside than is given to the rights of battered or abused children. There is nothing wrong about having more debates on this subject. I do not think we shall achieve our purpose by limiting discussion on a subject which is not urgent today but will become increasingly urgent in the years ahead. I am not a lawyer but I have learned from the experience of people very dear to me that when a marital breakdown takes place as many as four Ontario courts may become involved. As yet there is no unified jurisdiction to deal with these cases.

I am pleased to note that the creation of unified family courts has been encouraged by federal funding. A fund has been established by the government to finance special projects in various provinces. I understand that the Law Reform Commission in its 1974 working paper on family courts recommended the establishment of such a fund. Pilot projects have been put into operation in British Columbia in respect of which the Department of Justice and the province are sharing the cost. There is a project in the Richmond-Surrey-Delta

region. I understand that evaluation of the project is due to take place shortly and those of us who have taken an interest in these matters will be following it closely. I am told that a unified family court pilot project has been established in Hamilton, Ontario.

Mr. Dick: Time is running out!

Mr. Francis: I am sure the hon. member is just as anxious as I am to have a good debate on this subject. I think the debate so far has been inadequate. It is a debate which should be repeated on more than one occasion.

Mr. Leggatt: Why not send the subject to the committee where it could be discussed at length?

Mr. Francis: The justice committee already has a number of matters to consider.

Mr. Leggatt: We are both on that committee. We shall accept the work.

Mr. Francis: I think the idea of unified family courts has a great deal to contribute to the subject before us. It relates to the whole question of what should be done to deal with marital problems arising out of child abuse, a subject which will be a recurring theme in this parliament and in parliaments to come. What I have tried to do is—

An hon. Member: Talk the bill out.

Mr. Francis: —draw attention to certain problems with which I have become acquainted as a member of parliament in this area involving child abduction, the kind of settlement which takes place when more than one court is involved in the case of marital breakdown, and the delicate question of the evolution of a law which respects a balance between the rights of the child and the rights of the family. Those who are concerned about this subject must be aware that it will have to be debated a number of times—

Some hon. Members: Five o'clock!

Mr. McGrath: On a point of order, Mr. Speaker. Since the bill has received unanimous approval perhaps you would undertake not to see the clock in order that Your Honour might put the amendment in the name of my hon. friend. In that way we can get the bill before the committee for consideration in depth along the lines the hon. member for Ottawa West has suggested.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Pinard: Mr. Speaker, I believe we have another member who has an excellent speech to deliver on the matter but that would last until much too late. We will have other occasions to deal with this issue. The committees are already quite busy. Besides, the Progressive Conservative party complained today that they wanted to deal with the estimates in committee. They will now have this opportunity, but obviously they could not discuss this bill in committee if we agreed to the hon. member's request. Under the circumstances, Mr. Speaker, if I continue to speak it is to give my colleagues opposite the chance to shout, which will probably relieve them, but we cannot accept their request.

The Acting Speaker (Mr. Ethier): Order. Apparently there is not unanimous consent. The time provided for consideration of private members' business has now expired. Pursuant to Standing Order 2(1), this House stands adjourned until Monday next at 2 p.m.

At 5.02 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, May 15, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

AIR TRANSPORT

INQUIRY INTO CRASH OF PWA AIRCRAFT AT CRANBROOK, B.C.—MOTION UNDER S.O. 43

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of substantial public urgency and concern. In light of the unacceptable position in which the Ministry of Transport finds itself with respect to the crash of a Pacific Western Airlines' jet at Cranbrook, British Columbia, on February 11, which claimed 43 lives, I would move, seconded by the hon. member for Kootenay West (Mr. Brisco):

That this House direct the Minister of Transport to appoint forthwith a member of a senior court of competent jurisdiction to inquire into the relevant facts surrounding this tragedy, and further direct the minister to introduce legislation establishing an independent commission of inquiry for all transport-related accidents in Canada.

This would avoid in future tragic conflicts of interest such as have occurred in this case.

Some hon. Members: Hear, hear!

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

INDEPENDENT BOARD TO INVESTIGATE AIRPLANE CRASHES—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): On the same topic, Mr. Speaker, I should like to move, as a matter of urgency and public importance, a similar motion under the terms of Standing Order 43. In view of the February 11 crash of the PWA jet at Cranbrook airport in which 43 people were killed, the refusal of Ministry of Transport officials to provide the coroner with an unabridged transcript of radio conversations surrounding the tragedy, and in view of the conflict of interest in which the department finds itself by being involved in the crash while at the same time investigating it, I would move, seconded by the hon. member for Brant (Mr. Blackburn):

That this House instruct the Minister of Transport to establish an independent board to investigate and report on airplane crashes.

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

FINANCE

LEGISLATION TO PROVIDE 10 PER CENT DISCOUNT FOR CANADIAN-MADE PRODUCTS—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an important matter of pressing necessity.

Considering the dilemma in which the Canadian government finds itself as a result of problems created by federal intervention in a strictly provincial jurisdiction, such as the retail sales tax; and considering that the federal proposal aimed at increasing the purchasing power of consumers through a reduction of the retail sales tax has given rise to many problems, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the House urge the Minister of Finance (Mr. Chrétien) to introduce a bill granting a 10 per cent discount on Canadian-made products to increase the purchasing power of Canadians without creating conflicts with provincial governments.

Mr. Speaker: Order. Presentation of such a motion for debate under Standing Order 43 would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*English*]

AGRICULTURE

ESTABLISHMENT OF CANADIAN EXPORT COUNCIL—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, I rise under the provisions of Standing Order 43. Despite the fact that Canada is one of the world leaders in food production, there would be a substantial trade deficit in agricultural commodities if it were not for our export sales of wheat. This indicates that our attempts to increase export sales of other agricultural products have been less than satisfactory. Accordingly, I would move, seconded by the hon. member for Medicine Hat (Mr. Hargrave):

That the Minister of Agriculture take immediate steps to establish a Canadian export council to assist marketing boards, producers associations and others so as to increase our export contracts, utilize more fully all potential avenues of offshore market expansion, seek out increased opportunities for Canadian producers and develop more aggressive salesmanship and initiative in seeking markets than has been the case up to now.

Mr. Speaker: Such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN WHEAT BOARD

SHIPMENTS THROUGH CHURCHILL, MAN.—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise under the provisions of Standing Order 43 on an urgent matter of public importance. Shipment of CIDA grain from Canada is controlled by the Canadian Wheat Board. The port of Churchill is not being used to its handling capacity. I would, therefore, move, seconded by the hon. member for Provencher (Mr. Epp):

That the government direct the Canadian Wheat Board to ship five million bushels of CIDA grain through the port of Churchill this season to help relieve the tie-up of grain shipped through Vancouver and Prince Rupert.

Mr. Speaker: Such a motion, under the terms of Standing Order 43, can be put forward only by unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

• (1412)

[*Translation*]

FINANCE

PAYMENT TO QUEBEC RESPECTING SELECTIVE SALES TAX REDUCTIONS—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under Standing Order 43 concerning a matter of pressing and urgent necessity.

Since it is rumoured that the federal government intends to introduce legislation to be able to pay a tax subsidy directly to Quebec taxpayers, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the House instruct the government to recognize for once its mistake on the sales tax cut issue, and grant the Quebec government the total amount to which it is entitled for its selective sales tax reductions.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

EXTERNAL AFFAIRS

COMMITTEE STUDY OF RECOMMENDATIONS RESPECTING GARRISON DIVERSION—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the fact that the final recommendations on the Garrison diversion unit of the International Joint Commission has been in the hands of the government for some six months, and view of the fact that the Minister of Fisheries and the Environment (Mr. LeBlanc) has not yet studied the United States new proposal, the Andras plan, I move, seconded by the hon. member for Provencher (Mr. Epp):

That both the IJC report and the Andras plan be immediately referred to the appropriate Standing Committee for study by all members of the House.

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

CANADIAN WHEAT BOARD

STEPS TO IMPROVE SHIPMENT OF GRAIN

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is directed to the Minister of Transport who is in charge of the Canadian Wheat Board. Because the Canadian Wheat Board has now confirmed there will be a 350 million bushel carryover at the end of the current crop year, which is in the order of 200 million bushels in excess of what could be considered an ideal target, there will be a negative impact on the economy of approximately $800 million.

Given the fact that the board is now some 35 million bushels behind in its shipping targets, that demurrage costs are likely to exceed the $17 million which was accumulated in 1973, that there are now some 20 ships waiting in the port of Vancouver and our best customers are going to the United States for grain, may I ask the minister what new initiatives he is taking or contemplating to correct this disgraceful situation which has not only an impact upon the economy but, more importantly, an impact upon Canada's reliability as a supplier of grain in the international market?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, first of all, to put the matter into perspective, it should be pointed out that exports this year may well total in the order of 850 million bushels of grain which, if that happens, will be an all-time record. That can only be accomplished by shipping and disposing of all the 1977 crop, plus perhaps as much as 100 million or 150 million bushels out of the reserves so that our stocks at the end of the year will be significantly lower than they were last year and not particularly high from a long-term point of view. I think that is a necessary perspective to recognize.

When there is such a record volume for shipment, naturally there will be ships waiting more frequently even when things are going well. When things go a little badly, as they did with delays in ships arriving in December and then, just as we were trying to catch up, the problems of heavy snows and the problems with the rail lines of CP particularly, we are going to get behind. There is no doubt about that. It is part of setting a record. What is being done about it is that the railways are being urged to put as many cars as possible into the movement of grain and to do everything they can to get the turnaround which will allow the number of unloads to increase. We are still not completely happy with the performance and are working on it regularly.

Mr. Mazankowski: Mr. Speaker, my supplementary question is directed to the Minister of Transport. Since it is quite clear that Canada will not meet its maximum potential in terms of grain sales this year as a result of the bottlenecks, can I ask the minister if he has met with the officials of the Canadian Wheat Board, the railways and all parties concerned with the movement of grain in the last week or ten days in an effort to establish an all-out strategy and an all-out effort to ease the bottlenecks, to unplug the elevators and to get some needed cash into the hands of farmers and thereby into the hands of the economy?

● (1417)

Mr. Lang: Again, Mr. Speaker, the fact that we are apt to be exporting a record volume of grain puts the lie somewhat to the suggestion that deliveries are slow or that farmers are not able to move grain. They will be delivering more grain than they have ever delivered before, I believe, by the time this crop year is over. I am constantly in touch with the Canadian Wheat Board. I met with the commissioners again this morning, as a matter of fact, and I am prepared to do anything they think is necessary on my part to assist them in their efforts to get maximum performance from the railways. I do from time to time intervene to try to make sure that everything that can be done is being done.

Mr. Mazankowski: Mr. Speaker, it is obvious from the answer of the minister that no new initiatives are being taken and no leadership is being provided by this government. Given the fact that we have before us a very important and relevant document, the Hall report on grain handling and transportation, and since there seems to be a major conflict between the author, Mr. Justice Emmett Hall, and the Minister of Transport in terms of the recommendations of the Hall report, the speed at which some of these recommendations are being implemented, the refusal of the government to implement others, and the total impact of the Hall recommendation, might I ask the minister whether he will give serious consideration to referring this important document to the Standing Committee on Transport and Communications in order that we may call Mr. Justice Hall before the committee and other interested parties who may wish to comment upon the recommendations or the impact of the implementation of these recommendations?

Mr. Lang: Mr. Speaker, in the process of implementing these various recommendations in the Hall commission report, which we have acted upon with great speed, I have had constant discussions with the really important agricultural organizations of the prairies, and generally speaking there has been expressed agreement with the way in which we are proceeding.

The hon. member wants me to consider a committee of parliament which obviously would simply be a partisan occasion, which is demonstrated by the fact that in asking his question he says, "What are we doing about this problem? What are we doing about moving grain," and ignores the fact that we have spent $255 million in building 8,000 hopper cars which are vital to the grain movement, ignores the fact that we put $100 million of new money into rebuilding the rail lines on the prairies, and have committed ourselves to an eight-year program to complete the rebuilding of those lines. How he can

sit there, with his partisan attitude, and say there is no action on my part, I do not understand.

Some hon. Members: Oh, oh!

CORRESPONDENCE WITH ALBERTA ON GRAIN MARKETING STRATEGY

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, I have a supplementary question for the minister responsible for the Wheat Board. It relates to the tabling of Premier Lougheed's correspondence with the Prime Minister dealing with Canadian grain marketing strategy, including an overdependence on China for grain sales, the lack of a long-term agreeement with the Soviet Union and changing conditions in Southeast Asia. In view of the fact that Alberta produces over one-third of Canada's grain, will the minister explain why the premier's request that the Wheat Board provide private quarterly reports to concerned premiers in Canada was so peremptorily turned down?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the question is really, what kind of information does Premier Lougheed want that is not available to him? If he would be specific about it, we would be glad then to analyse whether or not we should give it to him. He has, of course, among his advisers some who would destroy the Wheat Board. I think this is reflected in this kind of correspondence.

In the letter, Premier Lougheed, as quoted by the hon. member, indicated an overdependence on the Chinese market. The fact of the matter is that this year we will be depending to about the 22 per cent or 23 per cent degree on the Chinese market, which is very close to the percentage ever since 1961-1962, when it was 22 per cent. The only difference is that when it was 22 per cent, that year it represented about half the grain involved this year, when it is 22 per cent, because we are exporting so much. The fact, also, is that the only danger to the Russian market that we suffered was when Premier Lougheed was visiting there and made some very serious tactical errors which the Wheat Board has been able to overcome. Those are the facts.

An hon. Member: Not so.

● (1422)

Mr. Lang: It is fact.

* * *

FINANCE

METHOD OF COMPENSATING QUEBEC FOR LOSS OF SALES TAX REVENUE

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance. Considering that it is the unanimous decision of all political parties in the province of Quebec that the federal government should reimburse that province for its losses under the federal government's selective sales tax reduction proposal, and considering that such special consideration for Quebec would be fully consistent in principle with the other special arrangements which were made for the Atlantic provinces, can the Minister of Finance inform the House why the government has now made the incredible decision to bring in additional federal legislation which would enable it to make direct financial transfers to the citizens of Quebec over the duly elected government of that province?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, when we introduced certain special considerations into the proposal relating to the sales tax in the maritimes, all provinces had previously given their assent, including Quebec. All I propose to do today is to abide by the proposal we have made to Quebec by paying that province what it is entitled to, that is $40 million. As for the rest, we as the federal government are going to reduce the federal income tax for all Quebec taxpayers.

[*English*]

Mr. Broadbent: Mr. Speaker, the leader of the Liberal party in the province of Quebec, Mr. Ryan, with reference to the federal government's decision to make direct tax cuts to the people of Quebec, in clear contravention of the expressed desires of the government of that province in principle, and in contravention of all the other arrangements which were made with the other provinces, said:

It means that whenever the federal government makes any kind of offer to a province and when the province refuses it for reasons of its own, the federal government retaliates by handing the money over to the people.

I would like to ask the Minister of Finance, in all seriousness, would he acknowledge that when the federal government goes in clear contravention of the expressed desires of a provincial government which is acting within its constitutional domain and unless it gets agreement it is going to give money directly to the taxpayers of that province, that really such an attitude is a form of blackmail and, as such, is totally unacceptable?

Mr. Chrétien: Mr. Speaker, the hon. member should know that there have been circumstances in the past where the Canadian government has vacated a fiscal field in order to try to accommodate some provinces. What we are doing at this time, since we could not reach an agreement with the Quebec government as we were able to with all the other provinces of the land is that we have decided to conform to the proposition and pay to the province of Quebec what we have agreed to pay to them, and for the rest use federal tax money that will be paid back to the federal taxpayers in Quebec.

Mr. Broadbent: Mr. Speaker, considering that the federal government's proposal makes special arrangments for all the provinces in Atlantic Canada and makes another set of arrangements for the prairie provinces, which had certain circumstances that they wanted special consideration for and considering that the government in fact realized its obligation

to negotiate in areas of constitutional concern and direct responsibility to the provinces with those provinces, could the minister explain to the House why, in the case of Quebec, he flies in opposition not only of the government of that province but all the opposition parties in the province, all the opposition parties in this House and the elected provincial governments of every province? In fact, is he not contributing to the disunity of Canada by the absurd position he has taken?

Mr. Chrétien: Mr. Speaker, the best way to speak about unity in this country would be to acknowledge that it was the first time in the history of this country that the Minister of Finance took the liberty of going to the provincial ministers of finance to discuss his budget before presenting it.

Mr. Baker (Grenville-Carleton): And you botched it.

Mr. Chrétien: I did it, and I presented a proposition. After the decision of the Quebec government I consulted all the provinces and some, unfortunately, are not in agreement with what I am doing today. I have talked to all the ministers of finance and most of them, indeed all of them, would have preferred Quebec to have accepted my original proposal. It would have been the best way to have a united economic policy developed by all ministers of finance and the federal Minister of Finance for the first time in history.

• (1427)

Quebec decided to go its own way, however, trying to divide the Canadian market. I could not make the same offer to the other provinces because I know they would have been quite willing themselves to choose the selective route. Ontario could have decided to go that way on the automobile industry, which would have been good in the hon. member's riding but it would not have been acceptable to the other provinces. That is why I am living up to the offer I made and compensating the federal taxpayers in Quebec for the money they do not get through the provincial government.

[*Translation*]

PAYMENT TO QUEBEC FOR SELECTIVE SALES TAX REDUCTIONS

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I have a supplementary for the Minister of Finance.

Since he seems to accuse the Quebec minister of finance of not doing justice to Quebeckers, how can he pretend to do justice to them when he intends to refund the amount to Quebeckers by way of a tax repayment or compensation and only to those who pay income tax to the federal government? How will the other Quebeckers get their share of this repayment?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, when it was suggested that repayments be made directly to individual taxpayers, one of the hon. members in the hon. member's party objected because in his opinion we were trying to buy votes.

Here is what we are going to do in the circumstances: to those Quebec residents who pay federal income tax every year we will repay the amount the Quebec government did not want in order to reduce by 2 per cent during six months the other items not covered by the sales tax.

* * *

[*English*]

FISHERIES

INTERIM AGREEMENT WITH UNITED STATES

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is for the Minister of Fisheries, who was on the west coast over the weekend and knows some of the problems we face there and the difficulties of implementing the interim agreement.

According to press reports, the minister agreed to closure of the Swiftsure fishing grounds to Canadians in order to gain some concessions from the United States. I wonder whether he could say if this closure applies to Canadians and the Americans, and what concessions he hoped to get from the United States on this particular occasion?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, the closure is for Canadian and American fishermen. I do not know where the word "concession" came from. The fact is that the possibility of the closure of Swiftsure was contained in negotiations as a conservation measure. We do not happen to agree on the need for the conservation measure, but it was recognized that it could be requested.

On the other hand, we have informed the United States authorities that we fully expect them to implement the terms of the agreement, including Canadian access for salmon trolling from three to twelve miles off the coast of Washington state and allowing Canadian salmon fishermen to have 26-inch salmon aboard. The American negotiator who was informed of this will obviously talk to his government, and we expect a meeting on the twenty-fourth or the twenty-sixth of this month.

Mr. Munro (Esquimalt-Saanich): A supplementary question, Mr. Speaker. The minister has not said whether concessions were made on the east coast as well. Since the Prime Minister claims to be on such good personal terms with President Carter, why is it necessary for us to get down on our knees and plead and make concessions to the United States when there was, according to the Prime Minister's own words, an agreement that they would see this was implemented?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, it is obvious that the hon. member has been reading some of the press from the west coast which for the last four years has used words like "sell-out" at a time when we have, in fact, negotiated so toughly. We have not been able to reach a permanent agreement and that is why we refused to give in on some fundamental issues where we think Canadian interests should

not be bargained with. I am afraid the second part of the hon. member's question escaped me.

Mr. Munro (Esquimalt-Saanich): The east coast.

Mr. LeBlanc (Westmorland-Kent): On the east coast there is no question of a concession. We indicated to the United States representatives that we were not satisfied with the way the agreement was being carried out on the east coast and we asked them to come back with clarification.

REASON FOR DELAY IN TAKING POSITION ON U.S. ACCESS TO CANADIAN WATERS

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I have a supplementary question for the Minister of Fisheries. In view of the fact that on February 6, 1978, the Canadian advisers to the federal government on the Canada-United States boundary dispute unanimously recommended that the government should refuse to sign an interim fisheries agreement, and since the United States was taking a more and more extreme position and all the concessions were being made by Canada and none were being made by the United States, I ask the minister why he delayed from February 6 to the present time taking a firm stand on United States access to Canadian waters for redfish, pollock and swordfish, a stand which could have encouraged the United States to make major concessions on the boundary dispute?

● (1432)

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I think the hon. member's question is so garbled with misrepresentation that I will have to read it very carefully. One thing is certain: because we refused to make concessions which would have been required to reach a permanent agreement, in fact in February, as the hon. member mentioned, we indicated we would not be able to reach a long-term agreement. The interim agreement, to my knowledge, was not subject to the sort of rejection the hon. member talks about.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF VETERANS AFFAIRS DELEGATES

Mr. Speaker: Order, please. Before proceeding with the balance of the question period, may I ask hon. members to join with me in signalling the presence in our galleries of some very distinguished visitors, a delegation representing the veterans. This delegation comes from Yugoslavia and from Europe and it is headed by the vice-president of the Veterans of Yugoslavia, Mr. A. Milovanovic, and the vice-president of the European Committee of the World Veterans Federation, Mr. Banko Golovic.

Some hon. Members: Hear, hear!

PRESENCE IN GALLERY OF PREMIER OF TASMANIA, AUSTRALIA

Mr. Speaker: Also in our gallery today is a distinguished visitor in the person of the Premier of the State of Tasmania, Australia, the Hon. D. A. Lowe.

Some hon. Members: Hear, hear!

* * *

AIR TRANSPORT

REQUEST FOR REPORT ON INCIDENTS OF VEHICLES ON AIRPORT RUNWAYS

Mr. Bob Brisco (Kootenay West): Mr. Speaker, my question is for the Minister of Transport. Following the Boeing-737 crash at Cranbrook airport where the presence of a vehicle on the runway contributed substantially to the crash, can the minister indicate whether it is true that there have been four other reported incidents of vehicles on runways across Canada, including another incident of a vehicle on the runway at Cranbrook airport within two months of that crash?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, no, I cannot confirm that but I will be glad to see whether any such information is available.

Mr. Brisco: Mr. Speaker, in light of the fact that the crash at Cranbrook will probably result in claims costing millions of dollars, and that a similar incident at the same airport will probably be classified as gross negligence and result in claims amounting to billions of dollars, is the minister prepared, in light of the report that there was another vehicle on the runway at Cranbrook during an aircraft approach, to order an immediate inquiry into the ground-to-ground and ground-to-air control being implemented at the present time at Cranbrook airport in order to protect the lives of air crews and passengers?

Mr. Lang: Mr. Speaker, we are at all times examining the question of what type of facility should be available at various airports. That particular question has been undergoing special examination itself. I expect to have some further analysis of the type of airports and the timing when air traffic control should be introduced. It is fair to say that it is an expensive matter, of course, and therefore has to be weighed against other matters which are required across our total air navigation system, including such things as increases in navigational aids and the like.

I can assure the hon. member that we are very concerned in having and maintaining the high level of safety we have in Canada. We are continually watching to see whether these improvements should be made.

REQUEST FOR INQUIRY INTO PWA CRASH AT CRANBROOK, B.C.

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, my supplementary question is directed to the Minister of Transport. Given the controversy surrounding the pro-

ceedings of the coroner's inquiry into this tragedy, is the minister now prepared to name a senior court judge of competent jurisdiction to conduct an official inquiry into the relevant facts surrounding this incident?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I will be considering that, although in the ordinary course I would do so at the time I received the actual report of the investigation into the incident itself. I expect to have that report, and also comments from the independent accident review committee in the fairly near future. At that point I will be able to judge whether an inquiry of the type the hon. member mentions should go ahead.

Mr. Forrestall: Mr. Speaker, my final supplementary question is directed to the Minister of Transport. With respect to the introduction in this chamber of legislation that I know is well advanced, following the principle of the establishment of a full commission of inquiry on an independent basis, might I ask the minister whether he would feel there is considerable urgency in bringing forward legislation of this nature and whether we might expect a draft of it before the House adjourns for the summer?

Mr. Lang: Mr. Speaker, I certainly do consider that that kind of legislation is important. As the hon. member knows, I developed a draft bill to produce an independent accident commission and made it available for public comment some time ago. That comment has been important and useful. It will lead to some revisions in the bill in its final form. I am now at the final stage of preparing those changes and submitting them to the cabinet for consideration. At that time I would hope to put the bill before the House for its urgent consideration.

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INDIAN AFFAIRS

FUNDING FOR POST-SECONDARY EDUCATION

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is to the Minister of Indian Affairs and Northern Development. In view of the continuing concern for funding for post-secondary education for Indian Bands serviced by the Sudbury district office of the Department of Indian Affairs and Northern Development, including Wasse Abin College, the statement by the minister's parliamentary secretary that a submission was before the Treasury Board, and also a commitment by the deputy minister before the standing committee that existing levels of funding for post-secondary education would be maintained, can the minister now assure these bands concerned that funding will be provided by the department to ensure the post-secondary education for their young people this coming school year?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, on the general commitment, I certainly maintain the commitment I have given before. On the two specific cases the hon. member has referred to, I would have to look into the actual amounts.

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AIR TRANSPORT

CRASH AT CRANBROOK, B.C.—REQUEST CORONER BE PROVIDED WITH UNABRIDGED TRANSCRIPT

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is to the Minister of Transport: it concerns the coroner's inquest at Cranbrook which is investigating the fatal crash of a PWA jetliner. In compliance with the coroner's request, and in the interests of justice, will the minister order his officials to provide the coroner and the jury with the unabridged transcript of radio conversations surrounding the tragedy?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I will certainly be giving that consideration when the matter is brought to my personal attention. At that point in time I will expect to have some legal advice, as well, in regard to the situation which of course I do not have fully at hand at the moment.

Mr. Symes: Mr. Speaker, I consider that answer is a stall, in light of the actual request by the coroner to transport officials and their refusal to provide that information. By way of supplementary question, can the minister explain why Cranbrook airport which, according to MOT guidelines, is supposed to have two fire trucks and 11 full-time firemen available, had only one fire truck and one fireman available at the time of the crash? Will the minister also report at the earliest opportunity how many other airports in Canada are below minimum firefighting standards?

Mr. Lang: Mr. Speaker, obviously, if the hon. member wishes to ask that type of question in the ordinary way—

An hon. Member: It was in the ordinary way—

Mr. Lang: —all detailed information would be supplied and I would be glad to get it for him. I think the references he is making are newspaper references to what someone thought would be on hand and what actually was on hand. When he accuses me of stalling in regard to dealing with a request from a coroner—

An hon. Member: Forty-three people died.

An hon. Member: The truth hurts.

Mr. Lang: —I must say that until the request is received by me, I can hardly do anything about it. I think it is reasonable for me to say that since it is a legal matter, I would also want legal comment about it.

● (1442)

AIR SAFETY FACILITIES AT AIRPORTS

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I have a question for the Minister of Transport on the same matter. The minister will recall I questioned him in the Transport committee on his intention with regard to the establishment of certain minimum standards at airports of the type at Cranbrook where this tragic accident occurred. I made reference in particular to the airport at Dawson Creek, B.C., where there is no air-to-ground communication of any kind, no firefighting equipment of any kind, and daily jet aircraft of the type which suffered this unfortunate accident when landing at Cranbrook.

Has the minister instructed his officials to make a survey of these kinds of airports and compile minimum standards to be followed at them, and will he advise whether the particular situation in Dawson Creek is being rectified at the present time?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I made it clear, in answer to an earlier question, that where air traffic control is desirable or required, it is being examined: it is constantly being examined against certain criteria, and we are now examining the criteria themselves. We have been changing from air radio control to air traffic control, or from air radio to air traffic control, from time to time. Not long ago we did so with regard to another airport in British Columbia. Interestingly enough, at that time one of the Conservative members of parliament urged that we not make that change because they were so satisfied with the air radio service that was there: they did not want air traffic control. Notwithstanding that, our standards indicate when the number of movements requires air traffic control to be put in place. We are re-examining these figures.

* * *

ADMINISTRATION OF JUSTICE

PETER TREU CASE—ALLEGED RESTRICTION ON FACTS BEING DISCUSSED

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for either the Minister of Justice or the Solicitor General, whoever has the ultimate responsibility. It deals with the case of one Alexander Peter Treu recently convicted after a secret trial under the Official Secrets Act and sentenced to two years' imprisonment.

Can the hon. gentleman advise of the nature of the restrictions placed on Mr. Treu to prevent him from discussing any aspects of the facts of this case, this having taken place at the time of the conviction, the sentence and the application for bail on leave to appeal? Were such instructions given by the government to counsel to press for such restrictions? Would these restrictions have the effect of prohibiting myself or any other member of parliament from discussing the facts of the case with Mr. Treu?

[Mr. Lang.]

Hon. Ron Basford (Minister of Justice): Mr. Speaker, the restrictions placed on Dr. Treu were, I understand, as a result of an order on a bail application made by the judge in question. Therefore, it is not up to me; it is not a governmental decision but a judicial decision, which surely the hon. member understands.

Whether the hon. member is free to discuss the case with Dr. Treu or not would remain to be seen by the wording of the precise order, which I do not have in front of me but which I would be happy to consider. However, it is not my position, as Minister of Justice, to advise members of parliament as to what are their rights. If the hon. member feels he has a right to consult with Dr. Treu, that is for him to exercise. It is not up to the government to advise members of parliament as to what are their rights.

Mr. Baldwin: I suppose the latter part of that answer might properly mean inquiring what facilities might be available to members of parliament. I would like to ask this supplementary. At the time of the conviction, the judge stated that Mr. Treu was not a criminal in the regular sense of the word. After the investigation commenced, Dr. Treu was continuing to receive the documents. After the trial commenced, NATO awarded to Dr. Treu and/or his company a contract dealing with classified communications sytems.

Will the minister obtain and table in this House a transcript of the comments of the trial judge at the time of the conviction and at the time of the sentencing, so that we can determine whether there was a case of security or whether there was an element of bureaucratic bungling?

Mr. Basford: Mr. Speaker, I will be happy to obtain what I can and table it in the House. The hon. member referred to bureaucratic bungling, and on this morning's CBC radio broadcast he alleged that the Official Secrets Act in this particular case was being used to cover up government corruption, both of which are, of course, obviously denied.

Some hon. Members: Oh, oh!

Mr. Basford: I am rather startled that the hon. member would use his words so loosely both this morning and this afternoon. I will do as he has requested and table in the House that which is available.

* * *

POST OFFICE

PLANS TO PREVENT INCIDENTS LEADING TO WORKERS BEING SENT HOME

Mr. F. A. Philbrook (Halton): Mr. Speaker, my question is for the Postmaster General. In view of the silly and insulting behaviour of some inside postal workers toward management at the main Ottawa terminal on May 11, resulting in workers being sent home and police being called in, does the Postmaster General have any plans to prevent such an incident and

resulting disruption from happening in the future anywhere in Canada, especially in the Toronto area?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I agree entirely with my colleague from Halton about the silliness and provocative attitude of some of the workers at the Alta Vista plant. I think it will be of interest to hon. members to know that right after that happened at the Alta Vista plant, I went there at one a.m. on Friday accompanied by the Deputy Postmaster General and my colleague from Ottawa West, Mr. Lloyd Francis, and saw for ourselves on the spot what had happened.

Some hon. Members: Oh, oh!

Mr. Lamontagne: I think it was a positive action on our part and I hope everybody appreciates that we were told that as soon as the incident was noticed, people wearing those badges were given the choice of removing them or going home. Some stayed and some went home. We intend to continue with this policy. I think we are ready to communicate and dialogue with our workers, but no nonsense will be permitted in any plant of our Post Office.

* * *

NATIONAL DEFENCE

NUCLEAR WEAPONS ON CANADIAN SOIL—GOVERNMENT POLICY

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Minister of National Defence. On May 10, the minister answered the hon. member for Greenwood as follows:

—as members of the alliance, we are the non-nuclear power. We do not have any nuclear weapons, nor would they be deployed on our soil.

I ask the minister, when did the nuclear weapons which were stationed on Canadian soil for the use of our interceptor aircraft in their NORAD role leave our territory? If they have not left, will the minister explain his remarks to the House?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I believe the hon. member knows I do not answer questions on that subject.

Some hon. Members: Oh, oh!

Mr. McKinnon: Mr. Speaker, that leaves one wondering. Is it because the minister does not know, or because he has some fancied precedent? The former minister of national defence had no difficulty in answering that question. I would ask why the minister refuses to answer.

Mr. Danson: Mr. Speaker, I believe my predecessor neither confirmed nor denied such allegations.

INQUIRY WHETHER NUCLEAR WARHEADS TO BE DEPLOYED AT EDMONTON, ALBERTA, BASE

Mr. Steven Paproski (Edmonton Centre): Mr. Speaker, I have a supplementary question for the Minister of National Defence. In view of the fact that NORAD is going to establish a base in Edmonton, will the minister advise whether there will be warheads in that vicinity? If so, when can we be advised of such event in that particular area?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, the hon. member should know that the facility foreseen for Edmonton is a regional operations control centre. The only explosion will be in the hon. member's constituency at election time.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

* * *

PUBLIC SERVICE

ALLEGED OVERCLASSIFICATION OF JOBS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a question for the President of the Treasury Board regarding job classification. It has come to my attention that there has been a waste of millions of dollars a year as a result of overclassification of jobs in the public service. I am sure the minister is aware of this serious matter and I wonder if he can advise whether a study has been undertaken. If so, would he table the report?

● (1452)

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I do not accept the premise of the hon. member's question. I am not aware of the situation as he describes it. I will certainly look into it with great interest. I do not believe the hon. member has made a correct statement of the situation.

Mr. Alexander: Mr. Speaker, the minister conveniently did not answer my question, which is typical of him. It has come to my attention that the waste is in the neighbourhood of $100 million per year. That is related to the Ottawa-Hull area. Will the minister look into that question and report back to the House?

Mr. Andras: Mr. Speaker, I believe I did answer the question. I do not accept the question as having a valid base. I do not think the premise is correct, so therefore the question does not call for a detailed response.

[*Translation*]

EMPLOYMENT

INQUIRY RESPECTING REDUCTION OF BUDGETS FOR JOB CREATION

Mr. Gérard Laprise (Abitibi): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. Can the minister say whether he still believes in the efficiency of Canada Works and Young Canada Works projects when it comes to job creation? If so, why does the minister make the job creation offices almost inoperative by cutting their budgets by 66 per cent?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Yes, Mr. Speaker, I do believe in the talent, efficiency and calibre of the people we have in place. From day to day we are asked about the growth and size of the civil service. In an area where we can try to effect economy and where we can maintain service, I think that is an appropriate place to make changes. That is why changes are made, not to decrease the efficiency and effectiveness of the two programs.

[*Translation*]

Mr. Laprise: I have a supplementary, Mr. Speaker. Considering that experience has shown that it is necessary and useful to have civil servants follow up, control and supervise Canada Works and Young Canada Works projects to make them as effective as possible and that several people in regional offices were dismissed following this decision by the minister for the sake of the future efficiency of these projects, would the minister reconsider his decision and put these people back to work so that they can monitor these projects to make them really efficient?

[*English*]

Mr. Cullen: Mr. Speaker, we have to decide if we are going to effect economies and if we are going to make the best use of the personnel in place. I am suggesting that that is precisely what we are doing now, and I do not think additional people would be necessary at this time. The programs are working very effectively and well and the people in place are doing an excellent job.

* * *

TRANSPORT

HALL REPORT—REQUEST MINISTER CONSULT MR. JUSTICE HALL ON RECOMMENDATIONS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I would like to direct my question to the Minister of Transport. In light of the fact that the minister demonstrated his disdain for parliament and insulted a distinguished premier of our country in his answer to the hon. member for Vegreville about the necessity of the implementation of the Hall commission report, I wonder if he can tell us, if he has consulted all the people he says he has, why he refuses to consult the architect of this commission, the Hon. Mr. Justice Hall, so that he can get first-hand information and advice about the implementation of this very important report.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I think it is improper for the hon. member to suggest that I have any disdain for any aspect of parliament. I did refer to the partisan nature of the way the opposition worked a particular issue, but that should not surprise you, Mr. Speaker. The fact of the matter is that as far as the Hall commission report is concerned, I have had a variety of conversations with all of the five commissioners at different times, but not essentially about the nature of the report which I thought was fairly clear in its writings.

I have been acting to implement it, and in that regard the people who are obviously to be consulted are farmers, farm organizations, farm representatives and the communities which are affected by the recommendations, as well as my colleagues who are affected when I need $100 million, $200 million or $400 million to implement those recommendations. These are the consultations which have been taking place, and we have been making good progress. For the first time in six or seven decades we have seen the rebuilding of rail lines on the prairies instead of their deterioration. That is extremely positive action. It is part of the positive program which, in their partisan way, even Conservatives from the west insist on ignoring.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: Mr. Speaker, my supplementary question, unlike the minister, will be brief. In light of the fact that even the cowardly Prime Minister thinks this parliament has more work to do, will the minister himself not consult with Mr. Hall? Will he not use his good offices to have the Standing Committee on Transport and Communications have Mr. Hall and Mr. Snavely appear before it so that if the minister does not care to consult them, at least members of parliament may?

Mr. Lang: Mr. Speaker, I really am surprised at the hon. member for Saskatoon-Biggar, because I did indicate in my answer that I thought the Hall commission report was clear in its terms and that I had no difficulty understanding what it does recommend and, indeed, am taking action to implement most of the important provisions.

We took action faster than has ever been seen before in responding to a commission report. Within ten days of receiving the Hall commission report, we implemented the first and most important recommendation to make permanent the 1,813 miles of rail which the commission said should be transferred to the basic rail network. Within days after that we had a conference with all interested organizations and heard from them that they wanted faster action in resolving the doubt about the lines which were not identified by the Hall commission for either being kept or being abandoned. These interested organizations showed great support for the idea of the Prairie Rail Action Committee going ahead and identifying the future

of those lines. Within a matter of months of that we also had before cabinet, and approved, a $100 million program for rebuilding rail lines, again for the first time in many decades. I think those are the important forms of action which are really needed.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I will extend the question period by a moment or two to recognize two or three hon. members who have been attempting to be recognized. However, before I can go on, I will have to ask the hon. member for Saskatoon-Biggar to withdraw the remarks he just made about the Prime Minister.

Mr. Hnatyshyn: Mr. Speaker, I withdraw them, of course. I did not mean to use the word "cowardly". Probably the word "brave" would have been more appropriate.

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AIR TRANSPORT

INDEPENDENT BOARD TO INVESTIGATE MATTERS OF AIR SAFETY

Mr. Paul E. McRae (Fort William): Mr. Speaker, my question is to the Minister of Transport. It is supplementary to several other questions, but specifically to the question asked by the hon. member for Dartmouth-Halifax East regarding the coroner's remarks after the unfortunate tragedy at Cranbrook.

My question also concerns a series of problems which arose in northern Ontario regarding air safety and the in-house report which was made at that particular time. Following a question along this line, the minister mentioned that he was considering an independent board. I would like to ask the minister if he is considering that that board not only investigate accidents but also take responsibility for all safety, as is done in the United States.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the commission is intended essentially to be the independent review board. Indeed, the very argument in favour of the independent board is that the investigation into the situation be in the hands of someone other than the parties who have the responsibility for assuring that things are being done safely, in order that there not be an apparent conflict between them. I do not, therefore, contemplate transferring the responsibility for safety from its present location within the Department of Transport, but I will want at an early date to have an independent board.

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NORTHERN AFFAIRS

PUBLIC SERVICE LABOUR DISPUTE—STATUS OF NEGOTIATIONS

Mr. Wally Firth (Northwest Territories): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. In view of the fact that bargaining has broken off between the Public Service Association of the Northwest Territories and the employer, which happens to be the minister's department, is the minister aware of the apparent breach of the undertaking given by the employer, and that the employer has attempted directly to change certain terms and conditions of employment and may now be moving to change indirectly the housing rental rates and rental conditions applicable to members of the Public Service Association? I wonder if the minister can report anything about this matter to the House.

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): I am afraid I cannot, Mr. Speaker. The hon. member has just brought it to my attention, but I would be pleased to look into it and get back to him later today.

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REGIONAL ECONOMIC EXPANSION

DEVELOPMENT AGREEMENT SIGNED WITH MANITOBA

Mr. Jake Epp (Provencher): Mr. Speaker, I would like to direct my question to the Minister of Regional Economic Expansion. In view of the development agreement the minister has signed with the government of the province of Manitoba which concentrates primarily on the development of small business in that province as well as tourism, I would like to ask the minister whether he is now in a position to give a statement as to the feasibility, from his point of view, of a special ARDA program for southeastern Manitoba similar to what was done in the Interlake starting in 1961.

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, I am not entirely aware of the impact that the signing of such an agreement might have but I am quite prepared to raise the question with my officials and to look at whether such an agreement with the government of Manitoba would be workable. I shall consider the hon. member's question.

* * *

● (1502)

[*English*]

ENVIRONMENTAL AFFAIRS

MOTOR VEHICLES NOT MEETING POLLUTION STANDARDS

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, last week after putting questions to the Minister of Transport we found that because we in this country do not have laws as they do in the United States obliging the recall of unsafe cars, cars which are being recalled in the United States are not being recalled in Canada.

Today I should like to put a question to the Minister of the Environment. Last week there was a massive recall of many thousands of United States automobiles because they were not meeting pollution standards. Since similar cars are on the roads in Canada, I should like to ask the minister what the situation is here. Is the minister ordering a similar recall in this country?

Hon. Len Marchand (Minister of State (Environment)): I will have to take that question as notice and look into the matter.

Mr. Grafftey: The Canadian people are being told time and time again that because of the climate here, the automobile pollution problem is more serious than it is in the United States. Can the minister tell us why laws considered necessary in the United States should apparently not be needed in Canada? If the situation is as I have described it, what action can we expect in Canada?

Mr. Marchand: I shall include that matter in my investigation and report to the hon. member.

* * *

PRIVILEGE

MR. STANFIELD—SURVEILLANCE OF CANDIDATES SEEKING PUBLIC OFFICE

Mr. Speaker: Order, please. On April 26 the hon. member for Halifax (Mr. Stanfield) raised by way of a question of privilege the matter of the possible surveillance of candidates for election to this House. Some discussion took place on the subject on that occasion. On April 27 a motion, in fact, was put forward by the hon. member for Halifax, as follows:

That the matter of the Solicitor General's refusal to provide information respecting surveillance by the security forces of legitimate political candidates, and his contention that the McDonald commission is the only suitable vehicle to investigate a question affecting the privileges of all members of the House of Commons, be referred to the Standing Committee on Privileges and Elections.

There was some discussion of that motion and, in due course, I had to indicate there were certain procedural difficulties attached to it. I hope I expressed my attitude with regard to the seriousness of the matter by suggesting that further consideration might be given to a motion on the same subject in a different form.

Considerable discussion followed and, in fact, on May 2 the hon. member for Halifax put forward a motion which has now been in reserve for some time, namely:

That the matter of the surveillance by the security forces of candidates at general elections be referred to the Standing Committee on Privileges and Elections in order that the committee can determine and report upon the extent of and criteria for such surveillance.

A number of hon. members subsequently took part in the discussion. I indicated a few days ago that I would take the matter under consideration—that although I felt great sympathy with the importance of the subject matter I was having difficulty with regard to extending the parameters of privilege as we know them through the classic definition of privilege which is to be found in the nineteenth edition of May at page 67, and which has been referred to in many previous rulings:

Parliamentary privilege is the sum of the peculiar rights enjoyed by each House collectively as a constituent part of the High Court of parliament, and by members of each House individually, without which they could not discharge their functions, and which exceed those possessed by other bodies or individuals. Thus privilege, though part of the law of the land, is to a certain extent an exemption from the ordinary law.

The House has always been guided by this general definition of privilege and I would refer hon. members, for example, to the statement of my distinguished predecessor, the hon. Speaker Lamoureux, of April 29, 1971, a statement which has often been quoted, certainly by myself:

On a number of occasions I have defined what I consider to be parliamentary privilege. Privilege is that which sets honourable members apart from other citizens giving them rights which the public do not possess. I suggest we should be careful in construing any particular circumstance which might add to the privileges which have been recognized over the years and perhaps over the centuries as belonging to members of the House of Commons. In my view, parliamentary privilege does not go much beyond the right of free speech in the House of Commons and the right of a member to discharge his duties in the House as a member of the House of Commons.

It is also very clear that while the House has the undoubted right to apply the law of privilege to specific circumstances, one House acting alone cannot create a new privilege. Herein lies the real dilemma for a Speaker. While I have every sympathy for the substance of the hon. member's complaint, I must determine by some measure the extent to which the complaint falls within the existing law of privilege or whether, by accepting it as a "prima facie case"—a popular definition, a phrase which I do not use often—I would be creating a new privilege. The difference lies in the fact that if the matter touches a question of privilege in the House the motion must be taken into consideration before any other business; if it does not, the motion is not by any means set aside for all time; it must simply be introduced in a more ordinary way.

It seemed to me that in dealing with a case which is very similar—the case involving the hon. member for Nickel Belt (Mr. Rodriguez)—that I had gone about as far as I could go in extending the benefit of the doubt in the circumstances. I felt, as I said, that we were getting into a new area, the question of electronic surveillance of elected members of the House of Commons. I was not sure how the law of privilege applied in those circumstances, and I took the matter seriously enough to conclude that the House ought to be able to address itself to that matter, on the benefit of the doubt, perhaps in debate, perhaps in the course of deliberations in a committee.

In any event, as is always the case, the decision is not made by the Chair; once the Chair decides that a matter does touch privilege it is for the House to make the decision as to what should happen to the motion. In that particular case, as I say, I gave the benefit of the doubt, though in doing so I was concerned, even in those circumstances, that I might be extending the classic definition of privilege on the basis of the precedents I have just quoted. In other words, while it is clear in those circumstances that the law of privilege applied to members in their capacity as legislators individually and col-

lectively assembled, I am not clear as to the extent to which the representational function, though it is, of course, a very important aspect of the life of any member, can be assumed to be a necessary adjunct to his legislative function within the context of parliamentary privilege.

In the present case I cannot see how privilege as defined can be extended beyond the physical precincts and, indeed, beyond the life of a parliament to cover, not members but candidates, not in respect of activities here in this Chamber but elsewhere, and not during the life of a parliament but during a period when technically parliament does not exist.

As I said earlier, I have every sympathy with the hon. member's complaint and there will, I hope, be ways in which the matter can be raised through normal procedures, either the introduction of a motion or negotiations which might bring the matter forward in some other way. But confronted as I am with the existing law of privilege, to give this motion priority in the face of these precedents would, it seems to me, be stretching those precedents beyond all recognition, and I must therefore find I cannot accept the motion put forward by the hon. member for Halifax.

MR. HUNTINGTON—LEGAL PROCEEDINGS LAUNCHED BY VANCOUVER BRANCH OF CUPW

Mr. Speaker: On Tuesday, May 2, 1978, the hon. member for Capilano (Mr. Huntington) raised a complaint of harassment and obstruction in his parliamentary duties by virtue of a writ which had been issued against him in connection with remarks he had made on a radio talk show on May 6, 1977. In this broadcast he had "repeated the substance" of remarks he had made in the Standing Committee on Transport and Communications the day before, concerning the activities of the Canadian Union of Postal Workers particularly as they affected the city of Vancouver.

The hon. member based his procedural argument first on the privilege of freedom from molestation and, second, on an interpretation of the circumstances in which a matter arising outside parliament may be treated as a proceeding in parliament with respect to privilege.

It seems quite clear that this matter has caused the member certain difficulties in the performance of his duties as a member of parliament, but I have trouble in accepting the argument that these difficulties constitute obstruction or harassment in the narrow sense in which one must construe the privilege of freedom from molestation, particularly in the face of what must be construed as being ordinary access to the courts of the land, which surely ought to be something parliament would interfere with only upon the most grave and serious grounds.

In his argument respecting what constitutes a "proceeding in parliament", the hon. member places reliance on the decision of *Roman v. Hudson's Bay Oil and Gas, Trudeau and Greene,* in which the High Court of Ontario held that a press release and telegram repeating what was said in the House were extensions of statements made in the House. The hon. member goes on to say that the decision was upheld by the Court of Appeal of Ontario in 1971, and in turn by the Supreme Court of Canada in 1973.

● (1512)

However, the Supreme Court of Canada merely said that it did not dissent from the views expressed in the courts below as to the privileges attached to statements made in parliament. I underline and emphasize those words, "made in parliament". It went on to dispose of the appeal on grounds other than privilege. Furthermore, Mr. Justice Hugessen in the recent decision on the Ouellet case, which was affirmed by the Court of Appeal of Quebec, felt that the decision of the Ontario courts in the Roman case did not represent the law. Thus the question of what is a "proceeding in parliament" in Canada is not clear in terms of the judicial precedents.

In respect of the position in the United Kingdom, which was referred to also by the hon. member, in the 1967 report of the select committee on parliamentary privilege, the British House of Commons resolved to bring into immediate effect all of the recommendations of this committee which did not require legislation. The committee report in question recommended that proceedings in parliament be defined by legislation, and that any communication between a member and a minister or an officer of the House concerning the business of the House should be fully privileged.

While it seems that the meaning of the expression remains for the moment equally unclear in the United Kingdom, nevertheless it appears to exclude the factual situation set out by the hon. member. Therefore, while I am willing to accept the argument that there may be circumstances in which a matter arising outside parliament can properly be considered as an extension of a proceeding in parliament, and therefore covered by privilege, I feel I would be extending the definition of privilege, even on those precedents, to include discussions on an ad lib basis on an open line radio or television show, in which dialogue goes on for some time, questions are posed, and answers are made. Even though they are based on an original proceeding in parliament, it would be an unwarranted extension of the reasoning in those cases to say that that circumstance could be accepted as an extension and, therefore, in fact as a proceeding in parliament within the precedents.

Therefore, on either count—the extension of proceedings in parliament or on the grounds of molestation—I am unable to find privilege in the hon. member's motion or question which he put before us.

There is a narrow procedural difficulty as well. The hon. member concluded his presentation with a motion indicating that this matter be referred to the Standing Committee on Privileges and Elections. Consistently I have rejected and set aside that kind of motion, even after a question of privilege, on the grounds that, as constituted, it would be far too general a motion for the committee to deal with properly and to determine an appropriate mandate for the committee.

Point of Order—Mr. McKinnon

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to say a few brief words with regard to the matter raised by the hon. member for Halifax (Mr. Stanfield). In effect, I rise to register a caveat. I believe a Liberal member who is not present in the Chamber today had planned, if Your Honour ruled against the hon. member for Halifax, to raise a question of privilege based on the invitation issued to the House of Commons by the Prime Minister (Mr. Trudeau) at a press conference, to pronounce itself on the issue of surveillance of members of parliament by the Royal Canadian Mounted Police. I believe the hon. member to whom I have referred will do that when he returns. In case he does not, I enter a caveat indicating that I should like to raise the issue in that form.

* * *

POINT OF ORDER

MR. McKINNON—ANSWER GIVEN BY MINISTER OF NATIONAL DEFENCE DURING QUESTION PERIOD

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, a few minutes ago the Minister of National Defence (Mr. Danson) either attempted to or did mislead the House in answer to one of my questions. My question concerned the position on nuclear weapons in conjunction with Canadian forces. In answer to my supplementary question, the minister claimed that the previous minister of national defence, Mr. Richardson, had never answered clearly in the House of Commons on this.

I should like to refer Your Honour to *Hansard* dated March 27, 1974, at page 908, where I directed a similar question to the then minister of national defence. He replied as follows:

> Mr. Speaker, none of our aircraft are equipped with nuclear missiles, but we do have in storage, and this has been public knowledge for several years—nuclear missiles at Comox and at the other bases from which our interceptor squadrons take off.

I do not think the minister deliberately misled the House. I think it was done through ignorance, as it was through ignorance that he misled the hon. member for Greenwood (Mr. Brewin) last week. It is through ignorance that he attempted to get away with it again today. The former minister of national defence stated that nuclear missiles were on our soil and, for all we can determine, they still are.

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, in view of the fact that the Minister of National Defence (Mr. Danson) is not present in the House at this particular moment, I simply enter a caveat indicating that he may want an opportunity to respond to the allegation or suggestion of the hon. member.

Mr. Speaker: Order, please. The hon. member raises what is essentially a disagreement in the interpretation which can be placed upon a minister's response. In any event, it does not constitute privilege. Rather, it constitutes a disagreement which may be contributed to at some other time.

[Mr. Speaker.]

ROUTINE PROCEEDINGS

[*Translation*]

INCOME TAX ACT

MEASURE TO AMEND

Hon. Jean Chrétien (Minister of Finance) moved for leave to introduce Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions.

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

[*English*]

PUBLIC OPINION POLLS ACT

MEASURE TO REGULATE POLLS DURING ELECTION CAMPAIGNS

Mr. Dean Whiteway (Selkirk) moved for leave to introduce Bill C-455, respecting public opinion polls.

Some hon. Members: Explain.

Mr. Whiteway: Mr. Speaker, my bill would not disallow public opinion polls during the time of a writ period, but simply make certain requirements, namely, stating who took a poll, the sampling and the results of the poll, in order that Canadians are able to ascertain whether the poll was an adequate one and not simply one done by a political party with no real basis of sampling.

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

* * *

BUSINESS OF THE HOUSE

Mr. Cafik: Mr. Speaker, I believe agreement has been reached in respect of granting leave through an order of the House to revert briefly to the tabling of documents at 8 p.m. tonight to permit the tabling of the report of the Royal Commission on Corporate Concentration.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I gather that has something to do with the market. That is agreeable.

Mr. Knowles (Winnipeg North Centre): Agreed.

Mr. Speaker: Agreed, and so ordered.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, the following questions will be answered today: 204, 800, 1,433, 1,460 and 1,586.

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

[*Text*]

CMHC—PERSONS UNDER CONTRACT

Question No. 204—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Central Mortgage and Housing Corporation and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: 1. CMHC has 415 persons on a contract basis of employment. None of these are retired public servants.

2. Such contract employees were paid (a) $1,852,890 in 1975, and (b) $2,941,363 in 1976. None of these amounts were paid to retired public servants.

DREE GRANTS

Question No. 800—**Mr. Beaudoin:**

In (a) 1975 (b) 1976 (c) 1977, were DREE grants allotted to the Constituency of Richmond and, if so (i) in what amount (ii) for what major economic sectors?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: under the Regional Development Incentives Act:

(a) 1975-76

Company offered an incentive	Accepted Incentive Offer	Economic sector
Abattoir Giroux Inc. (Bromptonville)	$39,860	Food and beverages
Spécialités B-Pro Inc. (Windsor)	$51,000	Primary processing of metals
Jolin Machine Shop (St-François-Xavier de Brompton)	$20,660	Metal products manufacturing
Les Ateliers Beauchemin Inc. (Danville)	$27,900	Idem

(b) 1976-77

Company offered an incentive	Accepted Incentive Offer	Economic sector
Les Plastiques La Salle Inc. (Richmond)	$147,650	Rubber and plastic
Robert & Robert Ltée. (St-François-Xavier de Brompton)	$ 70,000	Wood industry
Rousseau Lumber Inc. (Weedon)	$ 13,640	Idem
Plomberie Asbestos Inc. (Asbestos)	$ 76,740	Metal products manufacturing

(c) 1977-78
(as of November 30, 1977)

Company offered an incentive	Accepted Incentive Offer	Economic sector
Boisvert, Luc (company to be incorporated) (Asbestos)	$14,795	Clothing industry
Les Bardeaux de l'Est Inc. (Marbleton)	$25,160	Wood industry

POWDERED MILK SUBSIDY

Question No. 1,433—**Mr. Lambert (Bellechasse):**

During the fiscal year 1976-77, did the government subsidize the powdered milk producers and, if so, in what amount?

Hon. E. F. Whelan (Minister of Agriculture): The Canadian dairy commission advises: no.

LIQUID MILK SUBSIDY

Question No. 1,460—**Mr. Lambert (Bellechasse):**

In 1975, did the government subsidize liquid milk producers and industrial milk producers and, if so, what was the amount in each case?

Hon. E. F. Whelan (Minister of Agriculture): The Canadian dairy commission advises: yes. Subsidies paid to liquid milk producers for the dairy year 1975-76 totaled $81,824,335. Subsidies paid to industrial milk producers for the dairy year 1975-76 totaled $184,038,334.

COST OF EMR ADVERTISING

Question No. 1,586—**Mr. McKinnon:**

1. What was the cost of the full page advertising campaign by the Department of Energy, Mines and Resources approximately March 31, 1978 which indicated the approximate mileage for several cars?

2. What was the cost of producing and distributing the 106 page book on information about buying a new or used car which was distributed by the Department of Energy, Mines and Resources on a request basis?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows:

1. Approximately $80,000.

2. Cost of producing and distributing (by mail) one car book—23.7 cents. As of April 20, 1978, 2.3 million copies have been printed and distributed.

[*Translation*]

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

Some hon. Members: Agreed.

• (1522)

GOVERNMENT ORDERS

[*Translation*]

CUSTOMS TARIFF

MEASURE TO AMEND

Hon. Jean Chrétien (Minister of Finance) moved that Bill C-48, to amend the Customs Tariff and to amend an act to amend the Customs Tariff, be read the second time and referred to committee of the whole.

He said: Mr. Speaker, the purpose of Bill C-48 is to implement the proposed changes in the Customs Tariff contained in the ways and means motion that accompanied the budget on April 10, 1978. Proposed changes deal with the four following points: first, the extension, for another year, of the temporary reductions on a huge array of consumer goods which otherwise would have expired on June 30, 1978; second, the cancellation of the advantages granted through the British preferential tariffs on certain goods imported from Great Britain and Ireland; third, the provision of assistance to Canadian manufacturers of industrial tractor tires and chemical products used in the production of pesticides; and finally, various changes reducing the tariff on certain imports by an amount of roughly $135 million.

The main provision of the bill, namely clause 5, provides for the renewal, till June 30, 1979, of the many temporary tariff cuts which were to have expired on June 30, 1978. Those cuts were provided as a means to fight inflation in the Febuary 19, 1973, budget. Imports benefitting from the tariff cuts were estimated at about $1.5 billion in 1977 of which food products, including raw sugar, represented about $400 million. Other products included in the overall proposal are: medical and pharmaceutical products, automobile parts, hand tools, photographic equipment, vacuum cleaners, china and sports articles.

The complete proposal for July 1, 1978 will differ on four points from that of 1977. First, the reduced customs tariff rate on canned and frozen asparagus and frozen brussel sprouts will expire on June 30, 1978. This measure takes into account the recommendations of the Tariff Board to increase the protection in the case of these products. Moreover, the reduction of customs tariffs on glassware will expire in order to stimulate the development of the Canadian production of those items. Third, the reduction of customs tariff on synthetic detergents will not be renewed after June 30, 1978, due to the fast growing rate of imports in this sector. Finally, the 10 per cent temporary rate applied to some canned meat will also expire at the end of June. It will be raised to 15 per cent, a figure more consistent with the rates applied to other meat products as well as to the needs of the industry, but even then far below the rates effective before 1973.

[Mr. Speaker.]

We propose to cancel the advantages granted through the British preferential tariffs on certain goods imported from Great Britain and Ireland, namely confectionery, truck-mounted cranes, some diesel engines, some equipment used for community television broadcasting and knitted wear. This measure is motivated by the desire to help Canadian manufactures which do not operate at full capacity or which have seen their volume of business drop significantly because of the preferential rates granted to some imports. From now on, these imports will be subject to the most favoured nation tariff. Of course, Canada no longer has to apply preferential tariffs to goods from Great Britain or Ireland. A number of them will probably disappear under the tariff cuts which will be determined at the multilateral trade negotiations.

The bill also provides for duty on tires for tractors used for other than farm purposes. This measure will aid Canadian manufacturers who produce tires for industrial tractors and will put an end to a situation of inequity whereby tires used for the tractional components of certain types of equipment are duty free whereas tires for the non-tractional components are dutiable.

The proposed imposition of duty on two basic chemicals used for manufacturing herbicides will allow important investments in this industry and will help in establishing a guaranteed Canadian source of supply. Pesticides used for farming purposes will continue to be duty free.

There are also other amendments contained in Bill C-48. Aircraft and aircraft engines of types and sizes not made in Canada which were to be temporarily duty free until June 30, 1978 will continue to be so for an extra year. Markers used for crop dusting operations, as well as catgut used in the repair of sports racquets would also be duty free. The bill also proposes a cut for parts of electric light fixtures.

Mr. Speaker, this concludes my general comments on Bill C-48. I will be happy to answer specific questions on the bill when it is considered by the committee of the whole.

[*English*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, this is one of those bills that, because of its highly technical nature, precipitates a rather limited debate. I suppose the only subject matter that is even more technical and would produce a more narrow debate would be that involving the Income Tax Act.

This motion gives rise to a rather interesting debate because it seems that the minister must have clobbered the Prime Minister (Mr. Trudeau) in order to bring his attention to the fact that there is a paragraph in this motion which, in effect, would mean that parliament had to deal with customs amendments or the minister's proposals of April 10 would have been for naught.

Let me point out that in the ways and means motion which gives rise to this particular bill, and which appears in *Hansard* of April 10, it is stated in paragraph 5 at page 4341:

That any enactment founded upon subparagraph 1(2) of this motion shall be deemed to have come into force on the 1st day of July 1978, and to have applied to all goods mentioned in the said paragraph imported or taken out of warehouse for consumption on or after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

The next paragraph refers to changes based upon subparagraph 1(1) and paragraphs 2, 3 and 4 of the ways and means motion which came into force on April 11, and it states that they will be deemed to have applied to all goods mentioned in the particular paragraphs, imported or taken out of the warehouse for consumption on or after that date. In other words, unlike income tax, the changes in the customs tariff must be passed by parliament for them to have effect. They would not have had any effect on July 1 had the Prime Minister called an election, as he had indicated he was going to do.

● (1532)

We get some rather knowing smiles from hon. members opposite, but we know that they are now behaving entirely from hindsight. Many of them, depending on what part of the country they come from, were really wanting an election, and others were pushing away an election with a ten foot pole. However, that is one of the effects, and it may have been a factor when the Prime Minister decided to put the election off until some indefinite date in the future.

The finance minister's thoughts are the same as mine in this connection, that in so far as the custom tariff is concerned there has to be enactment into law before the provisions can be effective. Therefore, unless all of these provisions were to go down the drain, the proposals made by the Minister of Finance (Mr. Chrétien) in his budget, which was designed to stimulate Canadian industry, would be all for naught.

The debate on second reading of this bill will range far and wide because schedule A contains every particular item that is subject to customs tariff and therefore each and every one is open to discussion. I know that many of my colleagues are going to comment upon some of the items referred to in this bill. They will comment favourably on a number of them, but many are going to say that action should have been taken of a different nature with respect to the other items. There are certain proposals that they would have liked because of their regional interests.

The total of the changes in the customs tariff are subject to the over-all influence of the GATT negotiations now going on in Geneva under the heading of the Tokyo Round. Naturally, at the moment certain areas are off limits because they are the subject matter of these negotiations.

There have been many debates in this House with regard to the secrecy of the negotiations in Geneva and the fact that the government has not taken the provinces and industry into its confidence. We had a recent visit from Mr. Warren and Mr. Grey, the chief negotiators, and they have been doing some explaining, but it is rather late in the day.

Our form of proceeding under these tariff negotiations is totally wrong. We should be much more open with the people of Canada. It is as though it were the government versus the rest of Canada, and that Canadians are lucky peasants to have whatever it is decided should be imposed upon them. To me this is fundamentally wrong. As an example, when it comes to the petrochemical industry, surely the government of my own province of Alberta has a clear interest and a right to participate in the negotiations, not merely, "it is the view of Canada or the negotiators that such and such should take place." It is the same with Saskatchewan and its potash industry, Ontario with regard to chemicals and steel, some provinces with regard to textiles and shoes, and so on.

The situation with regard to textiles is very strange because in some parts of Canada the industry is in very dire straits at the present time, and in other parts it is not so. I recently visited a friend of mine who runs a textile converting plant and who is adding to his premises and to his work force. To his work force alone he is not just adding one, two or three people, but hundreds. He says, "Oh yes, I know that there is tough competition from abroad and that our goods are higher priced than those of our competitors, whether they are domestic or foreign, but I am increasing my production because of the quality of workmanship and design, and the public is prepared to pay for that all the time."

The provinces and industry, as I and my friends have continuously pointed out, should have an overt role in the negotiations and know ahead of time what the government is thinking in its instructions to its negotiators. The United States does not conduct its negotiations in absolute secrecy; its producers are informed of what is ahead of them and what the government is thinking. I am sure that some of my colleagues will expound at greater length on this. Perhaps one could invite my colleague from York-Simcoe (Mr. Stevens), who has had a good deal to say about this in the past, to do so.

I would like to draw to the minister's attention, since it obviously comes under the authority of the Minister of National Revenue and the Customs Tariff Act—and here I distinguish between the Customs Tariff Act and the Customs Act—section 17(1) of the Anti-Dumping Act with regard to varying the rate of duty after the anti-dumping tribunal has come to a final decision, which is classified as irrevocable. It states:

The deputy minister, upon receipt of an order . . . and subject to subsection 18(4) and subsection 19(1), such decision is final and conclusive.

There was a recent decision by the anti-dumping tribunal with respect to certain steel shapes that were being imported into the country, and frankly it was to protect Algoma Steel. They had complained that there was dumping in certain parts of the country from various sources and, following representations from the west coast and Alberta, the Minister of National Revenue gave relief against some of the additional duties imposed by the anti-dumping tribunal. The point at issue is that it was not in the findings of the anti-dumping tribunal that there was dumping.

● (1542)

I would like to know what power the Minister of National Revenue has to relieve against something where the decision is said to be final and conclusive. There has been some discussion

about this in the Standing Committee on Finance, Trade and Economic Affairs, but I find the replies of the minister totally inconclusive and evasive. It seems to me, on the face of it at least, that there should be an avenue open for a ministry to be selective and say that, under appropriate legislation, if a board, having found there was dumping, imposed certain dumping charges according to law, then the minister or the government, as the case may be, could relieve against that decision. This is wide open to abuse and I should like the Minister of Finance to deal with this point in his reply.

There are four kinds of customs tariff that are applicable in Canada under schedule A. There is the very familiar British preferential tariff; then there is the most favoured nation tariff; then the general tariff which, of course, is the highest of all, and then a category that was introduced about 1972 or 1973 known as the general preferential tariff. The reason I want to talk about these categories is to determine the guidelines for the particular category into which a country will fit.

We know that the most favoured nation status applies as a result of direct treaty. There is in the structure, over-all, a general tariff; then there is an exception to the general tariff under the most favoured nation provision. Of course the ramifications of that are easily understood. If Canada negotiates a treaty with a certain country and thereby sets certain rates of import duty on certain commodities which are less than those provided for under the general tariff, any other country which gets the most favoured nation classification will immediately get the best possible deal in existence with regard to that commodity. I dare say most of the goods that come into this country come in under the most favoured nation classification.

British preferential tariffs came into being as a result of negotiations in 1932, and have been very important to the type of industry we have in Canada. As a matter of fact, if anything, that particular tariff has been important in bringing a branch plant industry to Canada. At that time the British Empire market was possibly the largest in the world, as politically defined. In order for American firms and others to compete at the most advantageous level, they had to establish branch plants or subsidiaries in Canada and then, of course, they came within the terms of the British preferential tariff.

The same thing is done today by the Japanese, the Americans, and the Canadians establishing branch plants or subsidiaries in common market countries. The common market has an additional deal, however. Since the 1930s the non-tariff barriers have been refined, which can sometimes prove as highly effective as a 100 per cent duty in keeping Canadian commodities out of, say, the common market.

We ourselves, are moving against the British preferential tariff classification. As a matter of fact, the backbone of this budget is a retaliation or restriction imposed upon commodities manufactured in the United Kingdom and Ireland because those areas have now joined the common market. We do not want common market countries to push their goods through the United Kingdom or Ireland into Canada under the lower BP.

I want a better explanation for this move than that we want to encourage the manufacturer of certain commodities in Canada so we are going to place restrictions against the British. It has to be shown that the Canadian production would benefit Canada not only in the number of jobs that may be created but also that Canadian consumers will benefit. I find it an exercise in futility to say that we are going to establish a particular branch plant which will provide, say, some 300 jobs, but that its production will cost 15 per cent more than before and is going to keep on costing 15 per cent more. Of what benefit is that to the Canadian consumer? I hope there is a good answer. The proposals in this legislation which cover this particular restriction are rather sweeping.

What guidelines have been laid down to establish the list of countries entitled to general preferential tariff treatment? I thought they were developing countries—third world countries. When I examined the list, however, I found some rather sophisticated countries with manufactures that are not just handicrafts or agriculture or the basic products that we would import in great quantity. Why do we have a general preferential tariff for Argentina, for Greece, Hong Kong, the Republic of Korea, Romania, Venezuela, and Yugoslavia? Those are examples I have chosen. I do not particularly want to single out these countries. It seems to me in many aspects these countries are as far advanced as Canada. Their economies are strong. Why would we want to extend to them the general preferential tariff?

● (1552)

I find it extraordinary for instance that I would extend the same tariff rates to the Argentine that I would give, for instance, to the Ivory Coast, to Jamaica, to Liberia or to Malawi. Down the list we go. I have no objection whatsoever to this category, and I have said so in the past. I think most of the countries included in the list deserve being placed on that list. But again, I am going to ask the Minister of Finance to indicate why the countries I have mentioned have been included. And if Romania is on the list why would Hungary not be on the list, or Bulgaria? Those countries are at the same levels of development and, in many ways, they are much further ahead than Canada. But why are they on this third world list?

I have a few more things to say. On a personal basis I am pleased that the minister has agreed to create the item of 40917-1 which is not anything of great quantity but will be something of great import to western Canadians later this year in dealing with crop spraying or crop dusting. That is simply articles of any material designed to be ejected from aircraft for use as markers in crop spraying or crop dusting operations. These are a form of degradable paper which is not made in Canada. The market here in Canada is not big enough to justify any paper mill making these items in this quality and quantity at a price that would be economically feasible for the farmers concerned. These paper products are made by a couple

of firms in the United States where there is a much bigger market. It is only a question of reducing the duty from 17.5 per cent, which would be the most favoured nation tariff applicable to the United States, to free entry. To that extent I am sure that that minor price concession which may be available to the agricultural industry in Canada would be most appreciated.

Then we have the general items covering aircraft No. 44047-1. Those are aircraft engines when imported for use in the equipment of aircraft when of types or sizes not made in Canada on or after July 1, 1979. They will come in free under the British preferential tariff. Some are free under the most favoured nation tariff, but usually it is 7.5 per cent. General tariff is 27.5 per cent.

Over 20 years I think I have seen a similar paragraph in every blessed budget in one way or the other. I do not know why this "rolling date" is used. I have asked ministers of finance for an answer on that point. They have said that is the way it has been done all the time. Presumably the habit has become jelled into acceptable practice, and there it is.

Many of my colleagues will deal with fruits and vegetables. There are certainly other involved subjects that I know some of my colleagues will talk about. Therefore, Mr. Speaker, we would prefer to see a wide ranging debate at this stage. We have not had a good debate on these matters for some time, and once we get into the committee of the whole the rules of relevancy will restrict us to the particular subject at hand.

There is no way hon. members will talk about textiles and shoes when we are dealing with canned pork. There again, some of my agricultural colleagues will take up that particular item to see why the change was made, sort of halfway between what it was. Prior to February 20, 1973, the most favoured nation tariff for canned pork and canned hams was 25 per cent and 20 per cent respectively. These items mostly came in from the United States, but there would be some coming in from Poland and other countries. The British preferential tariff was a flat 15 per cent across the board. Now the most favoured nation tariff as of the effective date will be 15 per cent. It had been lowered to 10 per cent. So there is a sort of halfway house. The minister did allude to that in his remarks, but frankly not enough. We will examine these at greater length.

In due course this bill will pass. I do not know that there are any particular items which anyone would find that objectionable at this time. But on the other hand I am sure many colleagues in the House will discuss with the minister more of what he did not include in this particular bill than those things which he did include in the bill.

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, in some ways nothing better illustrates the problem of Canada and the problem of Canadian tariffs than the recent conflict between the federal government and the government of the province of Quebec regarding the use of the sales tax rebate.

The sales tax rebate by the federal government was designed to be non-discriminatory so that it would apply to everything whether the item was imported or domestic. Quebec has quite obviously opted for protectionism by the choice of its plan. This is very significant. My purpose in raising this question is not to cast blame on Quebec or to be critical of the position that Quebec has taken, but rather to point out the importance of this whole matter of tariffs and protection to the future of Canada. In fact the issue in Quebec may be decided more on the question of creating employment through tariff protection than on the language issue which all of us thought was so important. This is becoming quite clear. It is also quite clear that the Quebec government has the support not only of those who voted for that particular government but also the support of the Liberals in Quebec. It has the support of almost everyone in Quebec on the protectionist stance it has taken. By making its sales tax rebate proposals selective it has singled out those items which were of particular concern to the province of Quebec. It is a lesson for Canada.

• (1602)

Canadian policies in the past were reaping a whirlwind. Canadian policy in the past did not concentrate on the manufacturing industry, although for brief periods in our history there was that kind of concentration. When that concentration did take place, nothing was done to make it permanent or to stabilize it.

Canadian policy has been directed toward the export of raw materials, not toward secondary industry and labour intensive industry. While that policy may have made some sense in the initial stages of the development of Canada, in that we had a large territory with a relatively small population, it is quite clear that as our population grew, particularly following World War II, this policy of concentrating on our resource industries proved to be a disaster. Not only was it a disaster in the sense that it did not provide jobs, but even the resources themselves were no longer in demand.

We used to think that Canada had a monopoly on nickel. However, one of the greatest problems we face today in terms of employment is in the nickel mines of Canada. We no longer have a monopoly on anything. In many cases, because of foolish policies, we have taken the best sources of supplies and left ourselves with secondary or expensive sources.

There are a whole series of towns and districts in this country that bear testimony to the consequence of depending on non-renewable resource extraction. You can list the towns where, when the resource was defeated, the town was finished. The people moved elsewhere or changed the skills they had acquired in the resource-related industry to other industries.

We have to look at the attitude we are going to take toward tariff protection in the future. We are going into the GATT negotiations without any clear notion of what we want to be as a country. We have no clear notion of what is good for us in the short run or good for us in the long run. We are going in with our heads in the clouds, with a kind of mush-ball policy that there is something virtuous about free trade, as though there was free trade and as though GATT should be the first approach rather than the second. We know from our experience in Canada that it is not the tariff arrangement that is the

most compelling and telling in terms of trade, but the other things. One example is the many ways in which countries successfully keep our products out of their markets while at the same time paying lip service to free trade.

We should not be giving anything at the GATT negotiations because we do not have anything to give. In the short run our problem is that we must cure the high unemployment in Canada. That can only be cured in the labour intensive industries in this country, the ones that need the most protection.

In the longer run, we do not have that problem. The demographic observations are that by the end of this century we will have a labour shortage, and maybe even before then. It is at that time we should be the most serious about free trade. It is at that time that this country will be able to afford to liberalize its trade, but not at this moment.

In many ways we have to some extent been saved from having the situation even worse than it is by the falling Canadian dollar. This has restored some jobs that were being lost because of previous policies.

There is not much time. The government will have to make some clear-cut statement on what its intentions are in the GATT negotiations. On those occasions when we have questioned the government, the answer has been that we are for fair trade. Everybody is for fair trade, but what does it mean? How do you debate fair trade? In what context is the government going to carry out its negotiations?

If we want to see some evidence of what freer trade has done for Canada, there are two examples that come to mind. There are many others, but these two are outstanding. The first is the Canada-U.S. auto agreement. We went into that and were assured that we would get our fair share of the market. In the initial stage of the implementation of that agreement, we got our fair share. To some extent we got a little bit more. At that time many of us warned the government not to be obtuse about it. We stated that it was one of those fortuitous things that take place in the initial stages of an agreement of this kind, in the sense that investment in the auto industry is very lumpy and there had to be heavy investment in the initial stages by the government in order to get the kind of productivity that was required.

We warned at that time it would be the second round of investment that would be important. We are in that second round of investment and we are not getting our fair share of the investment. Nor are we getting our fair share of the jobs. This is one area in which the government took some pride. It said it would liberalize trade and that it would work for the benefit of Canada. This has not worked for the benefit of Canada over the whole period. There were some initial advantages. When you look at the benefits, you have to ask yourself whether there was an alternative to the Canada-U.S. auto agreement. There was an alternative. There is still the alternative that we could have created an indigenous automobile industry in this country rather than tie ourselves into the decision-making process of some other country or of the corporations of some other country.

[Mr. Saltsman.]

The second area I want to point out is that of farm machinery. There has been free trade in farm machinery for some 25 years, and even more with some particular kinds. What has been the consequence? How much benefit have we received from free trade in farm machinery? Certainly our farmers received some benefit. We are happy about that.

In terms of manufacturing and jobs that need to be created, we have not benefited from free trade in farm machinery. As development took place and new technology was introduced, it was not in Canada that the plants were built and the production took place, but across the border. Canadian companies simply moved across the border on one pretext or another in order to manufacture in the United States. We have not benefited from free trade in either one of those two areas.

I know everyone wants to be in favour of free trade, I no less than anyone else. However, unless there is an industrial strategy and a short-run solution plus a long-run solution, under the present conditions in Canada, and with our enormous level of unemployment, freer trade will only increase unemployment and do nothing to give us the jobs required in this country. We should not be negotiating on that basis, particularly since other countries of the world are not putting their cards on the table. They are not prepared to dismantle the various institutional barriers they have set up for Canadian goods. We have nothing to gain from freer trade at the GATT negotiations, and we have to state that plainly and bluntly.

● (1612)

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I would like to cover four or five items. I would like to begin with the items on pages 7 and 8 of the schedule relating to the new levy to be in effect as of July 1, 1979, on aircraft and aircraft engines. The item on page 7 is tariff item 44043-1 relating to aircraft, not including engines, and on page 8 it is item 44047-1 relating to aircraft engines. Incidentally, I think this provision has to be clearly registered: neither aircraft nor aircraft engines being made in Canada. They are now free unless they come under the general tariff, and I think it is fair to say that most aircraft producers have negotiated most favoured nation agreements with Canada, so that it is really most favoured nations we are concerned about. I repeat that the important thing here is that the aircraft and the engines we are talking about are aircraft and engines which are not made in Canada.

As I understand it, customs tariffs have two purposes, first to raise revenue, and second either to protect existing industry in Canada or to provide a climate where an industry could develop. To my knowledge the levy which is to be imposed is to be effective July 1, 1979. That is a year off, but still business people are thinking about the imposition of this tax a year hence, and they are thinking about the businesses in which they are involved.

As a result of talking to one particular group of people in my area I have reason to believe that while there may be anywhere from 6 to 12 firms which would be hit adversely by the imposition of this particular levy, there would probably be

about 500 firms across Canada which would be adversely affected by the imposition of this levy of an extra 7.5 per cent. The figures were provided to me in an interesting way. We have to remember that the largest proportion of these particular items are imported from the United States and Britain. I think Allison engines and air frames are imported from the United States.

The Minister of Finance (Mr. Chrétien) has been borrowing money all over the country and all over the world. He has been getting lines of credit to sort out our Canadian dollar, but we are still faced with importing goods which are going to cost an extra 11 or 12 cents on the dollar. This bill does not deal with that, and that is one of the problems we are facing. There was a time when there was an advantage to importing. There was a time when we got one per cent or two per cent premium on the Canadian dollar. Importers now have to pay 11 or 12 cents more in order to buy U.S. dollars to settle their accounts. That is the first levy, 11 or 12 per cent. Let us use 12 per cent.

On top of that there is going to be a new customs duty of 7.5 per cent. That will bring the cost of any particular item up to about $1.20, or a 20 per cent increase on imported items. Our Minister of Industry, Trade and Commerce (Mr. Horner) has praised our sagging dollar for what it does for our exports. No one can deny that it is helpful to exports. Unfortunately, we are an importing country too, and amongst the things we import are aircraft and aircraft engines. The cost is now $1.20, or a 20 per cent increase. On top of that there is federal sales tax of about 12 per cent, which takes us up to about $1.34, a 34 per cent increase. On top of that there is a 10 per cent excise duty, which takes us up to $1.48.

In other words, for every dollar's worth of aircraft or engines or engine parts imported into this country, the Canadian user will have to pay an extra 48 cents over the market price. There are a dozen firms in my area which are afflicted with this problem of a falling dollar in addition to the prospect of having to face a new customs duty, sales tax, and excise tax. I am not sure which comes on first, but a 48 per cent increase is an intolerable burden to be placed on small business.

If an aircraft suffers a broken axle on landing, or a damaged wing as it dips when it is coming in, those elements have to be imported, and the cost will be 48 per cent more. If those parts can be made in Canada, there is no problem. Today in the question period we were talking about a dreadful, fatal accident at Cranbrook airport. PWA now has to import a whole new aircraft. Let us say the cost will be $6 million. When 48 per cent is added to that, on a quick calculation I would say the cost will be something in the order of $8.5 million for an aircraft which otherwise would cost about $6 million. This new 7.5 per cent levy which is being considered for aircraft parts, air frames and aircraft engines will impose a needless burden on a growing industry of technicians who have developed self respect and who are contributing considerably to the economy of our country.

There is one other element of this industry which baffles me. I have been in correspondence with the ministry on this matter. By administrative ruling a distinction has been made between a licensed carrier, and the freedom with which he can import, and a service organization which is not a licensed carrier, and the imposition of the customs duty and sales tax on a rebatable basis.

The matter which was brought to my attention involved the importation of an aircraft engine on which a duty of $1,128.75 had to be paid. Customs said, "Don't worry, you will get it back". Customs just had to process it. Customs collected the money and paid it back, and that took two months. That is bureaucratic nonsense. If a licensed carrier can bring in a replacement part—for example, an engine—duty free, there is no reason in the world why a person who is not a licensed carrier should pay a duty which is rebatable. There is no sense in that at all. The only justification I can see is that it keeps some public servants employed going through papers. I do not think public servants enjoy being employed in that way. They prefer useful work. There must be some way of getting around this stupidity, and I should like to see efforts made to do so.

• (1622)

There is another item with which I should like to deal, one which is in the schedule today. I am writing to the ministers concerned with this matter, but I feel I want to mention it now. It has to do with the imposition of a customs duty on a drug product used in treating a chronic disease. Its purchase imposes a very heavy burden on those who use it. The drug in question is a megavitamin used in the treatment of multiple sclerosis—M.S., as it is popularly called, and with your permission, Mr. Speaker, I shall use the abbreviation as being somewhat easier to pronounce. Megavitamins are used as a treatment, and some people believe them to be a cure.

In fact I was talking today to a man who had been afflicted with M.S. and who has undergone a course of treatment at considerable expense. He has since returned to my riding—he is a music teacher—and is now cured, though he has to continue his treatment. I might add that before he left his doctor told him he would be confined to a wheelchair for the rest of his life. This man, like others in a similar position, has to pay customs duty on the drug product he uses. That is nonsense, Mr. Speaker. It does not create revenue of any significance for the consolidated revenue fund, but it does cause great hardship, particularly in areas where pharmacare does not cover the cost of vitamins. In British Columbia, for example, I gather that vitamins as a class of drug are exempted from the pharmacare program.

Let us consider just what is involved here, bearing in mind that a person who suffers from M.S. is likely to be confined to a wheelchair and is almost certain to be partially removed from the labour market. We are speaking of people who cannot in the normal course of things find work, unlike most of us here who might, for instance, become lumbermen if we were tough enough. But the M.S. sufferers cannot do this, and they are the people who are being asked to pay, in this case 17½ per cent according to one of the ratings by which megavitamins are allowed to enter this country. They are not made here in Canada, but if they come through on prescription in the

normal channel they are subject to a duty of 17½ per cent under item 7-1100-1.

This particular item is the item under which all articles not listed elsewhere in the customs tariff are placed. If there is something which is not covered and it is felt the government should get something out of it, it goes into this category and is subject to a duty of 17½ per cent. There is no sales tax imposed in that case, but sometimes these pharmaceutical products enter the country through the post.

I myself find it strange that drugs, as a class of goods, should be permitted to enter Canada for collection by an individual without a doctor's prescription in his hand. But that is another matter and outside the range of today's debate, although I do feel that drugs should be importable either by a pharmacist, by a hospital or similar institution, or by a doctor, but not by a patient because, by permitting this, we are inviting people to bring in drugs in another way. Be that as it may, when these products are brought in through the mail they are sometimes subject to a duty of a different type because the man at the post office is not as familiar with the various schedules as the customs officer would be. So a duty of 10 per cent is imposed, plus a 12 per cent sales tax. The increase in cost in that case is of the order of 23 per cent. We should bear in mind that an M.S. victim is not readily employable and this megavitamin treatment may be costing as much as $115 a month. We could lighten this load if we were prepared to invent a classification—I would be prepared to produce a number for it if the question were in front of me—and say that entry would be "free—free—free."

One cautionary word. I believe there is division in the medical profession as to the curative power of megavitamins. Some doctors say this treatment is a cure, others say it is a palliative, or that the cure, if one is achieved, takes place in the mind of the receiver. That is an aspect with which I am not competent to deal. I do say that those who have found a cure and believe it to be due to the megavitamins they have taken, feel obliged to continue the treatment all their lives. So when a person has to pay an extra $35 to $250 a month for his treatment it is time we took steps to remove the customs duty from that item. It is not a matter of saying: well, they can always claim it under the pharmacare program. I have already dealt with that aspect. But that is not the point. The public should not have to pay this extra 17½ per cent or 23 per cent, depending upon the calculation used, just because it all comes out of the funds to which we all contribute.

● (1632)

I do not know whether it is the Department of Finance or the Department of National Revenue which determines what goes in and what comes out of the customs tariff schedule, but it is time to move toward dealing with this particular matter. Those people believe they have found a cure for multiple sclerosis by massive doses of megavitamins. Whether that medication is in the form of pills or capsules to be taken orally, or whether it is necessary to administer injections, does not matter. They believe a cure has been found, and they should not be subjected to the 17.5 per cent customs duty. I should like to see a change made in that area. Perhaps we could receive an amendment during committee of the whole.

[Mr. Munro (Esquimalt-Saanich).]

I hope some of my colleagues will speak in due course about the fruit and vegetable situation, as well as the need for regional and seasonal adjustments in tariffs to assist the small Canadian fruit producer. On the first day of spring for the past five or six years, I have managed to receive daffodils from my constituency which I made available to all hon. members. I have not done that only to boast about the west coast and its weather. The daffodils are a symbol of something more than the early arrival of spring on the west coast. They are a symbol of the season for fruits and vegetables maturing earlier in the west than elsewhere in Canada.

I cannot see why there should not be a tariff imposition in the west against Mexican tomatoes and California lettuce when Canadian tomatoes and lettuce come on the market. I suppose I could include strawberries and raspberries as well. This tariff imposition would have to move across Canada with the seasons. I do not see why this should not be done. If we can get our strawberries, raspberries, and asparagus from the west to meet the eastern market, why should non-Canadian grown products be allowed into the country? Eventually I hope the government sees the need for encouraging our agricultural producers so that they can live and thrive in the communities of their choice.

It is unbelievable, for example, that the tomato levy does not begin until the Ontario tomatoes come on stream. That levy should become effective when British Columbia tomatoes come on stream. That is what I am requesting. It is part of the symbolism behind the gesture I make on the first day of spring by distributing daffodils. This applies not only to fruit and vegetables, but it applies to flowers as well. Since flowers can be produced in this country, why should we not be protected against imported ones? Sometimes these imported flowers come from as far away as Europe. If these flowers can be grown in Canada, surely that industry should be protected against such invasions.

I should like to refer to Schedule IV of Bill C-48 which deals with item No. 97012-1. It reads as follows:

> Costumes or parts thereof, designed or decorated in a manner reflecting a specific ethno-cultural heritage.

This is a good item. I am glad it is included. The portion of duty payable as drawback is 99 per cent. It is an excellent provision, but why should it be limited to the use of bona fide ethno-cultural groups which are recognized as such pursuant to regulations established by order of the governor in council, and which require such costumes for the public manifestation of their ethno-cultural heritage, under such regulations as the minister may prescribe? It is a 99 per cent drawback, rebate or whatever. Why should it be limited to a group applying for this particular drawback? Why should an individual be restricted from applying? I speak with some feeling on this matter, because not long ago I ordered a made-to-measure kilt and was faced with customs duty. I look pretty smart in a kilt.

The one thing Scots did not bring to Canada with them was the ability to make kilts. If the material were available, kilts could be manufactured in Canada. Unfortunately the tartan cannot be woven here. One must remember it is a specialized industry. In any event, when I received my kilt I was unable to have the benefit of a drawback because I was an individual. Even if this particular measure had been in effect, I would not have received the 99 per cent drawback on the customs duty I was required to pay on that kilt. I believe the duty was approximately 25 per cent or 30 per cent. In any event, it was somewhat high. A 99 per cent drawback would have been fine. It would have left one per cent. I am prepared to go along with that.

Schedule IV refers to ethno-cultural groups. What about an individual from Greece—

An hon. Member: The Ukraine.

Mr. Munro (Esquimalt-Saanich): Yes, people from the Ukraine are affected by this as well. I was thinking of an evzone costume from Greece, which is similar to the kilt. If an individual from Greece wanted an evzone costume, why should he be required to rely on an ethno-cultural group to import it for him? I see the parliamentary secretary is somewhat amused by what I am saying. Perhaps he agrees with me. If schedule IV referred to an ethno-cultural individual, that would be satisfactory. I do not think there would be abuse of this provision. Unfortunately some groups would not be able to bring in costumes from their countries of origin. I am thinking of Latvians, Estonians, and Lithuanians. These people make their own costumes. I do not know if Ukrainians could import their costumes as individuals. The Latvians, Estonians, and Lithuanians make their own costumes because they brought that cultural heritage to Canada with them. I object to the word "groups" being included in schedule IV. Hopefully that idea can be converted into an individual right to import and secure the drawback.

I should like to refer to another item which is not contained in the bill or the schedule. I am referring to the announcement which was made by the Minister of Finance some time in November or December, 1976, at which time he imposed quotas on imported garments and clothing manufactured from man-made fibres. At that time I remember sitting in the chamber and thinking I knew at what he was aiming. He was aiming at articles of clothing made in Korea, Hong Kong, and China. These are made from man-made fibres rather than from natural fibres, and they are manufactured in countries where the wages are not as high as in Canada. These articles have been coming in and flooding the market.

● (1642)

The minister stood in his place and said he was imposing a set of quotas. I thought he had in mind quotas in respect of imported goods, by way of non-tariff items, and this probably refers to the reverse application of the bill. However, I do think this is relevant. It was my firm conviction, when I heard the minister, that he was aiming at the importation of materials and clothing of man-made fibres from those countries that are able to produce these goods much cheaper than we can here in Canada. However, within a week we found that the quotas were aimed at all types of clothing being imported, including woollens and cottons. This came to our attention as a result of letters we received from what you might call high fashion establishments that import fine woollen materials from Britain, silks from Italy and France, and perhaps cottons to a lesser degree.

This quota imposition gave rise to the creation of what I believe is called a high fashion clothing committee. Some of this importation takes place by firms here in Ottawa. I better not do any commercials by mentioning names, but some firms here do a lot of this importing. They too have been put on quotas based on 1967 imports. Some of these firms find that the acceptance of their quota applications takes so long seasonal sales are lost. Some of these quota applications take months to be cleared. When dealing with clothes for the summer and winter seasons you must place orders six or seven months in advance so that quantities can be made up. Some of these items are specifically made. Some Jaegers items are made in large quantities. These are the kinds of materials and items of clothing which have been subjected to the quotas, unexpectedly, I might add.

We never did really get the minister to admit what his prime objective or target was in this regard. We do not know whether he had in mind man-made fibres and cheap clothing from Korea, Hong Kong, China and other similar countries, or intended that the quotas should include all these other high fashion articles. In any event, all clothing was covered, and the administrative problems created for the merchants of these high fashion clothing are absolutely tremendous. First of all they must get their quotas approved, and then order the materials or the articles of clothing from overseas far enough in advance to obtain those items at the appropriate season. The difficulties created are absolutely unbelievable.

We in this House have heard about a series of difficulties businessmen face in dealing with the masses of forms the government asks them to fill out. My colleague, the hon. member for Hamilton-Wentworth (Mr. Kempling), has described one method of dealing with this multiplicity of government forms, and that is to stamp them all "non applicable". Anyone who is in the business of selling high fashion clothing is not able to do that. He would probably prejudice his future applications for quotas.

These people dealing with high fashion clothes have to take certain steps. They must sort out the items they want and hope that the quota allotment comes back in sufficient time to allow them to order these materials or items from overseas in order that they will still be in style. One of the factors involved in the marketing of high fashion clothing is style, and styles change from one season to the next. A merchant may receive a quota for this fall, and then when applying for a similar quota for the following season may not receive the same quota. How does he deal with that situation? Maybe the quota volume would not be applicable the following fall.

The quota system announced in November or December of 1976 became cumbersome beyond any intent on the part of the minister. At least I hope it was not his intention to create such a bureaucratic mess deliberately. If it was a deliberate attempt, no minister of the government has ever succeeded so effectively. It is my honest belief that the government did not intend that this should be the case.

It is my belief the government intended this to be a quota system aimed at cheap clothing and material coming into this country, undercutting the cost of Canadian products. The high fashion products of which I speak are just not made in Canada. In my area there is a great demand for these particular items of clothing, most of this demand comes from those who are visitors to this country. Very often these articles are not sold to Canadians. British woollens, for example, and items by Jaegers, are among the items of clothing I have in mind. They are imported from Great Britain mainly for resale to United States travellers in Canada. Those people find they can purchase these articles in Canada, at comparable prices. One of the problems facing these retailers, and it has been created by this quota system, is that they are unable to supply the market.

Was this system really intended to kill this market? There is a market of this nature in my area as well as in Montreal, Winnipeg, and here in Ottawa. Many specialty shops carry these high fashion items. I do not believe the minister was aiming at these items when he made the announcement.

Also included in these high fashion items are articles such as kilts and other ethnocultural costumes. It is my hope that we can amend these schedules in order to get around these obvious difficulties. However, there is nothing more complicated to deal with than tariff schedules, particularly in deciding where an item can be included. Perhaps the officials of the department, or the parliamentary secretary, could assist us in developing the appropriate numerology to cover these items.

I was pleased to note the parliamentary secretary making copious notes when I referred to a number of problems, including those in respect of aircraft, aircraft parts and aircraft engines. He was also making notes when I referred to the stupidity surrounding the making of these rebates and the fact that the rebates are made without interest.

● (1652)

The particular man who has had to buy an engine must pay his $1,100 customs duty on top of the cost of the engine, and may very well have had to go to the bank to raise the money for the purchase. He is not buying it for himself, but rather to fit into either a private aircraft or a commercial aircraft. The commercial aircraft may have farmed out the job to him. For example, it may have been a Pratt and Whitney jet engine for one of the PWA aircraft. Had they done it themselves there would have been no duty, but since the man I have been speaking of is doing it, he must pay duty and get it back on rebate because he is not a licensed carrier.

[Mr. Munro (Esquimalt-Saanich).]

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

Some hon. Members: Agreed.

Mr. Munro (Esquimalt-Saanich): In summary, there is the aircraft problem and the megavitamin problem. With respect to the megavitamin problem, I am appealing in the name of people who are afflicted with a frightful disease that immobilizes them and makes it impossible for them to fit into the work force. Thus, there are good grounds for eliminating the customs tax and the sales tax, if that is what it is, on megavitamins. This is, of course, under prescription. I am not saying there should be a blanket withdrawal of the customs tariff.

As has happened so often in the past, there is again an appeal for an imposition affecting seasonal and regional influences. It is fair to say that the Department of National Revenue and the Department of Finance have got hold of the idea that there is a seasonal problem, but they do not seem to have grasped the idea that there is a regional problem. This is because there is a strong agricultural base here in Ontario which gets the favoured treatment, because they believe that when the season has arrived in Ontario it has also arrived in the rest of Canada. Well, the season arrives in Ontario in some cases after it is over in other parts of the country. This is something that Ontario should get into its noodle, that there are other growing areas in the country. The west coast is an example of an area that is favoured by its early growing season.

The ethno-cultural problem, which I favour, should be removed from the group restriction and individuals should be able to import. The quota matter of high fashion clothing—and somebody in this House ought to be able to stand up and say, "That was not our intention and let's get rid of it"—where it affects imports does not concern the high fashion clothing industry we are talking about at home because they are just not made in Canada. There is other good clothing made in Canada, and I wear the clothing that is made here.

Mr. Lalonde: I hope you can say that.

Mr. Munro (Esquimalt-Saanich): I certainly do. I look at the labels whenever I buy anything, whether it is food, clothing, and so on, and I buy Canadian and I hope a lot of other people do the same thing. However, when we are talking about high fashion clothing that is brought in to meet the tourist market, why should we not eliminate the customs duty that is imposed on it, and certainly eliminate the quotas?

I have had my say on those five items, and I thank the hon. members for extending my time.

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, it is approximately two minutes to five, and with the concurrence of the House, may I call it five o'clock and begin my remarks at eight o'clock?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Madawaska-Victoria (Mr. Corbin)—Canadian Broadcasting Corporation—Request for extension of service to small communities; the hon. member for Sault Ste. Marie (Mr. Symes)—Communications—Bell Canada contract with Saudi Arabia; the hon. member for Annapolis Valley (Mr. Nowlan)—Elections—Reason for Prime Minister's announcement.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions and public bills.

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Turner): Notice of motion, item No. 14, the hon. member for Winnipeg North Centre (Mr. Knowles). Shall the item stand?

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, there have been discussions, whether anyone is here to confirm those discussions or not, to the effect that we might let all of the items stand down to No. 17, and that we might proceed with the resumption of that debate this afternoon.

The Acting Speaker (Mr. Turner): Is it agreed by unanimous consent that items 14, 13, 3, 7, 9 stand?

Mr. Paproski: Yes, that is agreed.

* * *

NATIONAL CAPITAL COMMISSION

SUGGESTION TO ESTABLISH STANDING JOINT PARLIAMENTARY COMMITTEE

The House resumed from Monday, January 30, consideration of the motion of Mrs. Pigott:

That, in the opinion of this House, the National Capital Commission is not sufficiently accountable to those who live in the national capital region or the people of Canada, and exercises its powers in an arbitrary manner without adequate consultation with other levels of government and, that as a just step, there should be a permanent standing joint committee on the national capital region.

The Acting Speaker (Mr. Turner): The hon. Parliamentary Secretary to the Minister of Urban Affairs (Mr. Harquail) who, I believe, spoke for three minutes the last day.

National Capital Commission

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, before continuing with my remarks from January 30 of this year on motion No. 17, I would like to quote the motion:

That, in the opinion of this House, the National Capital Commission is not sufficiently accountable to those who live in the national capital region or the people of Canada, and exercises its powers in an arbitrary manner without adequate consultation with other levels of government and, that as a just step, there should be a permanent standing joint committee on the national capital region.

Continuing from where I left off on January 30, I find it strange that the hon. member would bring such a motion into this House given the fact that she is at the moment a member of the special committee of the House concerning itself directly with all aspects relating to the National Capital Commission. I am proud of the area that is comprised in the National Capital Commission, and it is something of which all Canadians can be proud. Indeed, any Canadians having had the opportunity to visit the national capital, I am sure are as equally impressed and proud of what we have as I am.

● (1702)

The hon. member who brought in this motion has had an opportunity to express her views on the day-to-day workings of the National Capital Commission in the special committee, and has done so in a very positive way. In the short time that she has been in this House she has made a worth-while contribution as a member of that special committee.

Considering the mandate of the special committee, however, the fact that the NCC is accountable to the government and is required to obtain authority from Treasury Board for its expenditures, and considering the position of the commission, there is no justification for stating that the NCC is not sufficiently accountable. Furthermore, considering the significant improvement in the intergovernmental climate and in the range of programs within the NCR—joint programs such as public transit, pollution abatement, core area revitalization, and environmental improvement—there is no justification for the assertion that consultation and co-operation with other levels of government are lacking.

The hon. member, it seems to me, might have taken the opportunity to withdraw her motion since she has every equal and good opportunity to have her voice and views heard at the special committee which has already accomplished a great deal in the deliberations that have been going on for some considerable period of time. As a matter of interest, in my view the special committee has all but completed its work. It still has to review the reports and material gathered from witnesses, however.

In her short time in this House the hon. member who moved motion No. 17 has brought forward some excellent suggestions to committee about the mechanism and method of approach to accomplish the things she is concerned with such as better control of or input into the day-to-day workings of the commission. I have put some views forward myself in the course of the committee discussions and I have seen and felt some very real frustration about the operations of the NCC because of its

make-up—because of membership—because of those who have a greater interest within the National Capital Commission—the city of Ottawa,—the city of Hull—the province of Ontario—the province of Quebec and, indeed, the federal government.

It is my view that we must devise some means of bringing in recommendations for a policy that would be considered by all levels of government and that would become law. It is only through legislation that we will have an easy flowing, co-ordinated implementation of the plans of the National Capital Commission. If we are ever to see these plans implemented in a continuing, orderly fashion, there must be total agreement between all levels of government. As things stand today, the plans could reach a certain stage and then one of the parties concerned might disagree, be that the province of Ontario, the province of Quebec, the municipal governments or the federal government.

The special committee and the National Capital Commission have done good work, and in the coming weeks and months I hope we can agree on a formula that will ensure the smooth implementation of all their planning. When debate is concluded, whether in this House, in the provincial legislatures of Ontario and Quebec, or in the city councils, the point must come when discussion is halted once and for all and we move on the irrevocable implementation of the plans. It is my considered and humble opinion that that is the only way we will see real progress. This is the only assurance of continued action with respect to the implementation of those plans, hours, money, sweat, equity, and everything else that goes into hard work. The commissioners, representing the various provinces and two territories, have brought forward the views of all Canadians as to what they might like to see in order to expand and improve the National Capital Commission. The commission and its chairman have done good work, Mr. Speaker.

I fear that if we continue in the same vein as in the past there is the danger of disagreement, and so we will be back to square one and will have to face starting all over again. I am convinced that until such time as we can devise ways and means of reaching general agreement between all levels of government, and that until such time as we have suitable legislation, we will be subjected to the whim and last minute changes imposed by one level of government or the other.

I notice that the hon. member for Ottawa-Carleton (Mrs. Pigott) has just entered the chamber so I will briefly restate my comments when I enjoined her to withdraw her motion, and suggested that she might have considered doing that some time ago since she is a member of the special committee. I wanted to state once again, in her presence that she has made a worth-while contribution to the special committee.

Most of the work of the committee is complete. It only remains for the co-chairmen, Senator Marchand and the hon. member for Cochrane (Mr. Stewart), to review the work that has been done, and for members from this House and from the other place to reach consensus on the official report to this House.

One order agreed to by members of the House was that the special committee should visit Washington. The visit was postponed but, as I understand it, the matter is under review and the organizers are consulting with officials in Washington regarding the details. I am under the impression that once this is completed, and once we have availed ourselves of the opportunity of consultations with the officials in that capital, we will then be in a position to have the special committee consider a full and final report to the House.

• (1712)

With respect to concerns that might be expressed by the hon. member for Ottawa-Carleton, as she knows there is a meeting tomorrow morning where the minister and the chairman of the commission, as well as other officials, will be in attendance to answer any and all questions at the time of the consideration of the main estimates. I would recommend to the mover of the motion and other members who have an interest in this matter that they avail themselves of this opportunity of being in attendance at the committee meeting tomorrow morning when the minister and the officials of the NCC will be quite prepared to answer their questions on the subject—

Mr. Paproski: He won't have time to talk about this subject.

Mr. Harquail: There is one other comment of interest concerning the NCC that I wish to make at this time. The National Capital Commission has something in the order of 1,000 employees and spends approximately $30 million a year. As I have stated earlier, it carries out its work in a very commendable and efficient fashion.

Mr. Paproski: It never pays its taxes to Ottawa.

Mr. Harquail: Apart from some of the commentary that is coming from someplace in this House, I would just conclude, Mr. Speaker, by stating that there is in existence in the mandate within the special committee—there are other means within the Treasury Board—means whereby the NCC is accountable in every respect to the government. I have no concern in this regard. I am sure other speakers who will follow me this afternoon will have something to offer.

[*Translation*]

Mr. Gaston Clermont (Gatineau): Mr. Speaker, during the private members' hour on January 30, 1978, we had before us the following motion which was introduced by the hon. member for Ottawa-Carleton (Mrs. Pigott) and which read as follows:

That, in the opinion of this House, the National Capital Commission is not sufficiently accountable to those who live in the national capital region or the people of Canada, and exercises its powers in an arbitrary manner without adequate consultation with other levels of government and that, as a just step, there should be a permanent standing joint committee on the national capital region.

Mr. Speaker, the act establishing the National Capital Commission has been in existence since 1958, that is for 20 years. During the period, a lot of things have changed and it is

undoubtedly one of the reasons why in the early 70s—I believe it was in 1973—the Prime Minister of Canada (Mr. Trudeau) asked Mr. Douglas Fullerton, a former chairman of the National Capital Commission, to look into the structure and the administration of the National Capital Commission.

In 1975, Mr. Fullerton, through the right hon. Prime Minister, tabled his report in the Senate and the House of Commons and in July 1975—July 17, 1975, to be more exact—a Special Joint Committee on the National Capital Region was established and began to sit in 1975. Several witnesses appeared before that committee to make representations, including the Minister of State for Urban Affairs (Mr. Danson) who was responsible for the National Capital Commission to parliament.

The National Capital Commission was represented at that time by Mr. Edgar Gallant who is now chairman of the Public Service Commission. The representatives of the Ottawa regional community, the Ottawa-Carleton regional municipality and many other witnesses appeared before that committee. In several representations, they blamed the National Capital Commission for interfering in areas which, according to certain witnesses, did not come under the commission, but rather under the provinces or municipalities within the region. They blamed the commission for its local planning process. Mr. Speaker, those who live on both sides of the Ottawa River know quite well that 15, 20 or 25 years ago, regional cities and municipalities had little or no urban planning facilities, and the National Capital Commission was even asked at times to lend them experts in that field.

● (1722)

Mr. Speaker, things are very different today on both sides of the Ottawa River. As I have just mentioned, the Ottawa-Carleton regional municipality is on the Ottawa side and the Outaouais regional community is on the Quebec side. Since the establishment of those two communities, it is much easier for the National Capital Commission representatives to have a dialogue concerning regional planning and other matters.

The National Capital Commission has also been blamed for massive land purchases on the Quebec side. I would like to talk about the Quebec side since I am more familiar with it, but even though certain people accuse the NCC of having made massive land purchases, we know that had the National Capital Commission not purchased this land it might have been bought by foreign interests, as happened in the Templeton area three or four years ago.

When the then representatives of the National Capital Commission came before the Standing Committee on Miscellaneous Estimates to explain their supplementary estimates, I drew the attention of the public to this matter but I received no reaction. Certain people seemed to think that when the National Capital Commission purchased land on behalf of the Canadian government, it was as if it had been a foreign government. Yes, the money used for the transactions came from taxpayers throughout Canada.

The motion blames the commission for not consulting the municipalities, the cities and the other associations and not co-operating with them. I would like to say that it is now easier to do so. The National Capital Commission has had four chairmen in the last ten years: Mr. Douglas Fullerton, Mr. Edgar Gallant, Mr. Pierre Juneau and the Hon. C. M. Drury.

At this point, I would like to make a digression. I was amazed by the comments of the hon. member for Ottawa-Carleton (Mrs. Pigott) when she spoke on January 30, 1978. She was referring to certain editorial comments at the time when Mr. Drury was appointed chairman of the National Capital Commission. But, Mr. Speaker, why express doubts when someone who has had political functions takes over other responsibilities? From the outset there seems to be some question as to the ability of this person to be able to meet the new challenges. I gladly join with my colleagues of Hull and Ottawa West with respect to the present incumbent of the chairmanship of the National Capital Commission, the Hon. C. M. Drury. I have known him for several years and he has been among other things Minister of Public Works. He is a resident of the Outaouais region and I am sure he will be able to meet the challenges of the new responsibilities he will be entrusted with.

Apparently, Mr. Speaker, the National Capital Commission is being blamed for various things. Yet we know that the National Capital Commission has also acted positively in a way which is to its credit, however I do not have enough time to mention them all in the course of the short period allotted to me. Nevertheless I hope that the population is familiar with the positive actions of the National Capital Commission as well as its accomplishments on both sides of the Ottawa River. I can think of one right now. Mr. Speaker, you are probably aware that before 1974 or 1975, when a civil servant or a passenger went from Buckingham to Ottawa, he had to pay twice. It was the same for a person from Ottawa who wanted to go to the Quebec side. Through the financial co-operation of the National Capital Commission and both communities, these passengers now have to pay only once.

The National Capital Commission also took part in road system improvements on the Quebec side on behalf of the Government of Canada, namely the widening of Maloney Boulevard and the building of the Portage and Draveurs bridges. I also hope that current problems over the construction of the water treatment plant in Templeton will be settled as soon as possible. The Government of Canada, through the National Capital Commission, is prepared to share the construction cost of this plant in Templeton.

Most everyone is aware of the existing problem. It was in 1977 that the prime contractor for the construction of the project, namely the Quebec government, called for tenders; the lowest bidder was a company with an office in Ottawa; for the

reasons we are aware of, construction has yet to start. Again on Thursday, the Minister of State for Urban affairs, the hon. member for Papineau (Mr. Ouellet), assured the Quebec Outaouais population that the federal government is still willing to help finance the construction of a sewage treatment plant. We know also that work has started on the regional main that will run from Aylmer to the plant at Templeton.

I mentioned that several witnesses appeared before the special joint committee for the national capital area. Mr. Gallant, who at that time was chairman of the National Capital Region, had tabled a document on the capital in the future. At that time it was considered a working paper. I for one opposed the development axis, on the Quebec side, being run towards the west only; other witnesses criticized the document saying the NCC seemed to concentrate its development on the two downtown centers, that is that of Ottawa and that of Hull. It seems that the NCC has since changed its mind.

Mr. Juneau, then its chairman, indicated that the main impact would be felt mainly toward the east, that is the city of Gatineau. It is understandable why I am pleased with that change of attitude. I have the honour of representing the riding of Gatineau here in the House of Commons. The most important community in that riding is the city of Gatineau. Another recommendation of the motion of the hon. member for Ottawa-Carleton advocates setting up a special joint committee. I share the views of my colleague for Hull (Mr. Isabelle) on that score. I am not in favour of a special joint committee but I would be agreeable to a new committee of the House of Commons. Or again, why not use the standing committees we already have? The National Capital Commission's experts could appear before the Standing Committee on Health, Welfare and Social Affairs to explain their estimates or else we could refer its annual report to that committee or to the Standing Committee on Miscellaneous Estimates for example.

Following an understanding between the House leaders, we could refer its annual report to one of those committees. But this should not be done when the committees are already examining estimates, but as you already know it is considered that by May 31 the estimates have already been referred back to the House. So these committees could put questions to the representatives of the National Capital Commission and even ask people from the outside, either representatives of the Outaouais regional community or representatives of the Ottawa-Carleton community to appear before them to give their point of view and explain to the members what aspects, in the actions of the National Capital Commission during the year covered by the annual report, invite criticisms.

I hope, Mr. Speaker, that the committee I mentioned earlier and which was established July 27, 1978 and reinstated December 13, 1977 will be back in operation. Because of events which may have been anticipated, the members of this committee had to go to Washington to get first-hand information on the operation of the federal district of Washington. But now that things are back to normal, Mr. Speaker, I hope that the committee will start operating again, that the members who had to go to Washington will be able to attend and that we will be in a position to submit a report to Parliament. But in order to do so, Mr. Speaker, the 90-day delay for submitting a report to the House of Commons as granted under a motion will have to be extended.

• (1732)

[*English*]

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, I rise on a point of order. The hon. member for Gatineau (Mr. Clermont) said that we criticized the appointments of Mr. Drury and Mr. Juneau. The point was the politicization of the role of chairman of the National Capital Commission.

Mr. Juneau is a defeated candidate. Mr. Drury was a member of this House, but he had also been appointed a northern affairs commissioner. He is turning out to be a part-time chairman of the National Capital Commission. We are concerned about the fact that 40 per cent of the land holdings in this region—

The Acting Speaker (Mr. Turner): Order, please. The hon. member has already spoken on the motion, and I would like her to come to her point of order.

Mrs. Pigott: My point is that we do not criticize Mr. Drury or Mr. Juneau personally. We criticize the way this government deals with the chairmanship of the National Capital Commission.

Mr. Ralph Stewart (Cochrane): Mr. Speaker, I have been a member of this House for almost ten years, and I am amazed at how the proceedings here are carried on. In spite of many of us having tried to effect changes by making suggestions and so forth, we are still going along in the same way. I give as an example the placing of business for private members' hour. We did not know until today that this subject was going to come up. It is the same thing every day. This is the private members' hour, and we insist on saying that we will suppress a certain amount of business or jump over a certain amount of business "at the request of the government". At the request of the government be damned. This is private members' hour, not a government business hour. I wish that could be understood by those who organize the business of the House.

Here we are in the national capital and the subject of the National Capital Commission is before us. Hardly anyone is in the public galleries. If the people of this area knew we were discussing this matter, I suggest that the galleries would be full because there is great interest in this subject among the people of this area. But how would they know we are discussing this when we did not even know that? We did not know it until this afternoon.

We have an order paper, which is an agenda. Every business and organization has an agenda. Our agenda is so vague that

rarely do hon. members know what is going to take place throughout the day, much less during the private members' hour. On Mondays we discuss notices of motions, but on a given Monday which notice of motion? We pretty well have to wait until we come to the end of the wire before we know which notice of motion will come before us.

We have before us a perfectly good motion which is of interest to many people, yet the people of Canada do not have the opportunity to tune in or come to this chamber to hear the debate.

I do not know whether in my dying days as a parliamentarian I can make my voice heard. It certainly has not been listened to very much with respect to the procedures of this House, in regard to which we are still in the last century. We still have not brought our business up to date, in spite of the fact that even the Mother of Parliaments has gone well ahead of us. We remain more British than the British.

I should like to come now to the essence of the motion before us and to commend the hon. member for Ottawa-Carleton (Mrs. Pigott) for having brought it forward. It contains a number of things about which the majority of the people on the special committee over the past few years would have echoed the same sentiments. I am afraid I cannot agree with my hon. friend, the Parliamentary Secretary to the Minister of State for Urban Affairs (Mr. Harquail), who has taken the position that there is enough accountability for the National Capital Commission. I am afraid I cannot agree with that. I do not like to disagree with my hon. friend, but the fact is that he, being a parliamentary secretary and in those exalted realms, must now not criticize too much or even seem to criticize the government.

I do not think it is a question of criticizing the government when I say that there is not sufficient accountability on the part of the NCC. The government agreed to set up a special committee to look into these matters. Hon. members will recall that in the first session of this parliament such a committee was set up. Throughout that first session the committee did a great deal of work and, as the House knows, I have the honour to be the co-chairman of that committee.

The committee went through what I refer to as kitchen work. We did the kind of work which had to be done but which perhaps was not very interesting to some hon. members because of the fact that it was tedious, laborious and repetitious. However, it was the kind of work which had to be done before we could go on to consider anything else. We had to listen to briefs. We had to read over many briefs and hear the points of view of as many groups and individuals as possible in order to apprise ourselves of what will be the need over the next 25 years or longer in the national capital area.

We have gone over this, and it is old history now but, unfortunately, during the second session the committee was not called together again. As a result a great deal of time was lost. Finally, during this present session we were called together again. The committee has tried to pick up where it left off and to review what had been studied in the first session. As a result, as has been mentioned by some of our colleagues here today, the committee is at work and is getting ready to prepare a report. In my view we could have used a lot more time in that committee. For this reason I rather like the idea of having a permanent committee to consider matters regarding the National Capital Commission, as suggested by the hon. member whose motion is before us.

I think it is essential to have a continuous process whereby the National Capital Commission reports to this House. This, of course, pre-supposes that the national capital remains in its present form or in a form similar to its present form. In our committee part of our work is to look at the whole governmental structure. We would like to consider, for example, whether the national capital area should be truly a national capital district independent of other governments. We would like to study whether it should be a state or a province and whether it should be represented by local politicians.

● (1742)

These are questions which were before us and these are the questions we wanted to consider. If we are talking about the National Capital Commission in its present form, there is no doubt in my mind that it should report to parliament on a regular basis. In the past, whenever NCC representatives came before us only a perfunctory examination was made of the commission's affairs. There has been very little accountability to the elected representatives.

The hon. member for Ottawa-Carleton mentions in her motion that the powers exercised by the NCC have been arbitrary. I would not say that the NCC acts in an arbitrary way and simply leave it at that, but I will say that the NCC has acted in arbitrary ways in the past. I am not saying it continues to do so. Indeed, as a result of the establishment of our committee and of the fact that awareness of what the NCC is all about has become so much greater, there has been an increased degree of co-operation and less arbitrary action on the part of some public servants. However, there have been many instances in the past of arbitrary action by the commission. Such cases were brought home to us by various witnesses who appeared before the committee.

When the special committee continues its work over the several months in which this parliament continues to exist, those who have not had the opportunity to visit another capital will be able to do so. As has been mentioned, the committee was to have visited Washington but the trip had to be cancelled because of work here in the House. I would hope that in the near future members who have not done so will avail themselves of the opportunity which will be given them to visit Washington and examine the structure there.

Although Washington is a national capital in the true sense, independent of other governments, there are some similarities to our situation here. The federal district is set up independent of other governments, but in practice it is not really independent. One of the things I admire greatly is the consultative process they have adopted. They have set up what is called a council of governments—they refer to it as COG. It is a voluntary organization inasmuch as people serve on it without

remuneration. Through this mechanism the viewpoints of various groups in the community can be put forward on a continuing basis.

I have always believed there should be much greater input from elected representatives whether of this House or of other governments. It seems to me that if the people have chosen certain individuals to represent them, those individuals should be given the opportunity to express their points of view on the governing of the national capital as well as with regard to other matters coming within their mandate.

I commend the hon. member for bringing this subject before us for debate. It could be said, as was said by the hon. member for Restigouche, that this is the kind of subject we should be discussing in committee. But what is wrong with bringing it into the House as well? It does not interfere with the work of the committee in any way. In fact it might have a beneficial effect in calling the attention of more people to the importance of what is going on in the national capital committee. It is not the kind of motion to which one says yea or nay, and for this reason I do not know whether it would do a great deal of good if it were to come to a vote. But whether we agree with everything in the motion or not, we should all realize that a body such as the national capital commission has got to be accountable to the elected people one way or another. And evidence has come before us to show that certainly in the past this has not been the case.

Some hon. Members: Hear, hear!

Mr. Stewart (Cochrane): Hon. members on both sides, I am sure, will agree with that. I would certainly like to see this subject pursued further, if not here, then in our committee. Let us examine it more deeply and try to produce a formula which will please the various points of view. I know there are some who think we should establish a federal district independent of the provinces. Then there is a whole range of opinions, even those who favour maintaining the status quo. Surely there must be some way in which we could find a compromise which would be satisfactory to the majority so that a more efficient way of running the national capital is found.

It seems to me that with the numbers of governments presently involved it is not possible to have a smooth running capital, an opinion which coincides with that of Mr. Fullerton who in his study said that we are overgoverned. It is time we found a way of cutting down the number of governments involved. Some sort of consultative process is the answer. I always find it amazing that when a meeting is held and a decision is taken with only half the members present, those who are absent are upset about it. But if the same decision is made with all the members present, they are all happy about it. This simply means that people like to be consulted. They want to be able to make their contribution. This is true of the national capital committee just as it is of an other committee or organization.

I commend this to you, Mr. Speaker—that the motion presented by the hon. member for Ottawa-Carleton be accepted and that we refer the content of it to the special committee so that we, in committee, may get on with the job.

[Mr. Stewart (Cochrane).]

Some hon. Members: Hear, hear!

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, in response to some of the issues raised by the hon. member for Ottawa-Carleton (Mrs. Pigott) on January 30, 1978, may I say that I understand she has received an extensive briefing by the staff of the commission. I should like to point out that conditions in the so-called work ghettos supposedly created by the federal government are improving daily, in particular in the Hull area where the opening of the Place du Centre and of the skating rink at Place du Portage greatly humanized the downtown area.

● (1752)

The National Capital Commission has made a major effort to respond to the concerns expressed by the Auditor General. As to the perceived differences between the planning proposals of the regional municipalities and those of the National Capital Commission, it has become clear that many potential issues have disappeared because of the changed growth prospects for the area. Now we know the capital area will not grow as rapidly as in the past. Continuity of the National Capital Commission management has been provided in part by the composition of its advisory committee on planning, design and property with Canada-wide representation.

I should like to reply to several aspects raised in the motion by outlining the accountability of the National Capital Commission, thereby refuting the suggestion that it is not sufficiently accountable. The National Capital Commission is, under the terms of the National Capital Act, the agent of the Government of Canada, charged with the responsibility to prepare plans for, and assist in, the development, conservation and improvement of the national capital region in order that the nature and character of the seat of the Government of Canada may be in accord with its national significance.

Since the NCC is not a local government, it is not directly accountable to a local electorate but, rather, is accountable through the government to parliament, which must approve the commission's capital budget.

Nation-wide input into policymaking by the NCC is ensured by its commissioners, who are chosen from every province in Canada. Strong local representation on the commission is provided by the requirement that, in addition to members from the provinces of Ontario and Quebec, at least two members be chosen from the city of Ottawa, one from the city of Hull, as well as two members from municipalities other than Ottawa and Hull within the National Capital Region.

All of the commission's significant expenditures must be approved by Treasury Board and governor in council, which ensure the strict accountability of the NCC to the government for its financial transactions.

The government's recently issued white paper on Crown corporations outlines a series of proposals which essentially

seeks to clarify and develop the relationships between Crown corporations, the government and parliament in the areas of policy and financial control, direction and accountability. The proposals also seek to clarify the roles of the governor in council, the appropriate minister, the President of the Treasury Board (Mr. Andras) and the Minister of Finance (Mr. Chrétien), as well as the managers of Crown corporations. These proposals maintain intact the links of accountability, control and direction to the government and parliament and leave untouched the present situation whereby Crown corporations are ultimately accountable to parliament through a minister of the Crown representing the ministry as a whole. The proposals, in clarifying and making more effective these relationships, are more of an evolutionary than revolutionary step. As applied to the National Capital Commission, these proposals should lead to a clearer relationship between it and parliament, and therefore an even higher degree of accountability than exists at present. The National Capital Commission has reviewed the white paper and is in agreement with its aims and objectives.

There remains a need for a certain degree of independence of the commission from the regular administrative structures of the federal government, commensurate with its status as a Crown corporation. This independence assists in the business-like management of the commission's extensive real estate holdings, as well as ensuring the continuity essential to planning and developing the capital. Thus it enables the commission to maintain a long term perspective on the development, conservation and improvement of the national capital region.

I should like to say a few words concerning the aspects of intergovernmental co-ordination in the national capital region, which is another area criticized by the motion. The new spirit of co-operation between the federal government and local authorities in the national capital region is witnessed by the meeting recently held between federal cabinet ministers, the chairman of the NCC, and the executive committee of the regional municipality of Ottawa-Carleton, which dealt in a frank manner with the thorny question of grants in lieu of taxation. The meeting participants were all agreed, while differences might remain, that considerable progress had been made toward a resolution of this question. The meeting is to be repeated three times a year to discuss matters of mutual concern.

In spite of the obvious difficulties inherent in relations with the government of Quebec at this time, the NCC is confident that important projects, such as the sewage treatment plant and Quebec road network, will proceed in the near future. The National Capital Commission also recently concluded an agreement with the city of Hull to exchange various parcels of land to permit the joint development of certain federal and city projects, such as the development of Parc Fontaine and the completion of the Parc Linéaire. The NCC is working closely with other levels of government and the general public in the planning and development of many projects, such as LeBreton Flats, Rideau Centre, and the Gatineau Park development plan. The commission has participated in the regional municipality of Ottawa-Carleton's rapid transit study, and there are plans to conclude an agreement with RMOC to reserve certain of its parkway corridors for the construction of rapid transit facilities.

Negotiations have been completed between the commission and the two regional transit commissions for an agreement which will provide them with a subsidy of $1.3 million in 1978. The NCC is co-operating with RMOC and the Commercial and Industrial Development Corporation of Ottawa-Carleton in a study of ways of softening the impact of the decentralization program and the Hull relocation program on downtown Ottawa.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but the hour provided for the consideration of private members' business has now expired. It being six o'clock p.m., I do now leave the chair until eight o'clock p.m..

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

ROUTINE PROCEEDINGS

[*English*]

COMBINES

TABLING OF REPORT OF ROYAL COMMISSION ON CORPORATE CONCENTRATION

Mr. Deputy Speaker: Order, please. I understand there has been an order of the House to revert to motions at this time for the purpose of allowing the Minister of Finance (Mr. Chrétien) to table a document.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, on behalf of the Prime Minister (Mr. Trudeau), under the provisions of Standing Order 41(2) I should like to table copies in both official languages of the report of the Royal Commission on Corporate Concentration.

GOVERNMENT ORDERS

[*English*]

CUSTOMS TARIFF

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Chrétien that Bill C-48, to amend the Customs Tariff and to amend an act to amend the Customs Tariff, be read the second time and referred to committee of the whole.

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I should like to participate in this debate on Bill C-48, to amend the customs tariff. If one were just to read the headlines of newspapers during the last week, one would see the dilemma facing many people in the business world today, particularly those involved in manufacturing. For example, if a person read the Toronto *Star* he would see the headline "350,000 jobs may be lost at world trade talks." There is then a statement made by some labour leaders indicating that six of them are flying to Geneva next week for a meeting with our chief negotiator, Mr. Rodney Grey, in order to discuss what they perceive to be a disaster for manufacturing industries in Canada.

If you read the Ottawa *Citizen* of a day later you will note that the man who arranged for these labour leaders to go to Geneva was Mr. Warren. The article urged Canadians not to fear the GATT Conference. This represents the centre of the problem or the dilemma they are facing. The chief negotiator suggests that we should not be afraid of what is going on at GATT, but the labour leaders are not convinced and find it necessary to send these people to Geneva to talk with our negotiators there and to determine what they can do to present their case.

We had a meeting with Rodney Grey, our chief negotiator. I believe it was the first meeting he has had with parliamentarians since he has been at Geneva. This meeting was arranged by the minister's parliamentary secretary, the hon. member for Stormont-Dundas (Mr. Lumley). We very much appreciate the efforts he made in having Mr. Grey appear at a luncheon meeting with members of the committee of finance of this House.

Mr. Grey did not tell us very much. The meeting reminded me very much of a meeting some members of my party had with Jake Warren a couple of months ago. At our request he met with a few of us. We heard a lot of words but nothing very much that was new. He spoke for about 45 minutes and answered questions for about 15. He gave overly long answers, and then unavoidably departed to attend a very urgent meeting at some other place.

That is an example of the kind of contact we have had about this matter. I can remember standing in this House on numerous occasions asking various ministers of finance—and there has been quite an array of them in the last few years—about what is going on at Geneva. They have all given answers which would lead us to believe that Mr. Grey and his officials who are at Geneva conducting the negotiations will look into matters. The ministers have told us they cannot give us details because these things are secret. The government feels the details are secret and they do not wish to give away our trade positions, thus letting the world know what we are doing.

● (2012)

When Mr. Grey came here we asked him about these negotiations, how he was going about them and what he was doing, and he said: "Really I do not do anything but negotiate and the points are all given to me by the Minister of Finance." This is typical of some of the confusion that goes back and forth. The Minister of Finance (Mr. Chrétien), his people and various ministers have told us that while Mr. Grey and his officials are doing the negotiating they cannot tell us very much. Mr. Grey, however, tells us he takes his instructions from the Minister of Finance.

This confusion is causing a great deal of concern in the business community. Indeed, several people I know in the business community have approached me, as they have various members of my party, and I am sure some members on the government side, and asked us outright what is going on at Geneva. They have been over there and all they get is a press briefing. I talked to the president of a large multinational corporation, and he could not find out what was going on in the Canadian negotiations. He finally decided the best approach would be for him to go to his parent company in the United States and ask them if they could find out from the American negotiators what the Canadian negotiators were doing. This is a ridiculous way of going about it.

When we read stories that agricultural exports would skyrocket but machinery and equipment industries would be a casualty, this has to be of concern to the manufacturing industries. That is the point I want to make here today. It is a terrible game that is being played and it is much like Catch 22. The minister says that Mr. Grey and his people are doing the negotiating and Mr. Grey says that he is only carrying out the instructions of the Department of Finance.

You would have to ask, in the face of that, why these six labour leaders are going over to Geneva. What is the purpose of their going there? Where is the Minister of Labour (Mr. Munro)? He must certainly know what is going on and what the Minister of Finance instructs the negotiator in Geneva to do. Would it not be more logical for the Minister of Labour to arrange a meeting with these labour leaders and somebody in the Department of Finance so as to have their fears allayed? But no, the game is played and Mr. Warren, who tells us not to be worried about what is going on at GATT, arranges for these people to go over to Geneva when it all could have been looked after here in Canada. As is usual, the left hand does not know what the right hand is doing, but that is nothing new.

There is a real crisis in our manufacturing industry, and it stems from the introduction of the DISC program in the United States. Under that legislation, an American corporation taking part in the program has the facility of being able to retain 50 per cent of its earnings on exports tax free at the pleasure of the President. In fact, what the President has done

and what the United States government has done is provide interest-free, tax-free working capital in the form of tax funds to American corporations. The difficulty is that Canada has never really responded to that legislation. We have no alternative for it, and as a result over a period of years we have seen a number of companies that were in Canada and manufacturing here look at the DISC program and the relative tax breaks the United States have over Canada and decide that their best bet is to move their plant to the United States and take advantage of this program.

When the hon. member for Stormont-Dundas and myself were down in Washington in January we heard the American government officials say that the President would like to cancel the DISC program. The President may, but whether the Congress will cancel it is something else again. At a time when Canada is looking for more investment from the United States, when we and the Americans are seeking more employment and they are seeking to wipe out a trade deficit, whether they are going to upset the DISC program remains to be seen.

Another program that will have as much impact as the DISC program is the tax proposals being put forward by President Carter in which the profits of overseas subsidiaries of American corporations are taxed in the United States. The object here is to repatriate those companies and those jobs back to the United States to create more employment there and help their trade deficit problem. So the net effect of the DISC program and this new proposal of President Carter's, if it is accepted, will be the loss of jobs to Canadians.

There is a further problem which will affect Canada and it is a serious one. It concerns a case presently in the U.S. supreme court that has to do with tariffs, and it could drastically affect Canada. This is the Zenith television case, and the Germans, French and Japanese call it a "trade time bomb" because that is how critical it is. The details behind this case are somewhat complicated but I think I can simplify it. In most western countries and in Japan there is a value added tax or a retail sales tax, and if you buy something you pay the tax on it. But if you export that product you get a rebate on the tax you have paid. What Zenith has said to the United States tariff board is that this rebate in fact is a bounty. This is the wording that appears in their 1895 tariff act.

The case is so critical that Zenith appeared before the tariff board and they turned them down. They then appealed and the matter went to a higher court where it was upheld unanimously by the three judges. The treasury department in the United States then appealed that decision and it has gone all the way up to the supreme court where it has been heard by the nine judges there. What will it do to Canada and these other nations if it is upheld by the supreme court? It would mean there would be a countervailing duty of 12 per cent in the United States upon any product of which a 12 per cent sales tax is charged in Canada. It would mean that most Japanese products—it does not really concern us, but it is all part of the same thing—such as Japanese sporting goods, would bear a 30 per cent countervailing tariff, cameras 16 per cent, French luxury items 33 per cent, wine 17 per cent, most German products 11 per cent, the Netherlands' products 18 per cent, and goods from Canada 12 per cent.

We can sit back and say the Americans would not allow this to happen. I can tell the House that U.S. Steel has filed a brief in the supreme court as has Ford Motor Company. U.S. Steel has said, "Go ahead, we would like you to put a countervailing duty on European steel coming in from the common market countries because that is one of our difficulties; we cannot compete with the rebate they get when they export that steel." The Ford Motor Company has asked for an exemption from their own foreign subsidiary shipping back to the United States, but the Ford company has urged the supreme court to retain or apply a countervailing duty against cars manufactured by other than U.S. companies.

I have mentioned these concerns because these are the things that businessmen are reading about. This, plus the general confusion in the country regarding GATT, our tariff situation and customs, is part of the difficulty we face. It is part of our employment problem, part of our inflation problem and part of our trade problem. This is one of the difficulties we must address in the months ahead.

● (2022)

I know there are some businessmen in the House but I do not know how many have had to sit around a board table and try to make decisions on situations such as this. As the article I referred to pointed out, the machinery and equipment business is supposed to go down the drain. Last year there was a trade deficit of about $4 billion in general machinery. That is, we imported $4 billion more that we exported. In other words, Mr. Speaker, there is a $4 billion market in general machinery available to us. I want to know why something is not done about it. It is a very significant market.

Last weekend I read an article which said that Westinghouse and General Electric are fighting over the light bulb market of $200 million and are spending millions of dollars to produce a new shaped bulb. It is a $200 million market and they are ready to spend millions to get it. What I am talking about is the $4 billion machinery market in Canada.

In white goods alone—washing machines, dryers, refrigerators and so on—our deficit last year was $970 million. We imported $970 million more in that line than we exported. That, too, is a very significant market and I suggest we could make a good proportion of those products in this country. There is no need to have one million unemployed. The application of the customs tariff is very uneven across the country.

Some months ago a group of people from Winnipeg came to Ottawa to complain that they were paying a different rate of duty on automotive products imported from the United States from Ontario, which in turn was paying a different rate from Quebec.

At any business convention the conversation is about differences in trading practices. The application of tariffs is uneven not because of any tomfoolery but because of different interpretations of the act. That is why the businessmen came from Winnipeg to talk about it. Because of the tariff on their

product, they were losing business to people in Ontario who could bring the same thing in from the United States through Windsor or Niagara Falls at a different rate. That is not right, Mr. Speaker.

The Department of Industry, Trade and Commerce set up a machinery board to give remissions on duty and we have been having difficulties with it. I could speak for four hours on the misapplication of the act. A duty is charged on a product because someone says they are manufacturing it in Canada but the board does not check back later to see whether they are still manufacturing it. Sometimes it is only a few months before the manufacturer ceases production but the duty is still applicable. This is the sort of nonsense that goes on.

I am just appalled at the lack of co-operation and information given to members of parliament in regard to the GATT negotiations. Surely at least one of the recent ministers of finance must have felt that it was important to have the support of this House on such a complicated matter. If members were well briefed they could talk to businessmen in their communities about the GATT. We are all invited to speak to business seminars around the country—at least members of my party are. I do not know about members on the other side; people do not want to hear from Liberals. There are no politics in tariffs. We should be able to explain our negotiating position to the business world, but all that the last four ministers of finance have given us is mumbo-jumbo.

When Mr. Grey went to Geneva, a cocktail party was given for him. He was reckoned to be the greatest thing since sliced bread. I think he turned out to be the best civil servant for skiing in the whole country. The government has lost the opportunity to inform the business community where we stand on GATT. Every time I go back to my constituency I am confronted by businessmen asking about what is going on at the negotiations.

When I was a boy a company in my area made vacuum cleaners. Not one vacuum cleaner is manufactured in Canada today. That factory in Hamilton employed 1,500 people. When we think of the number of houses built in the last 25 or 30 years, the broadloom used in those houses, in factories and offices, we must ask why not one vacuum cleaner is manufactured in Canada today. The last company to manufacture them closed last spring because its American parent underbid on a large order to a chain outlet in Canada. That is what is happening.

Business people say that when they talk to officials in Ottawa they are told that one of the casualties of the GATT negotiations will be the electrical appliance business. Yet we have a trade deficit of $970 million and what are we doing about it?

Then there is the matter of communications equipment. Even with all the crying the NDP does about Northern Telecom, there is a deficit in communications equipment of $1,200 million. There is hardly any group of products in which we do not have a sizeable trade deficit. I think the smallest deficit is about $50 million for railway equipment. Everything else is in the hundreds of millions or billions of dollars. To me that indicates a market. If you talk to any businessman about business he will ask what the market is, and if you say there is a billion dollar market he will get pretty excited.

I get pretty discouraged, Mr. Speaker, about our one million unemployed when I think of our negotiators, many of whom have had no business experience whatsoever. If they have a callus on their hand it must have been transplanted. Officials in the Department of Finance tell us that this industry must go and that industry must go. All they can talk about is economies of scale. That has been the buzz word. In the Department of Industry, Trade and Commerce the buzz word is "rationalization"—you have to rationalize everything.

● (2032)

In 1972 the minister of industry, trade and commerce of the day was talking about the sectoral approach. In 1973, 1974, 1975, 1976, 1977 and the other day we heard it again. That period encompasses four ministers and six deputy ministers, and we are still studying the sectoral approach to our industry. My God, they are negotiating in Geneva on a sectoral approach—

An hon. Member: It is obscene.

Mr. Kempling: It is obscene, but not in the way the hon. member is suggesting. That is the difficulty that we have. We have people who are making these decisions at a high level in the bureaucracy who really do not know. I have sat on boards of directors and I have sat with businessmen during the past two or three years while the GATT negotiations have been heating up. These negotiations are about three years behind time; they are about three years late from when they should have been completed.

I have listened to these businessmen and they have said that they do not know whether to expand their plants or not. They have said that they have been confronted by a terrible dilemma by listening to the President of the Treasury Board (Mr. Andras) when he suggested last summer in Toronto that if people did not get off their butts and invest that perhaps the government would invest in industry. A little later someone said to me: "I heard the Prime Minister tell us that the difficulty with Canadians is that we are spending too much." Then the Minister of Finance came along and told us to spend more in his last budget. At the same time these negotiations are continuing in Geneva. People do not know whether to expand, to contract, to go into business, to buy more machinery, or to wait until the GATT negotiations are completed, if they are ever completed. They just do not know what to do. That is all part of the floating and bobbing and weaving that is going on in our economy today. I think it is a shame that we cannot have more precise information.

We must consider as well the non-tariff barriers which we know are a difficulty in Geneva. This time bomb trade I was talking about earlier is a sort of non-tariff barrier. There are others and we know they are all very difficult. Mr. Grey said that there were not too many difficulties with the tariffs per se, the difficulties were with the non-tariff barriers. We can see a

growing feeling of protectionism in the European countries. I would have to be convinced that the Europeans will open up their agricultural markets to the Canadians. I will never believe that.

Some time ago I did a study when I had nothing better to do of the agricultural distribution in France. After going through that exercise I can assure the House that if France ever gives way and allows their agricultural market to open up to Canadians, then it will be a raw day.

We have to look ahead now and consider what will happen if there is an impasse at Geneva. Where do we go from there? Do we continue or form some sort of broader trading agreement with the United States whereby we can try to even up some of our tariffs and divide some of the production? Should we renegotiate the auto pact or have another close look at the auto pact? Maybe we can extend it into some other area. We will have to examine that. While a lot of people believe that something will come out of the GATT conference, the current opinion that I have gathered from people who have been there is that if there is any settlement made it will be a political settlement. In other words, political leaders will have to knock the heads of people at the meetings and say: "This is the way it is going to be". Of course, the political leadership we have in this country places Canada in a great deal of jeopardy.

Those are concerns we have as we progress with Bill C-48. Later I will go into this bill clause by clause and discuss some of these individual items. No doubt this bill will pass in due course. There seems to be no reason to hold it up. However, this is a good opportunity for us to express our concerns. We can indicate to the government opposite that there are people in this House who are knowledgeable in the trade field and who should be brought into the trade discussions. We should be told more of what is going on so that we can do our job effectively as members of parliament and also make a contribution to those negotiations.

Mr. Ron Huntington (Capilano): Mr. Speaker, like my colleague the hon. member for Halton-Wentworth (Mr. Kempling) I take this opportunity to put on the record a few comments concerning Bill C-48, an act to amend the customs tariff.

These hours in the history of Canada are very important. I wonder if many Canadians realize the onus and the weight that is on the shoulders of the negotiators in the Tokyo Round of the Geneva General Agreement on Trade and Tariffs as it concerns the standard of living that is ahead for all of us in Canada. The current GATT negotiations which have been in place since 1973 are probably one of the most fundamental and important negotiations that are going on in Canada's history, and will determine well into the next decade the standard of living and the nature that Canadian life will take. They will determine the extent of growth in the g.n.p. and, in general, the position that we will be taking in the industrialized world. They involve a progressive dismantling of barriers to trade and will establish the framework in which such trade will be conducted.

We are negotiating tariff levels, a proposed elimination, and a reduction of barriers. We are negotiating proposed codes of international conduct. We are concerned about the technical standards that are imposed by the various nations negotiating in GATT. I might say this involves about 95 per cent of the trading world. It is only the People's Republic of China, the U.S.S.R. and a few Middle East countries that are not involved in these negotiations. We are dealing with and are concerned with government procurement policies, both here and in other countries. We are dealing with basic rules involving subsidies.

My colleague the hon. member for Halton-Wentworth (Mr. Kempling) described the DISC program in the United States. I know personally of transport subsidies which interfere with proper trade. Countervailing tariffs are another matter which give us very serious concern in these negotiations.

The bureaucrats who carry this weight in the negotiations have talked extensively, I understand, with many associations in Canada. The input into these negotiations has been pretty much one way. They have talked to various associations in agriculture, the Horticultural Association, the Canadian Food Processors Association, the Canadian Federation of Agriculture and the Canadian Manufacturers' Association. All of these groups have had their input into the matters that we need to discuss in these negotiations. There have been interdepartmental committees at work. As I said, I do not think there is anything going on that will have a greater effect on our lives tomorrow and well into the eighties and nineties.

The tentative lists of these agreements have been tabled in Geneva. They indicate the specific concessions in each field that each country wants to be negotiated. These include both tariff and non-tariff measures. We are told that these lists should remain confidential. I question the validity of that. I am sure the negotiators on behalf of the industries in the United States are not kept from further input during these trade-off sessions. I do not know why the people and industry of Canada should be held under a cloak of secrecy in matters as important as the GATT negotiations now going on.

● (2042)

One of the serious criticisms that has to be made is the one way or diode nature of the inputs. A lot went in. Nothing is feeding back. The people in the industry of Canada who are vitally concerned, and the associations vitally concerned, should be part and parcel of the amendments to these negotiations. I would like to see us improve in matters of this importance the consultative process in the country so that we can share in, and perhaps remove some of, the burden that is on these negotiators.

I spent many years in the farm community. One example was brought to my attention by consumers in my constituency whom you would think would normally be concerned about the purchasing power of their spending dollar. Their priority concern is the condition of Canadian agriculture. That was quite a surprise.

I started to read up on this subject and the plight of Canadian agriculture, particularly the fruit and vegetable industry. I found that the former minister of finance, twice removed, was expressing concern on this point. He pointed out the diminishing level of protection against imports, particularly as it affected fruits and vegetables. He also stated that the existing level of tariff structure could not provide sufficient protection for our agriculture industry.

This problem started in 1971. It did not affect just agriculture. Something fell into place. Something started to happen whereby the end products of Canadian manufacturers started to go into a strong deficit position. When a trend starts in 1971 and the government hopes and dreams it will be cyclical right up until today, when there is no chance of that problem being cyclical in fact, then there is something seriously wrong.

Can the government give us any answers as to what started going wrong? Was it the non-tariff trade barriers put in place by the United States? Was it DISC? Was it the Benson tax act that started to remove the decision-making base for Canadian industry and Canadian businessmen? What started to happen in 1971 that has delivered us into the very serious trade deficit position we now have?

As the hon. member for Hamilton-Wentworth stated, there is about $970 million worth of white goods in a deficit position because they are no longer being manufactured in Canada. You would think that in the heartland of the industrial sector of Canada technology could be put into place. Surely there are some investment incentives to keep that type of industry and work force going in Canada. However, that is not the way it is. Something is tragically and basically wrong in this country.

For the past year I have been deeply involved in this House trying to point out, not only before an anti-dumping tribunal but to the House, that it is not just a bilingual problem in Canada that is causing our unity problems, it is a regional problem. Where I live on the west coast, there is proximity to the Pacific rim trading countries such as Japan. We trade north and south with the west coast of the United States. We deal with all of the Asian countries. It is a market unto itself.

You cannot look at Canada from the Atlantic Ocean to the Pacific Ocean as a single market. You cannot put in place anti-dumping tribunal rulings to protect a single producer here in the industrial heartland of Canada. At no time we on the west coast fought against or argued against proper anti-dumping procedures. However, some markets are injured and others are not. When we have a blanket policy putting in an anti-dumping barrier, such as on wide flange steel beams, we do irreparable harm to the steel fabricating industry on the west coast. We threaten 1,500 to 2,000 jobs there. The normal, traditional, historic market for the steel fabricating industry in British Columbia is lost. Where does it go? It goes into the heartland in the central industrial sector of Canada. We say that just is not fair. That type of law or legislation is obsolete. Somehow or other we have to get the ear of the government about this. Otherwise it will flair up into a situation that will compound the problems that Canadian confederation faces today.

[Mr. Huntington.]

We do not go against GATT if we recognize there is more than one market in Canada. In fact, if GATT is there for the purpose of liberalizing trade and if we are to acknowledge there are markets in Canada where injury exists and at the same time a market in Canada where injury does not exist, we are then within the spirit of GATT and need no amendment to it. Surely we are within the liberalization principles of GATT.

I urge those on the government side who are responsible for this regional inequity to hear the call from the west. Canada cannot continue to exist strictly for centralist industries and interests. Those industries have to be spread. There has to be an open spirit of negotiation. We in the west are pleading for that. I have just suggested one of the ways to resolve the problem for us there.

Something else that troubles me is the lack of in-depth marketing studies that precedes very serious decisions on the part of the Department of Industry, Trade and Commerce. They react to lobbying from certain specific interests. They put quotas in place. However, when you telephone to ask what they have done in the way of an over-all market study, studying spinoffs and negative effects as well as the positive effects of putting in quotas, you are quite shocked at their reply. They say they do not know because they have not asked those questions. they have not talked to that segment of the industry.

When all hell breaks loose and the world caves in around these people, when their offices are filled with protests and they do not have the trained manpower to handle the situation, they wonder what hit them. That kind of confusion and turmoil could be prevented if before some of these decisions were made by the Department of Industry, Trade and Commerce they did a proper in-depth marketing study.

They should not place total emphasis on self-interest groups that are after a specific degree of protection. They should provide protection, but only providing it is given in terms of total man-years and total Canadian payroll. There should be more benefit to Canadian industry, rather than the disturbance caused to the importers and the retailers who also make up an important payroll in Canada.

● (2052)

I call for an overview. I call for more in-depth marketing. I call for more research behind the decision-making process of the Department of Industry, Trade and Commerce. The department just does not anticipate side effects. After the department got into textile quotas—I knew it had been warned by wave after wave of interested, knowledgeable people in the industry—I asked if it had given consideration to any of the things that were going to happen, and the department said no. I have asked well meaning individuals who are every bit as concerned about this country as I am if they had any idea of what they were getting into, and they said no, which just bears out the point I am making. There must be a complete lack of research behind some of these moves.

We are trying to protect the textile industry, yet the United States realizes that that is impossible for them. Their technolo-

gy, industrial capacity, productive capacity and work force capacity is greater than ours, yet that is an industry the Americans are phasing out to third world countries and to emerging young industrial nations. Japan is doing the same thing. Surely to goodness part and parcel of the decision-making process here in Canada involves some of those attitudes, some of that experience and some of the marketing studies other countries have done.

I will give the example of shoe quotas. I telephoned the Department of Industry, Trade and Commerce and asked its policy section if it had any idea of the man-years it was protecting by putting the quota in to protect the shoe manufacturing industry in Canada. I was told that that section did not look into that. It did not ask those questions. I did not know the answer, but I subsequently found it in a research paper put out by the footwear import committee. I found that from 1972 to 1976 that industry actually suffered a loss of 345 man-years of work. Was that loss due to imports? Was it due to increased capitalization of plant to improve the productivity of that industry in Canada?

I also asked how many of the Canadian shoe manufacturers are importers, and hon. members would be absolutely startled if they saw the list of Canadian shoe manufacturers, protected by the quota, who are importers of shoes. They have it both ways. They have protection for their manufacturing capacity as well as quotas. I also asked whether there was any value tied to the quota system, and the answer was no. So what did we have? We had one gentleman, for example, bringing in hundreds of thousands of pairs of inexpensive beach sandals. He was given quotas, and he made a small fortune selling them off.

Have these quotas on textiles and shoes helped the low income earner in Canada? No, they have not. These policies have been very inflationary. The average industrial wage in Canada is about $13,000. It is pretty difficult to raise a family on that kind of money today, but are we helping? Are we improving the purchasing power of wage dollars? With these kinds of policies, no, we are not. Importers have overheads, incomes and whole organizations. Travel expenses have gone up. Importers have stopped bringing in shirts at $40 a dozen; they now bring them at $80 a dozen. All of a sudden the market has dried up for low income earners. These are the distortions. When we ask the dreamers who make the decisions which affect us all if they foresaw anything of this, all they do is shake their heads. I take this opportunity in this debate on Bill C-48 to call for in-depth research into these matters which have such a wide and broad effect on all of us.

I sometimes wonder whether policies such as textile quotas and shoe quotas are really deliberate. Are they out to destroy the small business sector of Canada? What is happening in the shoe and textile industries today? Shoe manufacturers are eliminating their accounts receivable problems. They are dealing with big stores. They are dealing with chains. They do not want to take small, nuisance orders any more, and this is seriously distorting the distribution of footwear in Canada.

Surely to goodness a proper study would acknowledge that we are going to have a small business sector. We have a small business ministry. Is that just in name, or does it function? Has the Minister of State (Small Business) (Mr. Abbott) studied any of the complaints of small retailers? Has he learned about their inability to buy from Canadian manufacturers? I do not know. I think there is a serious inequity which has developed here too. I am told that Canadian manufacturers are not price gouging, that they are being quite responsible with regard to prices. But I am also told that their deliveries have slowed down. Just last April one very large manufacturer advised a buyer in the west that the fall production was all sold out. This indicates that Canadian capacity has been reached. Are the people in the Department of Industry, Trade and Commerce watching these indicators? Is the department increasing quotas to prevent a shortage and to make sure we have full distribution? I say again that in both these commodities it is the low wage earner who has been hurt.

One other aspect I should touch on has to do with waste. We have done a good job of hammering waste in government. I am a member of a committee of this House which is doing some very structural and fundamental work to create a consciousness about waste. I think there is good evidence to back up the figure of some $2 billion in government waste. That has been expounded upon, and the people of Canada are becoming very aware of this. However, that figure is infinitesimal compared with the waste we have allowed to be built into our total system. Waste in the industrial sector is unbelievable, and herein lies one of the biggest challenges and concerns we have in Canada. Waste is built into our system. The very taxation system we impose on the incentive sector builds in waste. We tax those who are efficient and those who earn profits. Perhaps we should start thinking about those economists who are questioning the old authority. Perhaps we should start slowly phasing in a tax on net cost and start reducing the tax we have on efficiency or on profit.

That brings me back to GATT. I do not know how the negotiators we have at the conference table can do justice to the Canadian scene without a national industrial strategy being in place. Our negotiators are listening to specific lobby and interest groups. They are looking at total figures and attempting to balance them by sawing off here and there. It is ad hocery all down the line. How we can deal with something as important as GATT without a national industrial strategy, or at least the framework of one, is absolutely beyond me. I suggest that the generation tomorrow will be paying for our shortcomings today in these very important negotiations.

Much of our trouble today came with the 1971-72 tax legislation. I think that the socialist input into that taxation philosophy of "a buck is a buck is a buck" is probably the most dishonest, shameful and harmful thing that has happened to us. I say this because the civil servant who is spending money on behalf of the government, the bureaucrat who is designing the expenditure, does not put the same value on the dollar as people in the private sector. When the private sector has a dollar of earnings or profit, the rate of tax is so high that a

dollar of Canadian after tax profit is too valuable to risk unless in a high capital, turnover situation.

• (2102)

Though not discounting measures such as DISC, I think a great many of our troubles started with that taxation act which turned a basically simple system into a complicated monster which has effectively removed decision-making from the private sector in Canada. We are surely paying the price for that folly today. The only way out is to start removing the tax on incentive and efficiency and begin to tax costs. That is the only way in which we shall be able to wring the waste out of the system and bring the industrial sector back into a competitive situation vis-à-vis the United States, the emerging Asian countries and our industrial colleagues in Europe.

I criticize tonight the floundering decision-making process within the Department of Industry, Trade and Commerce. I think it is having a tragic effect on the world of productive work in Canada. I do not believe we shall be able to turn this drift into national bankruptcy around until we put in place an industrial strategy for the medium and the long term which would be subject to continuous amendments as conditions in the world marketplace demand change. We have to stop taxing efficiency and begin giving awards to those responsible for efficiency and frugality for those who work. I see no other way in which we can produce our own capital on the scale required for capital plant and expansion, for putting in place the infrastructure needed for transportation and for the development of new frontiers of energy. All this is necessary if we are to remain an industrialized nation. It will take some basic change in the policy and thought processes of the government before any of this is likely to change for the better, allowing us to realize a more equitable distribution of our gross national product.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to make a few brief comments on Bill C-48 now under consideration. Canadians generally probably feel that Bill C-48 is far from being clear enough to enable them to discover whether their interests are adequately protected, especially as far as industry is concerned. Perhaps there is some protection at the commercial level but, in my opinion, this is not clear enough.

The bill refers of course to many tariff items with which most Canadians are not too well acquainted and for that reason, Mr. Speaker, I would like to point out once again to the House that those who draft the bills submitted to the House should make their contents more explicit because after all those bills are meant for Canadians. They are the ones who must live with them, comply with them, apply them in their midst and it seems to me that the more explicit and understandable they are for the entire population, the easier it will be for the government to administer them.

[Mr. Huntington.]

Mr. Speaker, I was for many years—I would not want to give away my age by saying that—secretary-treasurer of a municipality. As all other municipal secretary-treasurers in Quebec and in Canada I was called upon, at the request of the mayor and of the councillors, to draft regulations, and I always tried to make them clear so that the ratepayers could understand them and apply them more easily. I also had a hand in drafting releases to be distributed to the families of the municipality informing them of the decisions handed down by the municipal authorities in the best interest of the ratepayers. Since coming to the House of Commons, correct me if I am wrong, I have tried to follow the same principles, and at least I tried to have an input so that the laws by which Canadians have to abide be as clear as possible.

I am reminded of the hon. member for Lotbinière, Mr. Auguste Choquette, who was my opponent in the Bellechasse riding and who was not so fortunate in this race; in any event, that is not the point.

He said in this House that our statutes must never be too explicit so that lawyers can have some work to do in trying to explain them to the public. I am sure that he was joking on this occasion, but this is contained in a speech that he made in this House, as anyone can check from *Hansard*. In my opinion, the legislation we make should be much clearer, much more explicit so that the people concerned who have to live every day with laws passed by Parliament may understand clearly why the legislators included such or such a section in a bill.

I see the hon. Minister of Supply and Services (Mr. Goyer) smiling, but looking at him, I am convinced that he is thinking: "Oh Lord, how true!" For my part, I have always thought that it was much easier for a government, whether it be at the federal, provincial or municipal level, or a school board, to govern in the best interests of the population when the population understands the reasons for such or such a decision.

Mr. Speaker, I have merely glanced at Bill C-48. I cannot say that I have studied it in depth as we should normally do because we do not have enough time. In any event, I have found that it would serve the interests of the population as well as those of the government if our laws were more explicit or certain sections better explained so that the population might well understand the reasons for them and see whether they actually safeguard the interests of the individual rather than those of people who are in the import business to make profits. Mr. Speaker, what Canadian workers expect above all from Bill C-48 is that the government refuse entry into Canada of products that would compete with the capacity of Canadian industries. And I imagine the situation is the same for workers elsewhere, be they Americans, Africans or Asians. In short, workers anywhere look after their own interests and they want the industry to allow them to make a living. They do not want to see trade come in conflict with their own interests in such a way as to make them join the ranks of the unemployed.

Mr. Speaker, I agree that Canada should trade with other countries. That is quite normal. We should be allowed to export to other countries products which they cannot produce themselves, but in return they should be able to sell us those products which we are not in a position to produce domestically. I agree with the establishment of tariffs to control trade. But care should be taken that trade is done on a fraternal basis and not in a spirit of competition which could create hatred between people instead of bringing them together. Mr. Speaker, parliament should not allow trading for the sole purpose of bringing profits to those who have the advantage of holding a commercial monopoly. We had that situation before when we found it most difficult here in Canada to secure markets for our beef or pork while at the same time we opened the doors to pork or beef imports directly competing with the production capacity of our Canadian producers. Of course some improvements have been made in that respect and I am pleased to say here in the House that very efficient measures have been taken and have improved conditions in that field. Canadian producers are right to be proud of them.

• (2112)

Mr. Speaker, we also have in Canada the textile and clothing industry and there are several industries of that type in my riding which provide a living for hundreds of families. The textile and clothing industry has been facing many difficulties in the last few years. There have been massive lay-offs due to unduly high imports under the pretext that a shirt from Taiwan costs $4.50 when a similar shirt sells for $9 in Canada. But the cost value of a product is not everything, we should also compare quality and consider that even if we pay less for imports, if we have thousands of idle workers living on unemployment or welfare allowances, it has an effect on the tax level and ultimately consumers have to pay a price equivalent to that of the Canadian product while they create unemployment.

Mr. Speaker, I accept and recognize that the recent GATT agreements have brought some improvements in that field. I asked that question not so long ago of the Minister of Industry, Trade and Commerce (Mr. Horner) and he gave us very interesting statistics on the behaviour of the textile and clothing industry. But we should be careful and very vigilant because as soon as you relax there is always someone ready to take advantage of the situation. This is why I urged the government to be very careful in its negotiations with the various countries of the world.

Mr. Speaker, as concerns food products we import 40 to 50 million pounds of different types of cheese when we could encourage our own dairy industry to find the means to produce other types of cheese which would place our dairy producers in a better position. Mr. Speaker, a great many young farmers and young dairy producers who believe in agriculture and in the future of our dairy industry have committed themselves financially. They have incurred financial obligations geared to their production capacity but one day their quota has been reduced without any consideration for their financial obligations towards the Canadian Farm Credit Corporation, other farm credit offices, banks, caisses populaires or other financial institutions.

Having the volume of production which is necessary to meet their obligations these young farmers are unable to market their production; their obligations remain at the same level but their production quota is reduced. So they cannot make enough profit to meet their obligations. We now have many young farmers who become discouraged and simply leave their operations; they go bankrupt precisely because of a lack of foresight on our part as far as the import of dairy products is concerned. We are not vigilant enough, we should make more efforts to have our dairy production transformed into all kinds of products to enable this industry to thrive and thus ensure the survival of our agriculture, of our dairy industry all over Canada.

Mr. Speaker, another sector which has suffered directly from our lack of foresight is that of farming implements. You remember that a few years ago a commission was created by the Government of Canada to inquire into spare parts for farm machinery, namely the Barber commission. That commission did a terrific job. It reported to the government, to the House, but most of its recommendations have been pigeon-holed. And, today, parts for farming equipment have reached a price level that makes absolutely no sense, that is way beyond the capacity to pay of most Canadian farmers who have to buy them to keep their machines operating properly. There again, when dealing with other countries, the government should pay special attention to farm equipment parts so that their prices can be more in line with the purchasing power of their users. Mr. Speaker, I am not blaming those people, or businesses who must keep huge inventories of spare parts for farm machinery. They, and their industries, are subjected to trading conditions that escape their control. Obviously, if they buy a part that costs them $20, they cannot sell it for $19. But, Mr. Speaker, that is where the Minister of Industry, Trade and Commerce (Mr. Horner) is failing us. When he sat on this side, with the Progressive Conservatives, he spoke the way I do today; he seems to have changed his mind since he has gone over to the government side. Tonight, I make a special appeal to the Minister of Industry, Trade and Commerce: let his administration, let him, have the same attitude that he displayed when he was simply an hon. member of the Progressive Conservatives, of the opposition. Mr. Speaker, I do not think I am insulting the minister by reminding him of his attitudes and words. I think it is logical, as we are studying this bill, to emphasize that the people who are responsible for signing agreements with other countries, should always regard the interests of Canadian producers of primary products as their first priority. Mr. Speaker, Bill C-48, now before the House, does not seem like an extraordinary bill but still its contents will have consid-

erable impact on the trading future of our country in the fields of textiles, footwear and agriculture.

That is why we have to make sure that this bill will be studied very thoroughly in committee of the whole so that various clauses may be clarified. I hope I will have the opportunity, if possible, to take part in the proceedings of the committee when the bill is referred to it and elaborate on the brief suggestions I made to the House in this second reading debate.

● (2122)

[*English*]

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I do not think that over the years there has been a subject I have heard more discussion of than this one of customs tariffs. I say very bluntly from what little intelligence I may have and from bitter experience that the whole philosophy of customs tariffs is obsolete and has been for 35 or 40 years. I say this with great feeling because I have watched the nations of the world gather together under the General Agreement on Tariffs and Trade. This was not really a world-wide group of nations by any means. It was nothing more than a rich man's club which periodically handed out a few crumbs at the gates of the poor nations of the world.

In 1977 there were at least some crumbs handed out to these nations, but these particular changes under discussion in Bill C-48 are aimed at one thing, and that is to stick a finger, or perhaps two fingers, into the side of the United Kingdom. As we read through these items we find over and over in respect of these changes, particularly in the schedules, the reference to the fact there is no change except in the case of any such goods that are the growth, produce or manufacture of the United Kingdom of Great Britain and Northern Ireland, the Channel Islands, et cetera. If we go down a little further we will see the same thing; there is no change in the tariff rates except in the case of any such goods that are the growth, produce or manufacture of the United Kingdom, Northern Ireland, the Channel Islands, and so on. This particular group of nations is mentioned because the United Kingdom has gone into the common market and the tariffs come under the "most-favoured-nation tariff".

Obviously the negotiators are playing with minute little changes at the present round of talks. My view of GATT is well and clearly understood. It is nothing but a rich man's club to make the rich richer and the rest of the world poorer. The great majority of nations in the world do not belong to GATT and do not receive its benefits, even though we do hand out a few crumbs periodically.

In suggesting that the tariff philosophy is obsolete I speak from bitter experience, with the knowledge that the actual tariffs set by various countries are meaningless. What is really important are the non-tariff items, the administrative procedures and the ethics of those companies that trade across boundaries. Government subsidies and programs within countries are the factors that absolutely change the whole concept of the tariff set-up. Therefore, it is a waste of my time to spend precious minutes in this House explaining in detail what are these non-tariff items.

Non-tariff items could more aptly be described as coming under the heading of the "dirty tricks department". Every government uses these tricks and will continue to use them. What was agreed upon at the first Kennedy Round in 1964, and what will be agreed to at the present time in 1978, amount to the same old thing; that is, non-tariff items falling within that "dirty tricks department". These are what will really decide the terms of trade between countries, and that is the fact of modern day living. There is nothing new about this, and there is not one nation more guilty of this than any other. I say this with some knowledge.

I do not condemn the philosophy of GATT. GATT was founded in that period of euphoria after the war in an attempt to put an end to tariff attacks on other nations as a new form of economic warfare. In the mind of man at that time there was a desire to put an end to this. The feeling was that if these economic causes of war—that is, high tariffs—could be removed the chance of war would be less. No one disagrees with that philosophy of GATT. I am simply pointing out the facts and the realities that have occurred in the last 30 years.

I well recall in this House 14 years ago when the then minister of trade and commerce, the former hon. member for Eglinton, announced he was going to the opening festivities of the so-called Kennedy Round, named after the then president of the United States. He was naturally quite proud to name the leading people of his department, and others he was bringing in, to attend the discussions. On occasion the government did bring in other people to help advise. As a member of the opposition at that time I was the spokesman for this party in respect of that announcement. Even though I have not read the record for some years, I remember very clearly what I said. I reminded the minister, who had been a long-time deputy minister of that department, that sending this crack team from the department of trade and commerce to the Kennedy Round was like sending their best hired man to milk the lousiest cow you had in your herd, because it took the best hired man to get a few drops from a dried out cow.

● (2132)

By contrast, I recommended that for Canada's trade future what a minister of trade should be looking for is places where the pasture is greener, the heifers are newly freshened and the milk is flowing. I took that occasion to announce that I was accepting the invitation of the People's Republic of China to visit that country and talk to their ministers vis-à-vis increasing China's trade with the rest of the world. That was 14 years ago.

China's trade used to be $400 million a year, $200 million in and $200 million out, and almost entirely with the U.S.S.R. The trade of the People's Republic of China today is around $15 billion. When you see trade grow in 15 years to that extent, from $400 million to over $15 billion, you know the pastures are green. I simply use that as an example of the type

of logic that I want to put into some ideas that I would like to put forward at this time.

I would like to make my speech one with a few suggestions which I think are positive alternatives to the type of thing that we have witnessed in countries of the western world in the last 30 years. I would like to suggest a practical proposal that has been used in Canada and in other countries more or less successfully. I call this principle the growth rate exchange, and under it you simply ignore all those civil servants trying to put impediments into the movement of goods back and forth and carrying out these complicated regulations which merely add to the cost. You merely set a target for industry or for trading companies and let them go ahead and achieve that target without all these regulations, government controls and interference.

I cited in this House an example in the European steel community where two governments gave industry 20 years to achieve parity of steel production between Germany and France. Those two countries stood back under that target of parity and saw private enterprise achieve that objective in seven years.

I saw a Conservative government in this country led by the right hon. gentleman from Prince Albert (Mr. Diefenbaker) speak to the American car companies and propose to them that, since we bought their cars and trucks and consumed 7 per cent of the total cars and trucks in North America at that time, at least 7 per cent of the equivalent of those cars should be built and produced here in Canada.

I listened to minister after minister get up and say that this concept was started by the Liberals. I am not going to get up in a partisan way and quarrel about something like that. It was started under the chairmanship of the then minister of finance, Mr. Nowlan, and was carried on by the Pearson administration and supported by this side. The only difference was—and I am speaking in general terms—that we did not lay down any precise terms. We simply said that we expected those car companies, General Motors, Chrysler and Ford, if they wanted to continue operating in Canada to produce 7 per cent, or the equivalent of 7 per cent, of the cars and trucks here in Canada. And they did.

In the next agreement they made it more precise and said that the whole car had to be completed in Canada. Because of that there was a sudden burst in the automobile pact. These big companies said they would do what the government wanted them to do. They decided to make the small cars in Canada as Canada's contribution, but here they made a serious blunder. Everybody got in the mood for small cars and suddenly Canada was ahead of the deal. This had to be corrected, so today every word that you get out of the automobile industry and every trick of the trade is being used by them to get around this commitment.

We hear of cars coming into Canada in parts. They take off the wheels and ship the wheels in one package and the car in another package to some countries and say that this car was manufactured in Canada because the wheels were put on there. Or they take the whole package of parts and have them assembled in another country and want it credited as a car that has been made in Canada, the actual work being done in the parent country. That is an example of what I call bitter experience.

You have to have governments that are willing to learn what the philosophy of the agreement was and see that it is enforced. I use the automobile deal as an example in spite of the things that have happened to us in the last two or three years. The principle and philosophy are sound—that you make an agreement with these companies and then say you expect such and such to be done or certain action will be taken. If they try to duck around it in the interests of their parent country, all of a sudden that action is taken period, and then they know not to fool around.

I do not know how great the truth is behind these rumours. We do not make Cadillacs in Canada, yet I understand that Cadillacs are exported to Saudi Arabia from Canada and qualify as having been produced in Canada. We did not produce them. They simply sent a couple of parts to Canada, put them into a new package and shot them out. Trucks are treated in the same way. Trucks all over the world are labelled as made in Canada, and I know they were not produced in Canada. I am simply saying if you accept the good parts of the growth rate exchange system, where you set targets for private business to reach, it does not mean that you sit back and enjoy yourself beside a swimming pool for the rest of your life. You have to watch these people all the time.

I could go on and give what I think is the number one opportunity for Canadian jobs and for Canadian development of industry, not on any subsidized basis but on the basis of comparative advantage. How many people are aware that in the last 17 years our steel industry has been competitive with every other nation in the world? The only real fight they have today is with the Japanese, and they can meet them head on as long as they are treated fairly. We have an industry which uses a tremendous amount of iron, energy and water. We pay our men higher wages per hour to produce higher quality steel and produce it at a lesser cost per ton than our competitors. We have the know-how, the proven track record of comparative advantage in this industry, and the industry is growing at a very satisfactory rate—from four million tons in 1962 and 1963 up to about 14 million tons presently.

I know what the plans are. Long before the end of this century we will have a steel industry with a capacity of between 35 million tons and 50 million tons a year based on comparative advantage—not based on subsidy by government, but on the technological know-how of our managers and the skill of our workmen. It is fine to have this advantage in the steel industry but we as a government are not reinforcing their efforts. If we have this advantage in steel we can also have it in the value added industries created therefrom, and this is where the growth rate exchange comes in and the bargaining levers are well known. The United States is our main market. The United States has long since run out of good iron. It is down to the expensive, inferior taconite of the Mesabi range. The only nations supplying it with iron today are Canada and Brazil. If

they want access to our iron and to our energy, then I think they should know that we in turn want access to their market, and not only for basic steel. We will have to export more and more to the United States as their industry dies. We want access to the United States for the value added products with no question of tariffs at all.

● (2142)

This would be a mutually advantageous deal to both nations. Their consumers would get the benefit of a better and cheaper product and we would get the benefit of the jobs and the maximum utilization of our resources. We would not bar them from access to the basic iron ore, and even energy if necessary, to maintain their declining steel industry—because they would have to maintain some in their own national interest. I am simply saying this is a classic example of how a government, without spending any money, does what comes naturally and makes a deal for everybody's benefit. The United States would benefit, we would benefit and certainly the tax collectors in both countries would benefit.

I could go on to talk about the petrochemical industry as another example of a priority item. Everybody must know, surely, that the cost of producing the basic feedstocks of the chemical industry in east Texas and Louisiana or in Sarnia are almost double what they are if the product is produced in Alberta, Saskatchewan or British Columbia. Under ordinary economic law, industry would go to those places that could produce at half the cost. But industry is not made up of angels following an economic textbook. They have certain interests to protect and so the petrochemical industry is not developed where it should be and at lowest cost to the consumer in the United States and in Canada.

The one man who has his eye on this particular argument and this technique—the growth rate exchange—is the Premier of Alberta. He tells the United States that our natural gas is a capital resource and that when it is gone it is finished, and if they want it they must remove their tariffs and let the natural economic laws prevail. In other words, in return for our natural gas they must remove taxes on their chemicals. We can produce a certain proportion of chemicals to the limit of natural economic growth in Alberta, British Columbia and Saskatchewan. This is the view of a man who is not only the premier of a province but one who recognizes the obsolete nature of this type of measure that we are passing through this House now. He is acting positively in the interests of the people who own those resources and at the same time he is providing a cheaper form of petrochemicals. So much of the things we use are in chemical form. The United States would benefit because of cheaper prices, and since they are running out of oil and gas it would be a good deal for both sides.

This is a classic example of where aggressive, intelligent leaders in our country see there is an alternative to sending your best hired man to these conferences to milk a dried out cow. This type of measure will not change anything. I suggest that there are positive alternatives to this obsolete tariff dance that we go through every ten years.

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

If hon. members want other examples of ideas, let me take a second proposal. We must face the fact that we are and will continue to be one of the great trading nations of the world. This is natural in view of our resources and the working capacity of our people. Therefore, our interests have to be in the institutions of the world today.

I am suggesting an old idea that this government has resisted since the change of government in 1963 and is delaying now. I am talking about the oldest idea in the trade institution business—the concept of the international trading company. This is a concept that goes back 400 years in our history. This country was started with an international trading company—the Hudson's Bay Company. There was the British East India Company. The Dutch had them, the French had them, the Italians had them, the Portuguese had them and so had the Spaniards. Every nation that was going any place in the 17th century had an international trading company as a way of getting around trade difficulties.

If we look at the modern industrial state of Japan, tough and ruthless as they are, we must admire the way they set up these international trading companies. If you do not have something, they get it for you so they can sell you something. They will put up the money to develop your resources so they can get the resources. The weakness of the Japanese trading company, however, is that it thinks only of Japan. They would not be able to compete with the type of international trading company I am speaking of, an international trading company that has as its first motive helping the people they are trading with and not the reverse. The international trading company that I speak of has the idea of mutual benefit to both parties and sometimes three or four parties. That is the difference.

A while ago I mentioned that on my visit to the People's Republic of China in 1964 we discussed trade terms. How could this newly developing country get away from its tie-up with the U.S.S.R. and other communist states and trade with all nations of the world? They had the trading city of Canton to which they traditionally invite all their customers, but they had to put into the mix some form of international trading companies from outside to buy the goods the Chinese have available and distribute them all over the world.

Due to this principle of some companies going to China, buying their goods and distributing them around the world, the People's Republic of China has had enough money for the last 20 years to buy and pay for Canadian wheat. They buy our wheat on a time basis—six months. They have never missed a payment because, thanks to international trading companies and private trading companies, which I will mention later, Chinese goods have gone out over the world to the tune of $7 or $8 billion per year with the same amount of goods going back. That way they get enough dollars to pay for our wheat.

Today I read a letter from the Prime Minister (Mr. Trudeau) warning us that we are too dependent on the Chinese market. As a westerner, I say thank God the Chinese honour their agreement signed in 1961 and have never broken it. It was agreed that they would buy our wheat on credit when they had no money and that we would help them sell their goods if

they would continue buying wheat from us. We have never broken our word. When I say we, I do not mean this government. A lot of us have kept up the effort of moving Chinese goods around the world and helping those countries that buy Chinese goods get enough money to pay for them so that the Chinese can pay us. Today China's trade has moved up to $15 or 16 billion per year.

I give the credit for this to the international trading companies. The Japanese trading companies have done a remarkable job, as have the American trading companies, but it is the Canadian international trading companies that are going into China, buying goods there and then distributing them around the world.

● (2152)

Just a year or a year and a half ago the Prime Minister returned from a trip to South America. I asked him if he had taken the opportunity to meet the heads of state of those South American republics in order to thank them for what they had done to help Canada sell wheat to China. He knew nothing about it. The officials had not bothered to tell him. These six governments on the west side of South America set up Chinese trading offices in each of their countries so that the Chinese could set up selling agencies in those countries, and the $100 million a year of goods bought from China by these not too rich people of South America is what paid for the Canadian wheat. If was not the Canadians and it was not the Chinese who paid for it. It went three ways. The Chinese took our wheat and sold their goods to the South Americans. The South Americans gave their dollars back to China and we got our dollars.

I am simply putting this on the record, not that any person will report it or repeat it, because some day I know that historians will ask how it was that this country bought such huge quantities of Canadian wheat but did not have the money to pay for it. The answer is right in what I have been saying: it is thanks to the international trading companies and the many small private companies which went out and bought Chinese goods and got them distributed around the world. That is how their trade has been developed. The Chinese people have benefited, the rest of the world has benefited and so have we in Canada. That is the second constructive proposal that I put forward and this is where the government should be putting its efforts.

In addition, I want to mention the national buying and selling companies. People keep asking: "Why, if you are talking about international trading companies, do you say you have to have national buying companies and national selling companies?" These are for specific tasks. Once again I will deal with specifics. One product which the Chinese have to sell is rice. This rice is of just as good quality as anything produced in Louisiana or southern California. I have spent years of my life writing letters to and visiting and pleading almost on bended knee with Canadian company after Canadian company to go to China, buy rice there and distribute it in Canada. The quality was there and the price was right. But I could not find one company. Why? They said: "If we want to buy rice, we just put an ad in the trade paper. If any person wants to buy rice, they come to us and advertise, meet the advertisement's requirements and we buy from the best. We will not stir ourselves from our comfortable Canadian office to go across the ocean and look at the Chinese rice". I know very well the Chinese would not come here. They never do.

An hon. Member: It does not get past Saskatoon-Humboldt.

Mr. Hamilton (Qu'Appelle-Moose Mountain): The Chinese are an old culture. They happen to think they are the centre of the world. Everything comes to the centre. They do not go out to the barbarian areas. But I could not find a single Canadian company. I have a beautiful letter written from the federated co-ops of Canada centred in the city of Saskatoon, whose member sits right here. Their last letter to me stated: "If the Chinese want to sell us rice or any of their goods, bring them to Saskatoon and we will bring our buyers in and they will look and buy what they want." They have not even learned that the Chinese, like the Russians and the Americans, think that they are the centre of the world, and you have to go to them. When you are in business you have to do what business dictates. In the case of the Chinese you accept the fact that you are an inferior culture, a junior culture, and you go there and do business in their country. After that they will probably come back.

I put that very bluntly to you, Mr. Speaker, because it is another reason why that rice was not bought. Companies that distribute food in this country in the main are not Canadian-owned. They have holding companies that own them. These holding companies have rice plantations in Louisiana and southern California. The companies in Canada buy their rice from the subsidiary companies of the same holding companies to which they belong. Those are the facts of life. As I said in the opening part of my remarks, Mr. Speaker, those are the bitter experiences I have had.

On the question of selling companies, we have newsprint. Our Canadian companies for years have been in a bit of a drought, in a bit of a depression. Right now they are just getting out of it. A few years ago they had surplus paper. How hard it was to get Canadian newsprint companies to try to develop that market in China. It is so much more comfortable to sell to the papers that have long-term contracts in the United States, right near the centre of the continent. It has been impossible for almost 30 years to get a pulp mill started in the centre of Canada because the markets straight south were taken up by the coastal companies. If we had had one selling company that could have bought the paper right here in Canada from all those companies on the west coast and gone to China as one single company to sell that paper, we would have been selling newsprint to China for the last 15 years. It is true one company is now now selling quite a bit, and I want to say congratulations to them. How would you feel, Mr. Speaker, if you had spent 15 years trying to get something like that done?

I am moving into my final series of proposals. I think I have said enough to make my point. Instead of just condemning this silly business, this roaring farce of sending out top hired man to go over and deal with these nickels, dimes and pennies, would it not have been better if the government years ago had started a program of doing these things that should have been done to meet the new realities? I originally made these proposals in this House in October, 1964, 14 years ago. I repeated that speech any number of times, trying to get people to pay attention to what was needed. All we had was this flim-flam, this posturing and pretending, running around and exposing themselves like a baboon. And everyone knows the part of the baboon that is being exposed. I am simply saying the wasted time that I have seen in the last 15 years should have been used to get away from this silly, obsolete question of tariffs and to get at these policy proposals that could have put Canada back into the trading picture of the world on a positive rather than negative basis.

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, it is so close to ten o'clock that rather than say a few sentences may I call it ten o'clock?

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

CANADIAN BROADCASTING CORPORATION—REQUEST FOR EXTENSION OF SERVICE TO SMALL COMMUNITIES

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, last Friday, on May 12, in the absence of the Secretary of State, I asked the Minister of Communications to bring to the attention of her cabinet colleagues a recent decision by the Canadian Broadcasting Corporation to limit its accelerated coverage plan to communities with at least 500 people speaking an official minority language, based on the 1971 and 1976 census figures. Several communities which consequently expected to eventually get either French or English television have now been set aside.

I feel this is an urgent matter, and since it is not possible during the question period to set forth all the facts relating to a problem like this, and although it is not possible for the minister to answer adequately on behalf of the CBC, nevertheless it seems important to me to deal with the problem directly by exposing it to the full light of day. The essence of the information I have in the form of letters received from the Canadian Broadcasting Corporation last week is contained in the following paragraph, and I quote:

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

Indeed, it is with regret that we had to cut from the accelerated coverage plan certain projects in communities where the French-speaking population—

—and that is the situation I am concerned about—

—proved too small considering the costs of implementation. They had been included in the preparatory and implementing phase of the plan.

. . . the most recent mother tongue statistics have forced the corporation to abandon those projects in view of the inability of complying with the standard of 500 people. You may rest assured that the research department, at the request of the planning department, made every effort to analyze thoroughly the data of the 1971 and 1976 censuses before arriving at that conclusion.

Last Friday I said that decision was unfair, and I urged that cabinet convince the CBC to reverse its decision so as to stem the appalling tide of assimilation. It is obvious that the absence of French schools, government services in the everyday language, legal services, a press service and what not, are powerful sources of assimilation. The fact still remains that the absence of radio and particularly television irremediably condemns the French-speaking community to assimilation in many areas of this country.

● (2202)

Can we and should we as the CBC did put a price tag on staffing those services? When one realizes that the accelerated coverage plan itself was implemented a little late in this struggle for the survival of minorities, it seems to me that we should step up our efforts instead of reducing them. By any chance, would the CBC decision reflect the statements made by the present premier of Quebec who said that minorities are a lost cause anyway? Is that what the CBC mean? I would not be surprised when I consider what we have obtained so far in my province of New Brunswick, but with so many efforts, so much hardship and struggle.

At the risk of scandalizing or even offending those persons who think they have done a lot for the minorities, I will say that it is not enough and that it is high time to do more. I repeat what I have said on several occasions, namely that because of a lack of a television service in the French language among other things, the rate of assimilation of minorities is going up an accelerated pace. The home, the family is not only the cradle of culture, it is also often the last stronghold against assimilation and the recent CBC decision condemns dozens if not hundreds of small communities to surrender. The terms of reference of the Canadian Broadcasting Corporation are to consolidate national unity and it is generally agreed that under the mandate with which it was entrusted by the Parliament of Canada, it also has obligations vis-à-vis communities speaking one of the official languages and that is what is important.

I regret this decision of the CBC which is pushing the most fragile, vulnerable and needy minorities toward extinction. How many will be forgotten, forsaken and sacrificed following this decision? We need to know the true figures, Mr. Speaker. We need to know the operating costs which the CBC has given as an excuse to refuse this service. As far as the accelerated

plan is concerned, I am afraid that the CBC's accomplishments fall quite short of the corporation's original objectives.

However, all is not lost, provided we act quickly. In this respect, I am very pleased to know we will be able, in the future, to avail ourselves of the opportunities which the Minister of Communications (Mrs. Sauvé) mentioned last Friday. Yet, I should like to know whether the corporation intends to take advantage of the new developments in satellite technology to provide all Canadians with a first television service in their mother tongue. I feel we have talked long enough about it, the time has come to act, and I hope that the Secretary of State (Mr. Roberts) or his representative will be able tonight to assure the House that the CBC will spare nothing and co-operate fully with all the other government agencies to satisfy their craving for national unity which is particularly felt by small minorities almost everywhere in this country.

● (2207)

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, the Broadcasting Act states emphatically that "all Canadians are entitled to broadcasting service in English and French as public funds become available", adding that "the national broadcasting service should be extended to all parts of Canada, as public funds become available". The CBC's accelerated radio and television coverage plan, which was approved in 1974, provides for over 600 engineering projects. The scope of this project has exhausted the resources of the corporation and imposed heavy demands on the suppliers of equipment.

It would be impossible at this time for the corporation to implement another program which could lay a further burden upon its resources. The accelerated coverage plan is expected to be completed within two years. Planning for the extension of coverage once the ACP is in operation has already begun, so that it is possible to draw up a plan which will take advantage of the impetus given by the ACP in extending CBC services to communities of less than 500 people. The development of that plan is in its first stages, but if it were approved, it could well serve as an extension to the ACP for taking up where the other will have left.

Let me recall that the formula used to set up the priorities for the ACP comprises six factors. One of them is the cultural isolation which weighs very heavy since it is important to see to it that the minority group concerned will get the service in the required language from the early stages of the implementation of the plan. Mr. Speaker, I would very much like tonight to give the hon. member the figures he is asking for. I am sorry that I do not have them, but I will let him have them as soon as they become available.

Adjournment Debate

[*English*]

COMMUNICATIONS—BELL CANADA CONTRACT WITH SAUDI ARABIA

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I want to pursue this evening a question I asked the Minister of Communications (Mrs. Sauvé) on May 11 concerning Bell Canada and its Saudi Arabian contract. We are entering another chapter in the long history of Bell's appearances before the CRTC for rate increases, this being one of the largest Bell has asked for. Part of the consideration regarding whether a rate increase is justified, of course, is the profitability Bell is experiencing, the kinds of contracts and undertakings Bell is entering into, how that relates to the company's profitability and, hence, its demands for a rate increase.

Not the least of all the factors which must be taken into consideration is this large $1.1 billion contract to supply telephone systems to Saudi Arabia. There are two things that worry me. First, some evidence has come to light that in negotiating this deal Bell Canada may be violating the Canadian Human Rights Act in the sense that it may be barring women and Jews from becoming involved in the contract work for Saudi Arabia.

● (2212)

When the human rights commissioner asked Bell to provide him with a detailed copy of the contract so that he could determine whether this was the case or not, Bell Canada declined to do so. I find this reprehensible and an affront to the commissioner. I hope he does not have to go to the length of pursuing this matter in the Federal Court. That is why I asked the minister, who has authority over the CRTC which is currently hearing Bell's application, to cause that hearing to be suspended until the company complies with the request of the human rights commissioner. I believe that is an effective way of getting the company to respond to the commissioner's request so that conformity with the Human Rights Act passed by this parliament may be assured. The minister said she would look into that suggestion.

The other aspect of the contract which worries me concerns the fact that details of it may not be made known to the interveners at the CRTC hearing. We have heard that under this $1.1 billion contract Bell is paying some $88 million to unknown Saudi Arabian interests; there is no explanation as to the use being made of this money. Given the record of Atomic Energy of Canada and many United States companies in their dealings with third world countries, the spectre of political pay-offs or kickbacks comes to the fore. I do not want to see Canadian telephone subscribers facing another rate increase because Bell—or any other company—is greasing palms abroad in order to obtain a contract. I think it is in the public interest for the contract to be made available at the CRTC hearings; we know that the commission will see it privately. I would appreciate a reply from the parliamentary secretary with regard to what action the minister is taking on these two fronts.

Adjournment Debate

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): Mr. Speaker, first I should like to reply to the question having to do with the human rights aspect of the contract to which the hon. member has referred. That aspect of the contract has gone before the human rights commission which has been asked by the minister to look into the matter. I understand that an investigator for the commission has now seen the contract and is preparing a report for consideration by the commission. If the commission finds that any aspect of the contract is in violation of the Canadian Human Rights Act, I would assume that the commissioner, for whom we have great respect as a former member of this House, will take whatever action he feels necessary or appropriate to correct any problems which may arise.

I would point out that there are really two contracts. One is a general agreement between the ministry of posts, telegraphs and telephones of the Kingdom of Saudi Arabia and a consortium consisting of Bell Canada, Philips of the Netherlands and L. M. Ericsson of Sweden to extend, modernize, operate and maintain the Saudi Arabian telephone system.

The second contract is a five year contract between the ministry and Bell Canada. Its current value is about $1.1 billion and it is for the operation and maintenance of the telephone system in the kingdom, the construction of certain facilities and the procurement of materials and supplies.

With regard to the second question, I would point out that the minister has not seen the contracts, nor have I. We have, wisely I believe, left the matter to the CRTC, the regulatory body. The issue was raised, of course, at the time Bell Canada was asked to make the contracts public. Bell has submitted that the contracts should be kept confidential because to make them public would, in Bell's view, cause the company to be placed at a disadvantage in future international negotiations. The interveners in the rate hearing, however, told the CRTC that its effective intervention in the rate case required them to be familiar with all aspects of Bell's revenues and expenses, including the potential risk involved in the Saudi Arabian contract.

● (2217)

In order to permit effective intervention while at the same time protecting Bell's international competitive position, the CRTC decided to hold an in camera hearing to examine the Saudi Arabian contracts. This hearing will begin tomorrow. One representative of each intervener will be allowed to review the contracts and then participate in the in camera hearing, to hear evidence, cross-examine witnesses and give arguments at that time. The interveners will have the opportunity to appear before Bell in order to review the contract and make whatever intervention they feel should be made at that time. I am sure the interveners will have an opportunity to ask questions about these agreements during that in camera hearing. By employing the procedure of a closed hearing, I believe the CRTC is rightly attempting to balance the interests of the public and the interests of Bell and its future negotiations.

[Mr. Symes.]

ELECTIONS—REASON FOR PRIME MINISTER'S ANNOUNCEMENT

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, Thursday, May 11, 1978, was a day which will go down in parliamentary history as the day when the great election hoax story finally unravelled. It became a question of the chicken and the egg. Basically it was the chicken in terms of the Gallup poll. At that time I asked the Prime Minister (Mr. Trudeau) the question as to whether, in making his decision not to go to the people on Thursday, May 11, in order to provide them with a chance to make some adjudication on his tenure, he was following his own personal creed, which reads as follows:

> The only constant factor to be found in my thinking over the years has been opposition to accepted opinions.

In fact, that is the first sentence of the foreword in his own book entitled, "Pierre Elliott Trudeau, Federalism and the French Canadians".

I was taken aback by the fact that Your Honour thought the question was somewhat advanced and somewhat of a frivolous nature. Perhaps Your Honour thought it was a little facetious, since the great announcement came after the Prime Minister had played and dangled Canadians for weeks and months on end. That interfered with the personal lives of many. It cost many thousands of people many thousands of dollars, yet the boy had his day. He played, he dangled, and he decided to pick up the ball and take it home. That one sentence of the book's foreword is perhaps the genesis for many of our problems today. I asked a serious question. I was disappointed that Your Honour cut me off. Fortunately the Prime Minister gave some answer. It was a traverse to the question. He thought it was good that the hon. member was educated.

I am glad to have an opportunity tonight to reiterate this one sentence of his personal creed. It is high time for Canadians of partisan and objective views to become educated regarding his personal creed. He has indicated that the only constant factor is going against accepted public opinion. Many hon. members know about the sales tax in Quebec. Every party in the province of Quebec, every party in this federal House and most of the premiers across Canada say that the stance of the Prime Minister on sales tax is wrong. I am referring to the debate and dispute between Mr. Parizeau and the Minister of Finance (Mr. Chrétien). We realize the Prime Minister is wrong and that his government is wrong. Yet going against that public opinion, we will have a pseudo-social credit, social dividend theory to pump money directly into the pocket books of those who can afford to pay the taxes.

Your Honour sits in his chair, I sit in my chair, and other hon. members sit in their chairs. We had the same things two or three years ago during what was then a debate on capital punishment. Again the government said it was to be a free vote, yet government members stood up in a monolithic or, as some people would say, a moronic way and voted as a group against capital punishment.

● (2222)

Never has there been a more definable matter in the opinion of the public. You can debate many of the reasons the public

felt this way, rightly or wrongly. Some thought capital punishment would cure all problems in respect of law and order. In any event, I think 80 per cent or 82 per cent of the public expressed a desire for a return to capital punishment. Again the Prime Minister and his government went against "accepted opinions", to put it in his own words.

The same thing can be said in respect of something called bilingualism. There have been many who have said for several years that if you try to force feed something as sensitive as the tongue before educating the mind you will get a reaction. You might well get linguistic differences becoming differences of opinion at times of election.

The Prime Minister has now pulled in his horns and taken his little election ball, put it into his back pocket and gone off to his swimming pool. Some of the great commentators of the land, including Anthony Westall, Christopher Young and Richard Gynn, now suggest we see bravery in the fact of cowardice. They say we see bravery in the face of retreat because, has the Prime Minister gone to the people, we might have had an election that divided the country along linguistic lines. What better way could there be to clear the air than to have an election? This might have been better than having a Prime Minister leading the country at a time when different linguistic lines may be part of his problem.

We can also take the question of unity, another basic issue. Most people say this country is ready for a change. They cannot accept the status quo with no change whatsoever. They will not accept René Lévesque's brand of change. Even Jean-Luc Pepin says, in his smiling, beautiful way, that there has to be a third option.

A member of my party, our leader in 1968, tried to get Canadians to pay attention to what perhaps should have been a change. He tried to get them at least to recognize that we were not all the same and could not all be tucked into one bushel basket. He pointed out there were very fundamental differences that added strength if we could only recognize the reality of two solitudes, or call it what you will.

We can also consider the economy, which is of somewhat germane importance. How does the Prime Minister react to accepted opinions in this regard? He referred to the issue on New Year's Eve when speaking of something called the "forces of free enterprise". He got many people upset with his musings.

My time is short during this adjournment debate, but I would love to debate with Your Honour or any other member of this House the creed of the Prime Minister. This creed has been a constant factor in respect of all his thinking and his opposition to accepted opinions. How insulting and how arrogant it is to have that one man think that opposition to accepted public opinions is the essence of consistency, when so many of these opinions about the problems of the land are quite to the contrary.

Perhaps the Prime Minister came to this conclusion on the basis of accepted opinions, as expressed by the Gallup poll, but I would like to know what else the Liberal caucus had. Quite frankly, it will be interesting to see how it all turns out. Perhaps there will be a conclusion to the very unfortunate reign of the present Prime Minister. When it is all sorted out, the bottom line will not represent accepted opinion but rather a realization on the part of the Prime Minister that he himself is sadly one of the problems of this land today.

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, the hon. member for Annapolis Valley (Mr. Nowlan) raised this question, if we can put it in those terms, on May 11, 1978, at which time I read the question, if that is what you could call it, very carefully yet failed to understand just what it was. I can quite understand why Mr. Speaker interrupted at one stage, because it is a very difficult and elusive question, if one at all. The Prime Minister (Mr. Trudeau) gave a very fleeting answer to this non-question, and I will give an equally fleeting answer.

● (2227)

I do not think that it deserves an answer at all. It is not a specific question relating to a specific point but seems to be facetious, jocular and should be treated in that way. However, the question that was raised here tonight is slightly different in that the hon. member seems to be raising a point that the Prime Minister's willingness to swim against the tide is some kind of disadvantage.

Every human being from time to time has to swim against the tide, and sometimes swim with it as well. In any event, the Prime Minister is a man of courage, conviction and a person who is quite prepared to say what he thinks when he thinks it. He deserves respect for that particular intellectual quality.

When the hon. member goes into the question of capital punishment and questions whether it was a free vote, I can say that I was a member on this side of the House who was not a member of cabinet at the time and I can assure the hon. member that it was a free vote as far as we were concerned. I would also point out that the leader of his own party voted against capital punishment.

The other questions that are raised are not really worthy of any further comment. It was a silly question and it deserves no response whatsoever.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock p.m.

Motion agreed to and the House adjourned at 10.29 p.m.

HOUSE OF COMMONS

Tuesday, May 16, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

HEALTH AND WELFARE

REFUSAL OF DEPARTMENT TO PAY FOR VACCINE—MOTION UNDER S. O. 43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgency which affects the future of vaccine production in emergency epidemic situations in this country.

In view of the fact that Connaught laboratories supplied the Department of National Health and Welfare with 12 million doses of swine influenza vaccine during the expected country-wide influenza epidemic in 1976, and in view of the fact that the Department of National Health and Welfare now refuses to pay for the final two million doses of influenza serum and is facing a lawsuit by Connaught Laboratories for a claim of $2.5 million, plus interest, I move, seconded by the hon. member for Simcoe North (Mr. Rynard):

That the Minister of National Health and Welfare make a statement on motions to explain why her department refuses to pay Connaught Laboratories for the two million doses of vaccine, and in not doing so has broken a link of mutual trust with a vital source of vaccine and is thereby endangering the lives of Canadians in the event of another national epidemic emergency.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

FINANCE

SUGGESTION QUEBEC SALES TAX MEASURE BE WITHDRAWN—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an urgent matter.

Considering that the bill introduced by the Minister of Finance (Mr. Chrétien) concerning the refund of the $186 million owed by the federal government to the lawful Quebec government is an arbitrary gesture, a dangerous precedent and a constitutional hurdle; considering that the suggested formula ignores the unanimous desire voiced by all parties at the provincial legislature and the wish expressed by leaders to hold direct negotiations between governments; considering that the bill would frustrate over 300,000 citizens of that province who do not pay any federal tax and consequently will not get any compensation to which they are as much entitled as are all other Quebec and Canadian taxpayers, I moved, seconded by the hon. member for Brome-Missisquoi (Mr. Grafftey):

That the House unanimously urge the Minister of Finance (Mr. Chrétien) to withdraw immediately that unfair bill which does not meet the objectives aimed at in his budget and could forever jeopardize relations between Ottawa and Quebec.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

CORPORATE AFFAIRS

REPORT OF ROYAL COMMISSION ON CORPORATE CONCENTRATION—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity. In view of the fact that the report of the Royal Commission on Corporate Concentration constitutes a $3 million whitewash of the problems associated with the concentration of corporate power, problems which have now been recognized by most other industrial countries, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House urges the government to consider seriously applying the Minister of Transport's user-pay principle and regain from large corporations in Canada the $3 million misspent in producing this slick advertising propoganda on their behalf.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

REQUEST FOR DATA ON INFLATION EXCLUDING SALES TAX CUTS—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas the people of Canada have a right to know the true rate of inflation in Canada, and whereas the government appears to be hiding behind a temporary artificial drop in the consumer price index, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House request that the Minister of Industry, Trade and Commerce direct Statistics Canada to publish data showing the rate of inflation without the sales tax cuts, which is the rate voters will experience after the fall election.

Mr. Speaker: Presentation of this motion for debate would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

REQUEST MINISTERS DELIVER SALES TAX CHEQUES TO QUEBECKERS—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise under Standing Order 43 and request the unanimous consent of the House to discuss a motion relating to a matter of pressing necessity.

Given the unbelievable decision taken yesterday by the Minister of Finance (Mr. Chrétien) in what we might call the sales tax affair, I move, seconded by the hon. member for Nickel Belt (Mr. Rodriguez):

That the House ask the Minister of Finance, the Minister of State for Urban Affairs and the Minister of State for Federal-Provincial Relations to go in person and give each Quebec resident his cheque. While so doing, they might seize that opportunity of trying to explain to the people of Quebec the tact and the intelligence of the federal Liberals.

Mr. Speaker: Order, please. The House has heard the hon. member's motion. Pursuant to the provisions of Standing Order 43, this motion can be put only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

[*English*]

NATIONAL SECURITY

GRANTS TO CENTRE FOR EXPERIMENTAL ART AND COMMUNICATIONS—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgent necessity.

Some hon. Members: No.

Mr. Cossitt: It pertains to an organization known as the Centre for Experimental Art and Communications, 15 Duncan Street, Toronto, the publishers of a monthly news magazine entitled "Strike". Its current issue reads in part:

In the manner of the Red Brigades, we support leg shooting/knee capping to accelerate the demise of the old system.

● (1412)

I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That the Prime Minister make a full statement concerning sizeable federal government grants to this organization in the amount of many thousands of dollars, including Canada Council grants of $29,000 in 1975-76 and $47,200 in 1976-77, that he make public the amount of travel grants given to this organization and whether our security services are aware if such grants were used by representatives of the group to meet with terrorists abroad and, finally, whether the government is aware that this organization advocating terrorism owns the building at 15 Duncan Street in Toronto where the Liberal party occupies spacious offices.

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

ANNUAL INCREASES FOR COMMONS AND LIBRARY STAFF—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask the unanimous consent of the House to deal with a matter of urgent and pressing necessity. In view of the fact that the possibility of a spring or summer election has been the primary excuse for not giving the employees of the House of Commons, members of parliament staff and the library of parliament their annual increases which are now a month and a half overdue, I move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That this House instruct the government to immediately introduce a 9 per cent wage increase for employees of the House of Commons and library of parliament and to reconsider plans to re-evaluate the work of employees of members of parliament so that they may begin to be paid salaries that reflect the work they do.

Mr. Speaker: The hon. member for Nickel Belt (Mr. Rodriguez) will realize that pay increases related to the staff

of the House of Commons are not at all the responsibility of the government; they are the responsibility of the Speaker.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

* * *

[*Translation*]

EXTERNAL AFFAIRS

VIOLATION OF HUMAN RIGHTS—PROPOSAL GOVERNMENT EXPRESS CONCERN TO U.S.S.R.—MOTION UNDER S.O. 43

Mr. Claude-André Lachance (Lafontaine-Rosemont): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House to move a motion about a matter whose urgency will be obvious to everyone.

Given the fact that with the opening of the trial in the Soviet Union of physicist Yuri Orlov who is accused by Soviet authorities of having established a group to observe the implementation in Soviet territory of the provisions contained in the Helsinki agreement and to report abroad violations of human rights in that country, Dr. Orlov does not seem to enjoy in the course of that trial minimum legal guarantees, that he has been refused the right to present a full and complete defence, that access to the court has been denied to foreign journalists and that clearly he will not have a fair and just trial, I move, seconded by the hon. member for Maisonneuve-Rosemont (Mr. Joyal):

That this House urge the Secretary of State for External Affairs (Mr. Jamieson) to express to Soviet authorities the concern of the Canadian government and people about what appears to be another violation of human rights in the Soviet Union.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

INDUSTRY

MULTINATIONAL NEGOTIATIONS TO COUNTER ADVERSE CONDITIONS FOR CANADA—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity under Standing Order 43. Since two key industries in Nova Scotia, Hawker Siddeley and Michelin Tire, continue to be adversely affected by legislation and unfair competition from abroad, in the case of Hawker Siddeley by unfair competition from Japan and the EEC and in the case of Michelin Tire by discriminatory countervailing duties initiated by the United States, I move, seconded by the hon. member for St. John's West (Mr. Crosbie):

That appropriate members of cabinet immediately explore measures to counter these adverse conditions which could affect many hundreds of jobs by instituting high-level negotiations in particular with the United States, the United Kingdom and Japan.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

ANNUAL INCREASES FOR COMMONS AND LIBRARY STAFF

Mr. Speaker: Before beginning the oral question period, and arising out of the motion put forward by the hon. member for Nickel Belt (Mr. Rodriguez), I would like to address the House regarding pay increases for the staff. There has been concern expressed a number of times by members on both sides of the House about the progress of the salary arrangements for this fiscal year for staff members of the House of Commons.

I would like to indicate to the House that the matter has been under very diligent consideration on my part and on the part of the Commissioners of Internal Economy. We have shared responsibilities in this respect. On my part it is to represent the interests of the staff of the House of Commons, and on the part of the commissioners, of course, it is to represent the expenditure side of the ledger. We have undergone considerable review and re-examination of several proposals. We are not delaying the matter but are simply endeavouring to come to a consensus, which we hope to be in a position to announce very soon.

ORAL QUESTION PERIOD

[*English*]

FINANCE

SALES TAX PROPOSAL RELATING TO QUEBEC

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Minister of Finance. It concerns the government's latest variant in the sales tax proposal as it applies to the province of Quebec, a proposal that is not equitable as it concerns the people nor as it concerns the provinces.

● (1417)

Could the Minister of Finance advise this House of Commons whether he or his officials denied the request of at least one other province that it vary the federal sales tax proposal by using the money from their one point of sales tax to finance job creation programs? If they did deny that to one other province, will that denial stand in light of legislation introduced by the minister, and will the government open alternatives for variance of the sales tax proposal to other provinces?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, there was, during the discussions, a proposition made by the provinces. Some wanted many ways to operate that. I think there was some suggestion of that nature. I discussed with my colleagues what could be done and how we could make it as flexible as possible. Of course, we have not accepted the proposition that the money could be applied to other things than sales tax.

Mr. Clark: A supplementary question, Mr. Speaker. I want to be clear on this. The government's proposal is to make an exception in the application of that proposal as it applies to Quebec but to deny that exception to other provinces. I understand that to be what the Minister of Finance just said.

I want to get to the equity of this proposal as it deals with individuals. It is clear that what the government is proposing is a bonus to the rich: it proposes to pay $85 to Quebeckers like the Prime Minister, like Senator Giguere, like Bud Drury, but to deny it to the 2.2 million Quebeckers who are now of working age but who last year did not pay federal income tax in the province of Quebec.

Will the Minister of Finance tell us why he is denying aid to low income Quebeckers who would have been aided by a reduction in sales tax on those commodities for which they pay as the rich pay but for which they have more need?

Some hon. Members: Hear, hear!

Mr. Chrétien: Mr. Speaker, I think the hon. member does not comprehend very well what we have done.

An hon. Member: Nobody does.

Some hon. Members: Hear, hear!

Mr. Chrétien: In Ontario and in all the provinces, what we have done—and it can be found in the budget speech—is reduce the income tax of every taxpayer in all provinces but Quebec by $100. Every province in the agreement has raised its own income tax by $100, and with the proceeds of that money they have decided to reduce the sales tax.

The government of Quebec has not agreed to reduce the sales tax across the board, so we have decided to carry out our commitment as much as we can in paying the $40 million that goes to the items they have cut. If the Quebec government and the Leader of the Opposition would like to be fair to everybody, they should have been on my side when I said to Quebec that they could cut the sales tax to everybody on all items so that the poor would have the money.

Some hon. Members: Hear, hear!

Mr. Chrétien: On top of all that, with the way Quebec has cut its taxes, and when talking about the rich, if a rich man goes into a store in Quebec today and buys his wife a fur coat at $10,000, he will have a tax reduction of $800. If another rich person goes in a store in Montreal to buy furniture coming from France, like the Roche-Bobois type, and pays $10,000 for it, he will get an $800 break. The best way for all the people would have been for the government to do the sensible thing that the other provinces did and cut the sales tax across the board for everybody.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, the Minister of Finance should stop worrying about buying fur coats and address himself to the question of why his government is proposing a measure that clearly penalizes the poor in two ways: first, by ignoring some 2.2 million Quebeckers who would have been able to take advantage of sales tax cuts as proposed by the government of Quebec and, second, by introducing a sliding-scale arrangement.

Our estimates show that there are some 150,000 Quebeckers who in the 1977 tax year paid less than $85 in income tax. Consequently, they will be receiving less than $85 through this arrangement—less than the rich in terms of the benefits of this proposal. Why did the Minister of Finance not introduce some measure, if he intended going to this extreme, that was more equitable than giving more to the rich and less to the poor, as he is proposing in this measure?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I shall have to explain again to the hon. member what we are in fact doing in our budget. What we did is that we have reduced the income tax in all provinces in a fair way, which means we have reduced the income tax by $100 in Ontario, in Manitoba, in Saskatchewan, in British Columbia or in the Maritimes; on the other hand, the provincial governments have raised their income tax, and as we levy taxes for both levels of government, we have offered Quebec $85 in the same manner. If Mr. Parizeau wants to increase his income tax or other taxes, he can do so, except that we do not levy taxes for the provincial government; this is why we passed the reduction directly on to the individuals. We did it in such a way that we have vacated a field which the government of Quebec can take over if they wish but they cannot get benefits from both sides, which means they cannot increase their taxes and receive a benefit which the other provinces did not receive. As a matter of fact, the other provinces had to raise their income tax, and Mr. Parizeau can do the same thing. We have simply left one tax field.

● (1422)

[*English*]

Mr. Clark: May I ask one further simple question of the Minister of Finance? Since we have now been assured by the Prime Minister that there was never any intention to call an election and that there was never any urgency, consequently, to bring in a budget, why did the Minister of Finance not avoid all of this problem? Why did he not secure the absolute agreement of all the provinces before he proceeded with an act that involved an intrusion into provincial jurisdiction?

Mr. Chrétien: Mr. Speaker, for the first time I, the Minister of Finance of the land, took the time to visit the provincial ministers of finance and discuss this proposition.

An hon. Member: And you messed it all up.

Mr. Chrétien: It is beyond me to listen to the Leader of the Opposition who for weeks and months was asking me when we would have a budget, and today he gets up and says we were too early with the budget.

Mr. Clark: I said you are incompetent.

Mr. Chrétien: In a nutshell, I want to say that what we have done for Quebec in reducing federal income tax is the same thing that we have done for the other provinces.

Some hon. Members: Hear, hear!

PAYMENT OF INCOME TAX REBATES

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is also to the Minister of Finance. I want to refer him to a statement made by the Prime Minister at the December, 1969, constitutional conference regarding the rationale for direct payments through income tax rebates by the federal government to individuals. The Prime Minister said:

Within each province where the scheme applies, there is going to be a redistribution of benefits and certainly we are going to tax all rich Canadians, no matter where they are, a little more to help the less rich Canadians—

I would like to ask the Minister of Finance how he is going to explain to those 2.2 million poor people in the province of Quebec who are at the lower end of the income scale how the federal government can justify paying a rebate to those in the higher income levels, reversing what the Prime Minister said would be the rationale for this type of payment back in 1969?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am doing exactly the same thing for Quebec as I have done for the other provinces. I have reduced the income tax of the federal taxpayers. That is exactly what I am doing in Quebec with the balance of the money that the Quebec government did not want to use to cut sales tax. I think it is very clear what we are doing. There is no difference in treatment between Quebec and the other provinces. We have cut income tax in the federal budget for the citizens of all provinces and the provinces raised their own income tax by the equivalent amount of money.

Miss MacDonald: Mr. Speaker, once again referring to the 1969 statements of the Prime Minister which seem to have been so reversed now, when referring to the spending power and payments to persons and institutions at that time the Prime Minister said:

It is not possible to enter into a discussion of this particular proposition without considering the whole of the structure of Canadian federalism—

● (1427)

Now that the Minister of Finance has taken the country into an era of balkanized federalism and established a very dangerous precedent in what is going on, why has the government decided to endanger the very basis of our federal system by choosing a method of payment which bypasses the provincial governments and which the government at one time considered should only be proceeded with in a review of the whole structure of federalism?

Mr. Chrétien: Mr. Speaker, I made exactly the same offer to the Quebec government as I made to the other provinces at the time of the budget. It is not me; it is the Quebec government which decided to balkanize the country in proceeding the way they have.

Some hon. Members: Hear, hear!

Mr. Chrétien: After I made the offer there was no way I could go back to the other provinces and offer the same deal, because I wanted to be fair to everybody. For example, the citizens of Ontario would like to see the automobile tax cut; however, that would not have been agreeable to British Columbia because they are more interested in building materials. The ones who are trying to divide this country are the Parti Québécois in their manoeuvring. I am surprised that a national party wants to save the neck of the Parti Québécois.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

* * *

THE CANADIAN ECONOMY

INVESTMENT IN CANADA TO CREATE JOBS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, when the Minister of Finance has no other argument, he hides behind the Canadian flag.

I have a question for the Prime Minister. The Royal commission on the effects of corporate concentration having wasted $3 million of taxpayers' money on behalf of Argus, Power Corporation and the like, I would like to ask a question on this important subject which we thought would be dealt with by the royal commission. When the Prime Minister cancelled plans for a summer election, he said he wanted co-operation on measures to deal with the Canadian economy. The Royal commission said nothing about the serious effects of multinationals like Inco setting their own priorities: having

the exclusive right, for example, to invest millions abroad precisely at the time we need such investment to create jobs here in Canada.

Will the government in the next few weeks bring in legislation similar to what has been done in most other industrial countries, which will give the Government of Canada authority to enter into long-range planning agreements with such corporations to ensure that when decisions like that are made by Inco to invest abroad, the public, through the Government of Canada, will have a crucial say in such decisions?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the leader of the New Democratic Party is making light of a report by the Royal commission with which he does not happen to agree. The position of the government is that this Royal commission researched into a very difficult and complex subject. They came up with many recommendations, some of which are liable to be accepted by the government and some of which are not liable to be accepted by the government.

However, we will not, as the leader of the New Democratic Party does, let our prejudices speak for an intelligent judgment on it. We will study it and the Department of Consumer and Corporate Affairs will make a report to cabinet on it.

Mr. Broadbent: I wish the Prime Minister would at least pay members of the House the courtesy of listening to the questions. I simply said the Royal commission did not deal with that issue. I pointed out that Canadians are losing thousands of jobs because multinationals in this country, unlike most other countries, have the unilateral right to transfer funds out of the country. Will the government of this country, like most other countries in Western Europe, and Japan, bring in legislation which will give it some authority to play a role in this decision-making process? I would like the Prime Minister to reconsider and answer that question.

I will ask a related question. Another area that was neglected by the Royal commission was the right of the banks, for example, to set their own investment priorities. In particular, considering the kind of decision that was made by the Royal Bank of Canada at the time, which was to give Power Corporation $150 million to buy Argus—which would have created no new jobs and would only have resulted in the concentration of more power—will the government bring in legislation similar to that which exists in other countries in order to give the Government of Canada a role to play in major investment decisions affecting the economy?

● (1432)

Mr. Trudeau: Mr. Speaker, the second question was a variation of the first. The hon. member uses the fact that he does not agree with the Royal commission report as a pretext for making a certain number of representations to the government. I will note those representations.

Mr. Broadbent: Mr. Speaker, in 1975, as a result of questions I asked, the Prime Minister set up this silly Royal commission and we have seen where it has got us after three years. Bearing in mind that he has asked for co-operation from this side of the House in the coming months to deal with serious legislation, allegedly to find jobs for Canadians who need them, can he tell the House what plans he has to bring in legislation either in the short-term or the medium-term which will effectively come to grips with the shortcomings of the Canadian economy?

Mr. Trudeau: Yes, Mr. Speaker. We shall be announcing such legislation very soon.

Mr. Broadbent: After ten years!

* * *

[*Translation*]

FINANCE

METHOD OF COMPENSATING QUEBEC FOR LOSS OF SALES TAX REVENUE

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, my question is directed to the Minister of Finance. Since we have been informed today that the generous handouts of the federal government in the sales tax field were made at the expense of the provinces and that they have been forced to increase their taxes by $100, we can appreciate the attitude of the government and its sincerity in helping people. Considering that the Quebec minister of finance has decided to help productive sectors with this tax reduction, that is furniture, textiles and footwear, and that the province of Quebec had every right to use these funds as it saw fit, what does the minister propose to do to respect those decisions and to give to everybody equal opportunities of obtaining his fair share of the refund made by the federal government and not only to those who file a federal income return?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have made the same proposal to Quebec as to other provinces. The federal transfer of funds has been made through a federal income tax reduction and provinces other than Quebec have increased their income taxes accordingly. As for the benefit they have obtained, they applied it to all items covered by the sales tax. It was up to the Quebec government, if it wanted all taxpayers to take advantage of it, to reduce the sales tax on other items.

Mr. Caouette (Témiscamingue): I wish to direct a supplementary question.

In view of the fact that the application of the sales tax is not limited only to taxpayers but to the public as a whole, and that the minister was wrong a while ago when he said that Quebec was the only province out of step, is the minister aware that the four western provinces have supported Quebec's claims?

Mr. Chrétien: Mr. Speaker, I am afraid this is not the right interpretation to give to the statement of the western prov-

inces. As a matter of fact, a number of provinces have not supported Quebec's decision to cut off this tax unilaterally, and all the ministers of finance have indicated to me when I talked to them how disappointed they are that Quebec has refused to co-operate in this matter as they did among themselves.

* * *

[*English*]

THE CANADIAN ECONOMY

VALUE OF CANADIAN DOLLAR—CONTRIBUTORY EFFECT ON INFLATION

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. Now that the Statistics Canada figures with respect to inflation have been made public, indicating that when the provincial sales tax figures are added back in, the inflation level in Canada in the past year has been 9.1 per cent, would the right hon. gentleman tell us whether Governor Bouey of the Bank of Canada was expressing government policy today when he said the falling dollar was contributing to inflationary pressures, and that whatever advantage it would give to Canadian exports would be lost if we did not contain the fall-out effect of the devalued dollar on costs and prices?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have not read the speech by the governor of the bank, who agreed to appear before a committee this morning. I will look into that. I think the hon. member should recognize that in the last three weeks the value of the Canadian dollar has increased substantially.

Some hon. Members: Hear, hear!

Mr. Chrétien: Perhaps, Mr. Speaker, you should give permission to the hon. member to be away for another week, because when he is not here with his rumours the dollar moves up.

An hon. Member: Go home.

Mr. Stevens: A supplementary to the Minister of Finance, who ignores the fact it was he who triggered the fall in the dollar initially: it would never have fallen so low but for his inept handling. Since the inflation levels now prevalent will be aggravated by the fall in the dollar, and since the governor of the Bank of Canada indicated today that it was "money incomes that are causing the problem" and that "we are paying ourselves too much money", would the minister tell us whether he agrees with the governor that the efforts of wage earners seeking to keep up with inflation will in turn cause more inflation?

Mr. Chrétien: Mr. Speaker, I have recognized many times that Canadians in the last little while have been very responsible on that score. The level of compensation in this country is now more competitive, the dollar is at a more realistic level and the economy is gaining greatly. This was evident last month when we saw the biggest ever surplus in our monthly trade balance.

Mr. Stevens: Speaking about the competitive balance, particularly between Canadians and Americans, it is generally agreed that the excessive tax rate in Canada is one reason Canadians are tending to demand higher wages. Would the minister tell us, since the Bryce report is suggesting the phasing out of corporate income tax, whether the government plans any review of personal income taxes to ascertain whether there is some way in which they can be lowered?

Mr. Chrétien: The Prime Minister said earlier we would study the recommendations in the report tabled yesterday. I do not accept the suggestion that the level of taxes is unfair in Canada. The corporate tax rate, for example, is comparable to the American level. As to personal income tax, as I have said on other occasions in this House, we enjoy social services in Canada which are much better than the Americans offer to their citizens.

* * *

STATISTICS CANADA

REPORTING OF CONSUMER PRICE INDEX

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. Can the minister explain why it is that Statistics Canada, notwithstanding the fact that the sample of the consumer price index was made prior to the bringing down of the budget, showed the advantage to the CPI of the reduction of the sales tax even though it became effective after the sample was taken? Perhaps he would assure the House that there has been no interference by himself or by any member of the government with Statistics Canada or the consumer price index.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I can assure the House there has been no interference with the sampling or with the index. I should also like to tell the hon. member that if the sales tax comes off for half a month, that half month is taken into consideration in computing the index for the whole month.

Mr. McGrath: Mr. Speaker, as usual, the minister is uninformed. If that were the case, we would obviously have a far different consumer price index from this one which reports an over-all reduction for the entire month when it should not reflect any reduction at all.

Will the minister give us an assurance that the government will ask Statistics Canada to change the method of calculating the consumer price index so that it will show a more accurate measurement of the cost of living of low income earners, the fastest growing group in the country?

● (1442)

Mr. Horner: Mr. Speaker, I disagree with the preamble completely. I might inform the House, also, that Statistics Canada is working on a new formula for the consumer price index which I hope to be able to announce. I might say, also, that we were asked to devise a new formula for the consumer price index by the Premier of Ontario and by the Premier of Alberta at the first ministers' conference, and this was agreed upon by all first ministers at that conference.

Mr. McGrath: May I ask the minister if it is the intention of the government to ask Statistics Canada not to proceed with its plan to change the base rate in the consumer price index from the 1971 dollar to the 1974 dollar, which again, of course, will give the false impression that this government has inflation under control?

Mr. Horner: I think that today Statistics Canada is using a formula devised in 1969. We intend to update that.

* * *

HEALTH AND WELFARE

MINISTER URGED TO RECONSIDER BAN ON SACCHARIN

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, my question is for the Minister of National Health and Welfare. In view of the fact that the head of the health protection branch who precipitated the arbitrary and total ban of cyclamate in the summer of 1970, claiming that cyclamate was carcinogenic, this action causing severe damage to Canadian independent business, and since the same spokesman stated just last week that the great preponderance of world evidence indicates that cyclamate does not produce cancer, would the minister reconsider the competence of that person and the authenticity of his alleged science which led to the current precipitous ban of saccharin, using the identical claim, and even the same words, relative to the cyclamate ban eight years ago?

Some hon. Members: Hear, hear!

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I know that moving saccharin from grocery store shelves to pharmacies has created some hardship, which we are trying to eliminate as soon as possible by bringing in new artificial sweeteners which are not damaging. I know that it also reopened the whole question of cyclamates, but I should like to confirm to my colleague, as well as to other members of the House, that we review and update scientific knowledge on that subject regularly.

The cyclamates which were used together with saccharin in previous artificial sweeteners and which were thought at that time to be a possible cause of cancer have now been identified as a separate element which does not cause cancer. I think it is unfair to make the assumption she made in the preamble to her question. The state of knowledge in the area is being constantly perfected and, as the government, we must act on what we know and as everyone would agree we must take a calculated risk in order to protect the health of Canadians.

* * *

FINANCE

FEDERAL METHOD OF DEALING WITH QUEBEC SALES TAX CUTS

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the right hon. Prime Minister: it relates specifically to the sales tax matter in general and the province of Quebec in particular. When this matter first came up and our party supported the proposition put forward by the Quebec minister of finance, we were accused of encouraging separatism.

The question I put to the right hon. Prime Minister today is: Why is his government, with one policy for Quebec and another policy for the rest of Canada in reality, encouraging the two solitudes and not only encouraging but practising separatism?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, in the preamble to his question the hon. member suggests that his party wanted us to follow Mr. Parizeau and give the money to Mr. Parizeau, the finance minister of the province of Quebec. Today we have been hearing a series of questions from the Leader of the Opposition and the hon. member for Kingston and the Islands saying we should give the money to the poor people. Obviously, within a matter of a week the Tory party has flip-flopped. First they want to go to Parizeau and now they want to go to the poor.

Some hon. Members: Hear, hear!

Mr. Clark: Serge Joyal is not laughing.

Mr. Trudeau: As to the question itself, Mr. Speaker, about treating the country differently, I repeat what the Minister of Finance said to the Leader of the Opposition. Obviously, the hon. member for Brome-Missisquoi does not understand what is being done. In the case of every province, including the province of Quebec, what this scheme involves is giving tax room to the provinces. We did this in the budget on budget night by giving tax room to every province so that they could occupy that tax room. We have done just the same thing for the province of Quebec. We have given it tax room so it could occupy it. It is the same thing for all the provinces.

Some hon. Members: Hear, hear!

Mr. Grafftey: I wonder if that includes the province of Alberta.

Some hon. Members: Oh, oh!

[*Translation*]

SALES TAX COMPENSATION FOR QUEBECKERS NOT FILING INCOME TAX RETURN

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my supplementary question is for the Minister of Finance. In view of the fact that, since he made his statement here yesterday, several members of his party here in Ottawa have indicated that they are against the proposition, including a number of Quebec representatives from the government side—

Some hon. Members: Give us their names!

[*English*]

Mr. Speaker: Order, please. If the hon. member for Brome-Missisquoi has a question, would he put it.

[*Translation*]

Mr. Grafftey: Mr. Speaker, in view of the fact that several members from the government side here in Ottawa are against this proposal—

Some hon. Members: Give us their names!

[*English*]

Mr. Speaker: Order, please. I was not asking the hon. member to repeat the preamble.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): Tell them to keep quiet over there.

Mr. Paproski: Tell those Liberals to keep quiet.

[*Translation*]

Mr. Grafftey: Considering that only the citizens of the province of Quebec who pay income tax will receive a rebate from the federal government, could the Minister of Finance inform the House today how, specifically, he intends to compensate the poor people of the province of Quebec who do not pay any income tax? Moreover, considering that Mr. Parizeau's proposal received the support of all opposition parties in the province of Quebec and several federal members of parliament, will he forget his confrontation policy and accept Quebec's proposal as soon as possible?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am pleased to tell the hon. member that we have offered a taxation field which could be taken over by Quebec, much as we did for the other provinces. The formula used was to cut the federal income tax and allow the provinces to move into this taxation field. Quebec received the same proposal as the other provinces. I do not understand how the hon. member fails to comprehend that aspect. It is obvious to me.

As to the members of my own party who might not have supported this proposal, I wish the hon. member would try to name them.

ALLEGED INJUSTICE TO QUEBECKERS RESPECTING SALES TAX

Mr. Roch La Salle (Joliette): Mr. Speaker, when I look at the proposal of the Minister of Finance, I see it is true that if ridicule killed, he would not be in the House today.

Here is my question. As, according to the proposed formula, couples where both partners work will normally receive $85 each, while families where only the father works will receive only $85, can the Minister of Finance tell us whether he considers that as an answer to the just society promised by his Prime Minister?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, when we cut taxes, we cut taxes. The same thing goes for Ontario and the other provinces. We cut the income tax of every taxpayer. The proposal of the hon. member to the House at this point does not hold any water because we did exactly the same thing throughout Canada. We have withdrawn from a field of taxation which the other provinces have taken over without the hue and cry the Quebec government is trying to stir up in an attempt to derive the political advantages the hon. member supports.

Mr. La Salle: Mr. Speaker, allow me to remind the Minister of Finance and the Prime Minister that the Quebec Minister of Finance got the support of all opposition parties, as well as that of Mr. Ryan, and the Prime Minister is aware of that.

Here is my question. Since the Minister of Finance intended it as an incentive to industry and since he recognized yesterday that his proposal no longer meets completely his basic objective, I conclude that the Minister of Finance deliberately lied to the Canadian people and, under the circumstances, does the minister—

Mr. Speaker: Order. If the hon. member has a question, I would ask him to put it immediately.

Mr. La Salle: Mr. Speaker, here is my question. The Minister of Finance intended this as a direct incentive to industry. Yesterday, he recognized that his formula was not a direct incentive. So, I conclude that he deliberately lied to the Canadian people, and I ask him to apologize to them.

Mr. Chrétien: Mr. Speaker, I rise on a question of privilege. I ask the hon. member to withdraw his words because they are unparliamentary. He used the terms "deliberately lied". Such words are unparliamentary and he should withdraw them before I can answer his question.

● (1452)

[*English*]

Mr. Speaker: Without being able to verify the exact language of the hon. member, my recollection is that what he had accused—

[*Translation*]

Mr. La Salle: That is what I said, Mr. Speaker.

[*English*]

Mr. Speaker: Order, please. What he did was accuse the hon. minister of directly lying to the population. Whether or not that accusation is made in respect of the House or whether or not it is made in respect of any action on the part of the minister, it seems to me the accusation by one member of another member of a direct lie is unparliamentary and must be withdrawn.

Some hon. Members: Three o'clock.

[*Translation*]

Mr. La Salle: Mr. Speaker, if I understood well, you want me to withdraw. In view of the commitments made by the minister regarding the proposals contained in his budget, and after what he did, I repeat that he is a liar.

[*English*]

Mr. Speaker: Order, please. Without having an opportunity to examine the record, the question period will not proceed unless and until the hon. member withdraws the remark he has made in respect of an accusation of lying by the minister, if that is in fact what has taken place. If the hon. member did not say what I have accused him of saying, I am prepared to listen to him. However, if he has accused the minister of lying directly, I would expect him to withdraw that. Otherwise, the question period cannot proceed.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise on what I think amounts to a point of order at this point. It may be something else.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): In Your Honour's initial reaction to what was raised in the House by the Minister of Finance—and I am sure you did it deliberately—you mentioned that perhaps there might be a distinction. Quite frankly, I would like a few moments to consider what Your Honour has said in respect of that distinction. It is now five minutes to three o'clock: I wonder if the matter can wait until three o'clock.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I have not heard from the hon. member for Joliette that he did not accuse the minister of lying directly. If he has accused the minister of lying, I would expect him to withdraw it. If he has not, I would expect him to make representations to that effect now. However, if that has been his accusation, the question period will not proceed unless and until that accusation is withdrawn.

Some hon. Members: Hear, hear!

[Mr. Speaker.]

[*Translation*]

Mr. La Salle: Mr. Speaker, I listened attentively to your comments, and with all due respect, I also listened to the statement made by the Minister of Finance, his objectives, and his reaction to the allegations he made against us. We have always concurred in the unanimous stance taken by the National Assembly in this matter. The Minister of Finance always persisted in saying that we upheld a separatist measure or a measure aimed at undermining federalism, and such a statement is false. That is why I repeat that the Minister of Finance has been deliberately lying in this regard for the past three weeks, and I do not retract what I have said.

[*English*]

Mr. Speaker: Order, please. I have made a decision in respect of the accusation of the hon. member for Joliette. He has not in any way withdrawn or in any way retreated from the accusation he has made against another member of the House of directly lying. The proceedings of the House will not go forward unless and until the hon. member either withdraws or retires.

Some hon. Members: Out!

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I do not wish to get into the dispute as to what the hon. member said or what he should do. But it seems to me it is hardly fair to the rest of the House to cut off the question period for that reason. It seems to me, as is the case with most points of order or disputes, that this one should be raised at three o'clock.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I am prepared to respect that there were a few minutes remaining in the question period. However, there is clear disorder in the House with the allegation and the statements made by the hon. member for Joliette in respect of another member of this House. In the face of that clear disorder, no other proceeding will take place unless and until either the hon. member withdraws that remark or extends an apology to the House for the use of that unparliamentary language, or else withdraws. Failing his withdrawal, I will have to compel his withdrawal from the premises.

Some hon. Members: Hear, hear!

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, the question has now been clarified by Your Honour with regard to the use of the word "liar".

Some hon. Members: Oh, oh!

Mr. Lambert (Edmonton West): I put it to Your Honour, and *Hansard* will show it—some hon. members present will remember—that during the years prior to Your Honour's accession to the Chair the word "liar" was used many times on both sides of the House. We can pick on the members who did it then; some of them are no longer here.

Some hon. Members: Oh, oh!

Mr. Lambert (Edmonton West): I would suggest it is an unfortunate extension of the question of privilege in that it has always, in my estimation, been that no hon. member could accuse another of being a liar in the House or to have deliberately misled the House. The hon. member for Joliette said that the minister had lied to the Canadian public. I know, as I stand here, that certainly Mr. Speaker Lamoureux made the distinction that one could say it was a lie to the public, but not in this House.

Some hon. Members: Oh, oh!

Mr. Lambert (Edmonton West): I have all the time in the world, too. An accusation of lying outside is certainly not an accusation of lying in this House. The privilege is in this House, not outside.

Mr. Speaker: The hon. member for Edmonton West wishes to argue with the decision I have already taken. Rulings in respect of unparliamentary language are within the province of the Speaker. I heard the hon. member accuse another hon. member of the House of deliberately lying. This has been raised by that hon. member as a question privilege. I have found, unless the hon. member withdraws that remark, that I will have to ask him to be removed from the chamber.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The House will understand that in the failure of action on the part of the hon. member to whom I have extended the opportunity to withdraw the remark of unparliamentary language, it will be required that a motion, in the ordinary course of the precedents of our House, be put, as is the usual case, by the government House leader in respect of the withdrawal from the chamber or the eviction from the chamber of the hon. member who has uttered the offending remark.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

● (1502)

Mr. Speaker: All hon. members are aware that it has become an accepted part of our practice, before arriving at this stage, that an individual member who refuses to comply with an order of the Chair leaves the Chair no choice except to name that hon. member. Once again, before arriving at the stage of naming individually the hon. member for Joliette, I am now indicating to him again, for the third time, that I have found the language that he has used to be unparliamentary and it must be withdrawn, failing which I will have no alternative except to name him and ask that the government House leader make the necessary motion to have him ejected from the chamber for failing to comply with a direct ruling of the Chair.

Mr. Baker (Grenville-Carleton): Mr. Speaker, with respect, I believe it is important that all of us have an opportunity to see the blues, particularly the government House leader since he will be asked to move a motion. This parliamentary institution will not crumble to the ground, sir, if we proceed with other business until those blues are ready. I believe it is important that we see them.

Mr. Speaker: The hon. member would have a very valid point had it not been for the fact that the hon. member to whom I have referred not only made the allegation in the first place but, in a subsequent presentation after an initial ruling by me, he got up in his place and repeated the allegation that he had made, in substantially the same terms. It is not necessary for me to read the transcript in the face of that. Therefore, in the absence of any action on the part of the hon. member for Joliette, I am left with no alternative but to name Mr. Roch La Salle.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, because of the importance of the situation that has arisen I feel I should explain, at least to the satisfaction of myself, the proceeding in which I am now engaged.

It has been the tradition of the House of Commons that when the Speaker names any particular member, the leader of the government in the House supports the Speaker in that decision. That, I believe, has been the unvarying tradition of the House of Commons with one exception, and when that occurred the Speaker of the day was left in a very exposed, unprotected, and unsupported position. It is therefore my desire in discharging my responsibility to support the Speaker.

I would add that while the Speaker did make the suggestion that I put this motion, it is a decision which the leader of the government in the House makes on his own account, and he can either agree—

Mr. Baker (Grenville-Carleton): Move a motion.

Mr. MacEachen: —or disagree to move the motion. With that in mind, Mr. Speaker, and in accordance with the responsibility that you must discharge to the House, and in support of your responsibility, I would move, seconded by the Minister of Justice (Mr. Basford):

That the hon. member for Joliette be suspended from the service of the House for the remainder of this day's sitting.

Mr. Speaker: Order, please. It has been moved by Mr. MacEachen, seconded by Mr. Basford, that the hon. member for Joliette, Mr. Roch LaSalle, be suspended for the remainder of this day's sitting.

Is it the pleasure of the House to adopt the said motion?

Some hon Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea;

Mr. Speaker: Those opposed to the motion will please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Speaker: Call in the members.

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

● (1512)

(Division No. 46)

YEAS

Messrs.

Abbott
Allard
Andras
(Port Arthur)
Andres
(Lincoln)
Appolloni (Mrs.)
Basford
Beaudoin
Béchard
Bégin (Miss)
Benjamin
Blackburn
Blais
Blaker
Boulanger
Brewin
Broadbent
Buchanan
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (Miss)
(South Western Nova)
Caouette
(Témiscamingue)
Chrétien
Clermont
Collenette
Condon
Corbin
Corriveau
Côté
Cullen
Daudlin
Dawson
De Bané
Demers
Dionne
(Northumberland-Miramichi)
Douglas
(Bruce-Grey)
Douglas
(Nanaimo-Cowichan-The Islands)
Duclos
Dupont
Dupras
Duquet
Faulkner
Fleming
Foster
Francis
Gauthier
(Roberval)
Gauthier
(Ottawa-Vanier)
Gendron
Goodale
Goyer
Gray
Guay
Guilbault
Harquail
Herbert
Holt (Mrs.)
Horner
Jamieson
Joyal
Kaplan
Knowles
(Winnipeg North Centre)
Lachance
Lajoie
Lalonde
Lambert
(Bellechasse)
Lamontagne
Landers
Lang
Laniel
LeBlanc
(Westmorland-Kent)
Lefebvre
Leggatt
Loiselle
(Chambly)
Loiselle
(Saint-Henri)
Lumley
MacDonald
(Cardigan)
MacEachen
MacFarlane
MacGuigan
Marceau
Marchand
McRae
Munro
(Hamilton East)
Nicholson (Miss)
Nystrom
O'Connell
Orlikow
Ouellet
Parent
Pearsall
Pelletier
Penner
Peters
Philbrook
Pinard
Portelance
Raines
Reid
Roberts
Robinson
Rompkey
Roy
(Laval)
Sauvé (Mrs.)
Savard
Smith
(Saint-Jean)
Stewart
(Cochrane)
Stollery
Symes
Tessier
Trudeau
Turner
Watson
Whelan
Wood
Young—116.

NAYS

Messrs.

Alexander
Andre
(Calgary Centre)
Baker
(Grenville-Carleton)
Baldwin
Beatty
Brisco
Cadieu
Clark
(Rocky Mountain)
Cossitt
Crosbie
Darling
Dick
Dinsdale
Elzinga
Epp
Forrestall
Friesen
Gillies
Graffrey
Halliday
Hamilton
(Qu'Appelle-Moose Mountain)
Hargrave
Hees
Hnatyshyn
Holmes
Howie
Huntington
Hurlburt
Jarvis
Jelinek
Johnston
Kempling
Knowles
(Norfolk-Haldimand)
Lambert
(Edmonton West)
MacDonald (Miss)
(Kingston and the Islands)
MacKay
Mazankowski
McCain
McGrath
McKenzie
McKinley
McKinnon
Muir
Munro
(Esquimalt-Saanich)
Neil
Nielsen
Nowlan
Oberle
Paproski
Patterson
Pigott (Mrs.)
Ritchie
Rodriguez
Rynard
Schellenberger
Smith
(Churchill)
Stevens
Wenman
Whiteway
Whittaker
Wise
Yewchuk—62.

[Mr. Speaker.]

[*Translation*]

Mr. Speaker: Order please. I declare the motion carried. I must now order the hon. member for Joliette (Mr. La Salle) to leave this chamber pursuant to the House order that has just been adopted.

[*English*]

And Mr. La Salle having withdrawn:

Mr. Speaker: Presenting reports from standing and special committees. Tabling of documents.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise on a point of order. As Your Honour will recall, the question of privilege was raised by the Minister of Finance before the end of the question period. In all fairness to the House of Commons, I think Your Honour would want to grant parliament the opportunity to have at least the seven or eight minutes left in the question period.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. It seems to me that choice was in the hands of the hon. member for Joliette, not of the Chair.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Erik Nielsen (Yukon): As I understand the rules, Mr. Speaker, questions of privilege and points of order are reserved if matters arise during question period until three o'clock when question period is terminated. Without intending in any way to be critical of the Chair, the fact remains that the Minister of Finance raised a question of privilege prior to three o'clock. It should not have been heard at the time it was heard. It should have been heard at three o'clock.

Mr. Speaker: Order, please. The hon. member for Yukon raises a valid point, one that ought to be explained to the House. The discretion is in the Chair as to whether or not any question of privilege raised can be deferred until three o'clock or the end of the question period, or whether it is of such a nature that it ought to be taken up forthwith before proceeding further with the question period.

● (1542)

Obviously, with respect to a matter of unparliamentary language, as I dealt with yesterday in the case of the hon. member for Saskatoon-Biggar when he had made a remark which I found to be unparliamentary, and, incidentally with respect to the point raised by the hon. member for Edmonton West, I did not find that based on any accusation regarding the Prime Minister's conduct in respect to the House but on a general accusation, the hon. member for Saskatoon-Biggar rose in his place and withdrew that remark forthwith.

The fact of the matter is that once the Chair has drawn disorder to the attention of the House, the disorder exists and the House cannot proceed in the face of a disorder and a finding of disorder by the Chair. Had the hon. member for Joliette done precisely the same today as the hon. member for Saskatoon-Biggar did yesterday, the question period would have continued. However, the Chair, it seems to me has no choice in the face of a finding of disorder, in permitting the question period, or any other proceedings for that matter, to go on, when in fact disorder has been found by the Chair. That is a discretion which the Chair has to exercise every day.

Mr. Nielsen: Mr. Speaker, may I now be permitted to make the central point of order that I rose to speak to, and that is, that having proceeded in this fashion, and the question of privilege having been raised prior to three o'clock and considered by the Chair prior to three o'clock, it would seem to me, and I submit this to you, sir, that what your decision means now is that you take the position that we cannot resume the question period in that the infraction of the rules by any member, whether he sits opposite or on this side, is sufficient, if we follow this route, to penalize all the members of the House. I submit that that is not a fair way to proceed at all and that we should be permitted to continue with the order of business which was interrupted at the time, and that all the members of the House should not be penalized for the infraction of the rules by any one member.

Mr. Baker (Grenville-Carleton): Mr. Speaker, yesterday, as reported at page 5409 of *Hansard*, this was your ruling with respect to the matter involving the hon. member for Saskatoon-Biggar. Your position was different today than it was yesterday. Yesterday as reported at this page you said this:

> Order, please. I will extend the question period by a moment or two to recognize two or three hon. members who have been attempting to be recognized—

I am reading exactly what it says.

> However, before I can go on, I will have to ask the hon. member for Saskatoon-Biggar to withdraw the remarks he has just made about the Prime Minister.

In that case, the member chose to withdraw. In this case the member chose not to withdraw. None the less, there are other members in this House who are quite outside the difference of points of view, and of the view expressed by the hon. member for Joliette, who ought not have their right to ask questions deprived on the day after you preserved their rights under a similar circumstance. That is precisely why I rose, sir. I think you should understand it.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): I rose not to defer consideration of a matter that affected the Minister of Finance. We all know the House had to deal with that matter, and it did. I rose for two reasons, first, to have you consider the step that you were about to take—you did quickly and decided to move on—but second, to preserve as well the rights of all members with respect to the question period. I cannot see, sir, and I say this with great respect, why there should be one order made on one day and another order made on the other.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I wish to make just one brief point. You have discretion as to whether you wish to continue the question period at all, but it seems that if you wanted to contribute, with the greatest respect, to a calmer atmosphere in the House, surely the right decision is to exercise your discretion and permit the five minutes that were lost to the question period so that there is not an appearance of chastising the opposition for something one individual member may have done. I urge you, Mr. Speaker, to exercise your discretion in this particular instance so that the rights and prerogatives of the opposition are preserved.

Mr. MacEachen: Mr. Speaker, I think there is a bit more involved here than discretion. I believe the rules do provide a definite duration for the question period, and while, from time to time, we permit the question period to go beyond three o'clock and the period is extended until 3.05 or 3.07, I think that if any hon. member rose on a point of order at three o'clock he would be entitled to do so, and it seems to me the discretion of the Speaker could not openly and blatantly turn aside the words of the Standing Order. I do not really believe it is entirely a question of discretion. But I am not arguing that point.

If the Speaker chose to exercise a different discretion today than he did yesterday, I would support him in that because I believe the circumstances were so different that not only the Speaker but many others would like to express their displeasure at the conduct we have witnessed today.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. We are dealing with two issues, and I think we ought to be careful here to separate entirely the two issues. I will endeavour to do so and come to some disposition of this matter now.

The history of our practice during the question period has been a rather happy one because about a year ago we developed the practice of purging from the question period points of order and questions of privilege, and I think all hon. members would agree that has been a very beneficial experience and that the ability of the Chair to defer until the end of the fixed question period any such questions of privilege and points of order has been of great help to the conduct of the question period.

That, nevertheless, has left, as I indicated to the hon. member for Yukon, a residual discretion with the Chair that it is still possible for the Chair to determine, on any given day, that a question of privilege during the question period is so important and so fundamental that the question period, or no other proceedings, can really take place unless that matter has been set aside. In the light of that, I dealt with this matter which I thought was of a very fundamental importance today, and I hope hon. members will agree, whatever their disposition in terms of support was for the motion which ultimately arose, that it was a point that had to be taken up at once because it was of such a fundamental nature.

I do see a certain inconsistency. Having the ability to rely on a daily basis on this improvement in our practice which has purged the question period of these matters of privilege, or at least deferred them to three o'clock for the benefit of all members, I do see a certain inconsistency on a daily basis in the Chair relying on that, and the House relying on that, and then one day getting in difficulty and taking up a point that had to be dealt with and thereby depriving the House of the balance of the question period. Perhaps in not carrying on for the last five minutes of the question period I was being a bit precipitous in tying the two points together. However, in the circumstances, giving the House the benefit of the doubt, I think we ought to separate the two questions entirely and recognize that there were about five minutes remaining in the question period.

I do not believe, if my memory serves me correctly, that I had as yet recognized a second speaker in the New Democratic Party. I will do so, and he will be followed by a new speaker from the Conservative party.

* * *

CONSUMER AFFAIRS

COST OF FOOD IMPORTS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I choose my words to the Minister of Agriculture carefully. Perhaps I can switch for a minute to the consumer price index without insulting the hon. gentleman. I see from statistics which came out this morning that the increase in the price of food this year over last year amounted to about 14.7 per cent. The minister expressed the view on May 2 that much of the reason for this was too great a reliance upon food imports. Since about 70 per cent of these imports could be produced here I should like to ask the hon. gentleman whether he is prepared to introduce a national program to promote self-sufficiency in food in this country.

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the hon. member says much of these products can be produced here. There is no doubt about it considering the growing season and the climatic conditions. But fresh leaf vegetables account for 31.6 per cent of this increase in one month.

If the hon. member would describe a way of growing these things in snowbanks, I would be glad to listen to him.

[Mr. Speaker.]

• (1552)

But if we want to have those products, we will have to import them. It is our desire to increase production of those products which we have the ability to produce in the most efficient manner, and our discussions with our trading partners in Geneva are conducted with that aim in view.

Mr. Nystrom: Mr. Speaker, I am talking about a lot of products other than just lettuce. I am talking about beef, poultry, many fruits and vegetables, and also cheese, much of which we could be producing in this country. Since last week the Department of Industry, Trade and Commerce announced a program of half a million dollars to promote the consumption of Canadian manufactured goods in the country, I should like to ask whether or not the minister will talk to his colleague and devise a similar program for the promotion of the production of food in our country, because if you take away grain and oilseeds, last year our deficit amounted to $1.8 billion.

Mr. Whelan: I think that again the hon. member is forgetting that this is the nation called Canada, which does not mean that if you take away one thing from one sector of the country, you would not have it. We are one of the most fortunate nations in the world because we do have all those things, and we have a tremendous balance of trade in agricultural products of about $800 million.

Mr. Nystrom: Mr. Speaker, I wonder if the minister is aware of the fact that we could be producing in Canada about 70 per cent of the foods we import from abroad, according to the figures from his own department, and that if we were producing them here in Canada we would be putting several hundred thousand more people to work. In light of those circumstances, would the minister consider at least setting up a task force to study the possibility of self-sufficiency in food in Canada?

Mr. Whelan: Mr. Speaker, we are doing just what the hon. member is talking about, we are considering this. Our whole trading program is designed to encourage production of those products which we produce in our country in an efficient manner. We should increase production of those and import only those products which we do not produce efficiently here. The hon. member refers to some of the products that we import. With regard to commercial beef, we have trading partners with whom we have traded for years from whom we buy beef which we do not produce in our country. Is the hon. member suggesting that we stop trading with them and break our Commonwealth ties and our agreements under GATT? If he is suggesting that, let him say so.

HARBOURS

PROPOSAL TO IMPROVE DOCKYARD AT ST. JOHN'S, NEWFOUNDLAND

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce on a matter that is now lying before the minister, that is, the matter of the government dockyard in St. John's, Newfoundland, which is owned by the Government of Canada. The minister has had a proposal before him since March 21 requesting an $8 million expenditure to put in a synchro lift facility so that the dockyard can get a contract with the U.S.S.R. for the repairing of 60 ships a year, which would bring in an extra 200 jobs in St. John's, Newfoundland. Can the minister tell me whether that is now before him and whether he has made a decision to advance that money for the expansion of the dockyard in St. John's, as he has done in Quebec and British Columbia recently?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, the minister from Newfoundland, as well as a number of Newfoundland members in the House, have discussed with me the whole matter of the St. John's shipyard. The matter is still under discussion before the cabinet.

Mr. Crosbie: Would the minister advise the House whether his colleagues on the other side are supportive of this proposal, or are they discussing it with the minister in an unsupportive manner?

Mr. Horner: Certainly all members from Newfoundland to whom I have spoken are supporting the province and doing everything they can to help development there.

ROUTINE PROCEEDINGS

[*English*]

PUBLIC OPINION POLLS ACT

MEASURE TO REGULATE POLLS DURING ELECTION CAMPAIGNS

On the order: Introduction of bills:

May 10, 1978—Mr. Whiteway—Bill intituled: "An Act respecting public opinion polls"

Mr. Speaker: Order, please. Yesterday, through inadvertence, a motion standing in the name of the hon. member for Selkirk (Mr. Whiteway), for the introduction of Bill C-455, an act respecting public opinion polls, was introduced and the bill was read the first time, ordered printed, and ordered for second reading at the next sitting of the House. All this is reflected in yesterday's *Votes and Proceedings*. I must now bring to the attention of the House, regrettably, that while the document in respect of the motion was prepared, the bill itself had not been finalized and therefore is not ready for introduction.

Order Paper Questions

Standing Order 69 is very clear. It reads:

No bill may be introduced either in blank or in an imperfect shape.

I now find myself required to direct that the order for second reading of the bill be discharged. We should also note that I ordered yesterday that the notice in the name of the hon. member for Selkirk be carried under "Introduction of Bills" on the order paper until the bill is drafted, which I expect will be shortly, and the hon. member will then be able to proceed to ask leave to introduce it pursuant to standing order.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I have a point of order which I should like to put forward while the Minister of Finance (Mr. Chrétien) is in the House. It has been brought to my attention by someone outside the House that the bill he introduced yesterday has not as yet been distributed. It is an important bill, and I understand the government House leader regards it as having some priority. Perhaps the Minister of Finance has some comment on this. The fact is that the bill has not been distributed as yet. If we are going to go ahead with it tomorrow, I think it would have to be distributed within the next hour. I suppose that if we are not going to go ahead with it tomorrow, there would be time. I just warn the minister.

Mr. Chrétien: Mr. Speaker, I followed the traditional pattern. The responsibility for the distribution of the bill in the House does not rest with the department; it rests with the House of Commons. I have introduced the bill in the usual manner.

Mr. Speaker: Order, please. The bill was in my hands yesterday and it should have been printed and distributed in the ordinary manner for the benefit of hon. members. I will inquire forthwith why that step has not taken place, if it has not.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 33, 941, 1,382, 1,457, 1,458, 1,466 and 1,597.

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

Order Paper Questions

[*Text*]

DAIRY POLICY

Question No. 33—**Mr. Cossitt:**

1. Has the government in recent years announced its annual current year dairy policy well into the year concerned rather than before the year begins and, if so (a) for what reason (b) is the government considering changing the announcement date to an earlier date?

2. Has the Minister of Agriculture received complaints from dairy farmers that late announcements do not allow time to properly plan their year in regard to quotas, finances, imports and exports, etc., and, if so, is he prepared to take action to satisfy these complaints?

Hon. E. F. Whelan (Minister of Agriculture): In so far as the Canadian Dairy Commission is concerned, the answer is: 1. No. (a) The dairy year runs from April to April and the announcement is made around April 1 of each year. (b) Yes.

2. Yes. This question is presently under study with the Canadian milk supply management committee.

FARMERS' INCOME

Question No. 941—**Mr. Mazankowski:**

1. Does the Department of Agriculture agree with the forecast of Mr. E. S. Boyko, Assistant Director of the Agriculture Division of Statistics Canada, that realized net income of Canadian farmers will decline by 6.1 per cent during 1978 and, if not, what is the Department's forecast?

2. Will 1978 be the third consecutive year in which realized net farm income will have declined due to rising farm operating costs which are not being met by increased income and, if so, what specific actions is the Department planning to take to reverse this disastrous trend?

Hon. E. F. Whelan (Minister of Agriculture): 1. The Department of Agriculture accepts Mr. Boyko's forecast but would like to draw attention to the following point in the Statistics Canada outlook statement: "It should be remembered that realized net income is the residual between two other forecasts i.e. cash receipts and expenditures, and as such is very sensitive to changes in the two larger series. Indeed, if cash receipts were to increase by 2 per cent more than forecast, realized net income would increase."

2. If realized net farm income declines in 1978 then that would be the third consecutive decline. However it should be noted that even if such a decline occurred, realized net farm income in 1978 would be 45 per cent higher than it was in 1972. The Government operates programs under the Agricultural Stabilization Act, Western Grain Stabilization Act, Farm Product Marketing Agencies Act and Canadian Dairy Commission Act which take into account farm operating costs and reduce the effects of instability in Agriculture. In addition to such measures the agricultural development strategy, now being formulated in cooperation with the provinces, will assist agriculture to realize its full market potential.

EUROPEAN STUDENT TOBACCO WORKERS PROGRAM

Question No. 1,382—**Mr. Dionne (Kamouraska):**

Between 1972 and 1977, did any Europeans, students or other workers come to Canada to work on fruit or tobacco farms in Ontario or other provinces under an agreement with the Department of Employment and Immigration and, if so (a) how many (b) what were their terms of employment (c) what was the nationality of the persons involved?

Hon. Bud Cullen (Minister of Employment and Immigration): Yes. (a) and (c)

Year	Total	Austria	Belgium	France	Ireland	Netherlands	U.K.	West Germany
1972	814	75	289	150	—	75	150	75
1973	1,163	36	350	251	—	150	266	110
1974	1,332	19	350	294	—	200	319	150
1975	1,172	16	350	296	—	150	245	115
1976	670	10	225	180	—	75	122	58
1977	669	9	225	180	32	75	90	58

(b) All workers were participants in the arrangement known as the European Student Tobacco Workers Program. Participants were required to be: students; pay their own air fare to and from Canada; and remain with their employer for the full tobacco harvest period (from the first of August to approximately the middle of September). Employers were required to pay the European students at least the local prevailing wage rate, depending upon the exact duties and the types of tobacco kiln used. Employers also provided the students with free room and board as long as the students remained to the completion of the harvest.

CANADIAN CHEESE

Question No. 1,457—**Mr. Lambert (Bellechasse):**

In 1976-77, what was the volume of Canadian cheese available on the Canadian market and (a) at what price (b) what variety of cheeses were sold (c) what was the rate of consumption?

[Mr. Pinard.]

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports the following: The following table shows the domestic disappearance of cheddar and other cheese in Canada during calendar year, 1977.

Disposition of Cheddar and Other Cheese in Canada—1977

	Cheddar Cheese	Other Cheese
	'000 lb	'000 lb
Stocks January 1, 1977	55,114	15,926
Production 12 months 1977	177,159	118,980
Imports 12 months 1977	—	43,759
Stocks December 31, 1977	61,766	19,367
Exports 12 months 1977	1,630	2,370
Domestic Disappearance 1977	168,877	156,928

(a) This information is not available.

(b) Varieties, other than cheddar, manufactured in Canada during 1977 include the following:

Alpin	Formaggio	Portuguese
Amfrom	Fresco	Provincal
Basilica	Fresh Cheese	Provolone
Blue Vein	Furlano	Quark
Bra	Gouda	Richelieu
Brie	Gruyère	Romano
Burini	Jowa	Serra-Vaquinla
Caciocavallo	Lemoine	Semi-Soft
Camembert	Limburger	Spiced
Dolce	Maigrelet	Suries
Duro	Montasio	St-Paulin
Ermite	Monterey	Swiss
Esrom	Mt.-St. Benoit	Swisca
Feta	Mozzarella	Tilsiter
Fontina	Oka	

	Cheddar Cheese	Other Cheese
(c) Per capita consumption	7.24 lb	6.73 lb

IMPORTED CHEESE

Question No. 1,458—**Mr. Lambert (Bellechasse):**

During the 1976-77 fiscal year, did Canada import cheese and, if so (a) in what volume (b) which kinds and, in each case (i) in what quantity (ii) at what price per pound?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada report the following: during the 1976-77 fiscal year, Canada imported 49,135,200 pounds of cheese for a total value of $52,598,758. A breakdown by kind and price appears on the following table.

STATISTICS CANADA—EXTERNAL TRADE DIVISION
IMPORTS OF CHEESE
QUANTITIES IN HUNDREDWEIGHTS
VALUES IN CANADIAN DOLLARS
APRIL, 1976 TO MARCH, 1977 INCLUSIVE
11 APRIL 1978 PAGE 1

	CHEESE CAMEMBERT CWT	CHEESE GOUDA CWT	CHEESE PROVOLONE CWT	CHEESE GRUYERE PROCESS CWT	CHEESE N. E. S. CWT
	20,488	43,607	9,723	50,208	367,326
	2,091,511	4,541,154	1,450,540	5,543,831	38,171,722
HUNDREDWEIGHT	141.13	104.14	149.19	110.42	103.92

YOUNG CANADA WORKS PROGRAM

Question No. 1,466—**Mr. Allard:**

1. Since the implementation of the Young Canada at Work Programme, did the government allocate money to the Constituency of Rimouski and, if so, in what amount?

2. For each project accepted, what was the (a) name of the project (b) amount allocated (c) year of acceptance (d) name of the municipality involved (e) number of jobs created?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. Yes. $421,000 for the summer of 1977 and $316,000 for the summer of 1978.

2. See table below for 1977. The 1978 projects approval process is under way and therefore data is not available for this year. Regarding 2(b): For 1977, approved projects totalled $419,330 which is $1,670 less than the 1977 allocation. This amount was too small to approve another project, therefore was not utilized in the Rimouski constituency.

YOUNG CANADA WORKS SUMMER 1977
for the Constituency of Rimouski

Project Name (a)	Federal Contribution (b)	Project Location (d)	Jobs (e)
Éducation-Embellissement-Jeunesse	6,360	St-Moise	4
Carrefour	17,532	Rimouski	10
Loisissons-nous en collectivité	6,546	Les Hauteurs	4
Théâtre de marionnettes pour enfants	6,288	Sayabec	5
Aménagement terrain de la résidence	8,004	Mont-Joli	4
Initiation au camping de l'handicapé physique	15,204	Rimouski	7
Projet Jazzofolklorique	4,374	St-Narcisse	3
Inventaire de la clientèle et de ses besoins	11,232	Rimouski	6
Sport—Santé Mentale	8,304	Val-Brillant	5
Price—Jeunesse-en-Vacances	7,860	Price	5
Protection-Métis-Écologie-Environnment	10,040	Métis	5
Jacinthe de Saint-Moise	7,860	St-Moise	6
Nacel: Nettoyage, Aide, Culture, Expérimentations locales	13,632	Val-Brillant	7
Jamborée provincial de spéléologues de la Rédemption	11,232	La Rédemption	6
Arbor-Viron	4,254	Ste-Blandine	4
Loge-Étudiant	18,792	Rimouski	10
Étude Populations d'oiseaux du Québec	15,432	Rimouski	9
Participation dans les Entreprises	6,804	Rimouski	3
Embellissons Val d'Irene	5,724	Val D'Irene	4
Éveil	6,363	Ste-Jeanne	3
Embellissement Touristique	7,860	Padoue	5
Tremplin	11,232	Trinité-des-Monts	6
Faune et Flore Sous-Marine aux Îles du Bic	11,004	Bic	4

Order Paper Questions

Project Name (a)	Federal Contribution (b)	Project Location (d)	Jobs (e)
Épanouissement Jeunesse	6,360	St-Donat	4
Démographie Historique des Paroisses du Comté de Rimouski	13,032	Rimouski	7
Collection Régionale de Photographies Région Bas St-Laurent	5,832	Rimouski	3
Opération Plein Air	5,088	St-Narcisse	3
Expression Camping Intégration	8,646	Mont-Joli	4
Les Loisirs de St-Charles-Garnier	4,860	St-Charles-Garnier	3
Pleins feux sur la Garde des Enfants	6,360	Rimouski	4
Pointe-au-Père—Pointe-du-vent	8,904	Pointe-au-Père	4
Mouvement St-Gab	7,074	St-Gabriel	5
Apprentissage de la Culture Maraichère	12,352	Rimouski	6
Participation Étudiante à l'environnement	9,888	St-Cleophas	8
Animation et embellissement dans notre municipalité	9,054	St-Marcellin	8
La Blabation	12,360	Rimouski	9
Animation et prévention aux jeunes en difficultés	14,832	Rimouski	9
Les Jeunes en Plein Air	7,074	Luceville	5
Centre Étudiant d'information locale	5,402	Rimouski	3
Camp de vacances Salumonko	5,802	St-Donat	6
On Instruit nos Jeunes pour nous	3,780	Ste-Irène	3
Inventaire de la Flore de la Région de Rimouski	11,946	Rimouski	7
Potentiel Latent Main-D'œuvre des 45 ans +	8,646	Rimouski	5
Folklore Rimouski '77	8,904	Rimouski	4
Clinique Juridique élémentaire	6,537	Sayabec	4
Recherche et Information sur les Relations de Travail	6,804	Rimouski	3
Théâtre Étudiant Été '77	7,860	Rimouski	6

CNR—CPR

Question No. 1,597—**Mr. Beaudoin:**

How many passengers did CNR and CPR carry in (a) 1977 (b) 1967?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports the following: A comparison of the number of passengers carried by Canadian National and Canadian Pacific in (a) 1977 and (b) 1967 is provided in the table below:

Year	Revenue Passengers Carried[1] by CNR and CPR 1967 and 1977 Canadian National Railways	Canadian Pacific Ltd.
(a) 1977	9,538,522	3,861,761
(b) 1967	17,620,665	6,138,757

[1] Includes commuter passengers.

It should be noted that 1967 data reflect the influence on passenger travel of Expo 1967 in Montreal and other celebrations marking Canada's centennial.

[Mr. Cullen.]

[*English*]

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

Some hon. Members: Agreed.

* * *

POINT OF ORDER

MR. FRIESEN—DELAY IN ANSWERING QUESTION NO. 1,306

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I submitted question No. 1,306 on February 10. It is not that complicated a question to answer. Much of it is statistical, but it is very important for me that I have the information for which I asked in that question. I would ask the parliamentary secretary if he could ensure that this question is answered quickly.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—MEASURES TO IMPROVE SMALL BUSINESS POLICIES

Mr. Otto Jelinek (High Park-Humber Valley) moved: That this House regards the small business sector as a key to the regeneration of economic growth, increased employment, an improved balance of payments position and increased Canadian ownership of the industrial and resource sectors, and therefore urges the government to end the delay in formulating small business policies by immediately taking steps to:

(1) implement a small business act, to include a realistic definition of small business, the criterion for which will be owner-management;

(2) give tax rebates and other incentives to those small businesses which invest in research and development;

(3) provide an incentive tax credit to any Canadian citizen who makes a direct investment in the equity of a Canadian-owned business;

(4) amend those provisions of the Income Tax Act which discourage the transfer of small businesses within families or to employees; and

(5) create a small business secretariat, independent of the Department of Industry, Trade and Commerce, its duties to include:

(a) ensuring that the decisions of the federal departments and agencies reflect the interests of small business,

(b) assisting small businesses to form consortia to improve opportunities for export and domestic trade,

(c) establishing a fixed proportion of government-purchased goods and services, to be supplied by small businesses, and

(d) exempting small businesses from the application of federal legislation potentially harmful to them.

Mr. Speaker: Order, please. Hon. members will note that the proceedings on this motion will expire at the ordinary hour of adjournment later this day, pursuant to Standing Order 58(11).

Before giving the floor to the hon. member for High Park-Humber Valley (Mr. Jelinek), I should like to bring to the attention of hon, members that I have been advised just now

that at ten minutes to three o'clock this afternoon the bill referred to by the hon. member for Grenville-Carleton (Mr. Baker) was distributed.

Mr. Jelinek: Mr. Speaker, hon. members will note that my motion is rather lengthy. The reason for that, of course, is to catch up on lost time, the time since the Department of State for Small Business was formed two and a half years ago. It was just over two and one half years ago that a long awaited and welcomed move took place when the Prime Minister (Mr. Trudeau) appointed a member to his cabinet who would be responsible for looking after the interests of the small business community. At that time a glimmer of hope arose within this vast and major sector of our economy, and we hoped that at long last specific action would be taken to reduce the maze of bureaucratic regulations, controls, and directives, and that the general paperwork onslaught would be replaced with meaningful, incentive-oriented programs. Unfortunately our hopes have turned to disappointment. What seemed like an emerging light at the end of a long dark tunnel turned into nothing more than a marathon of studies upon studies.

● (1602)

In the meantime, we have attempted to offer a number of realistic recommendations dealing with the potential solution of the Canadian small business problem, in the House as well as across the country. We have developed a number of positive programs which we were looking forward to implementing as early as this coming fall. However, the Prime Minister put a monkey wrench into that by postponing the call for a federal election. Now that we will have to continue to suffer the government's inability to deal with the problems at hand for at least another few months, and possibly a full year, we would like to present a number of recommendations and proposals which have received general acceptance from the small business community, some of which are outline in the motion before us.

As we all know, because small business is the backbone of the Canadian economic way of life; because Canadian-owned and operated enterprises are diminishing rapidly, as witnessed by the number of bankruptcies which increased over 38 per cent in 1977 from the previous year, not to mention the number of businesses which are moving south of the border in order to operate within healthier economic climates; and because of the importance of restimulating the small business community, we must deal with the matter on as strictly a non-partisan basis as possible. Therefore it is my hope that the government will consider seriously, either by stealing, begging or borrowing, some of our recommendations. In fact the government does not have to stoop to that. It should consider seriously some of the recommendations, if not all of the recommendations and suggestions, that my colleagues and I will make today.

Before dealing with the recommendations, I should like to compliment the hon. Minister of State for Small Business (Mr. Abbott). I am sure that compliment comes as a surprise to him. I compliment him for taking at least the initial, long-awaited steps in attempting to reduce the paperwork burden which is so harmful to small businessmen, and for having produced the CALURA amendments. Also I compliment the minister and his predecessor for initiating the many studies, as outlined in the minister's booklet entitled, "Perspectives". These studies are all that have taken place. Unfortunately, those ongoing studies do not solve, in any way, shape or form, the present problems and concerns faced by small businessmen in this country.

I know we have received promises of action by the government, even as recently as last Friday when the minister indicated that he hoped to bring new programs before the House soon. We heard them in the throne speeches of 1973, 1974, and 1976. We heard them in a number of budget proposals. Yet, next to amending or updating existing programs, such as the Small Businesses Loans Act, no specific incentive oriented programs to assist small business have been implemented.

I sympathize with the minister because he is living in a policy vacuum. The small business community is slowly becoming aware of the fact that he is offering nothing more than lip service. Is it any wonder? I do not blame the minister himself. I blame the government and the Prime Minister for creating a lame duck department which does not have the power or the right to deal directly with the problems and potential solutions of the small business community. Imagine the unfortunate position of being dictated by and responsible to the minister from Crowfoot, who is serving out his time in parliament very quickly.

The manner in which this ministry is set up creates yet another horrendous bureaucratic animal, where the minister is responsible to so many other departments and ministries that he loses track of who to see, about what, and when. Therefore our first recommendation is to make the small business secretariat independent of the Department of Industry, Trade and Commerce, as well as other departments, and basically to make it a one stop service centre. Instead of keeping small firms abreast of all aspects of government policy, the sector divisions of the Department of Industry, Trade and Commerce are usually ignorant, and small producers often are forced to deal with several other divisions of that department, as well as with other departments and agencies. I am referring, for example, to special import policy, enterprise development, revenue, finance, DREE, and the anti-dumping tribunal, just to name a few.

The small business secretariat, as proposed by our party, must be made aware of the policies of other departments regarding small business. It should be capable of co-ordinating the various policies so that a small firm requiring assistance will have the benefit of a one stop service centre and will not be shunted from department to department. Small firms are far too important to be kicked around.

Although the Ministry of State for Small Business has failed to develop programs and policies beyond the promise and study stages, after two years and two different ministers,

several departments administer programs meant to encourage small business development. The Department of Finance is responsible for the Small Businesses Loans Act. We propose the transfer of responsibility for this act to the small business secretariat, as is the case with any other matter relating to small business.

The Department of Regional Economic Expansion has developed extensive programs for the encouragement of small business in the developing regions of this nation. The small business secretariat must move out of its glass tower at the Department of Industry, Trade and Commerce and be prepared to work with others in the field to develop further small businesses. The secretariat must be aware of the programs and activities of other departments which may have an adverse effect on small business. I am referring to the Department of Finance Bank Act, the Department of Consumer and Corporate Affairs competition policy, the Department of Agriculture marketing boards, the Department of External Affairs international development agency, and the Department of National Revenue tariff policies.

Without awareness of the policies of other departments which directly affect small business, and the mandate to administer most small business-oriented programs, the secretariat can never move beyond the purposeless and functionless existence which it operates within presently. Because we believe small business is so important, we could not but expect the small business secretariat to become a focal point for Canadian small businesses.

What is small business? What is the definition of small business? I have attempted to receive a definition for some time from the government in order to know with what part of the Canadian constituency we are dealing. For example, in March, 1977, when asked to define small business, the then minister was unable to do so, even as it related to his own portfolio. Later he indicated that perhaps it would not be wise to define small business in any event because it would confuse matters. However, in September, 1977, the government finally made public the following definition:

—independently-owned firms which have not developed the managerial structures typical of large, mature corporations . . . and that branch plants should not be excluded automatically from the small business community.

Therefore, according to that definition, branch plants of foreign-owned multinational corporations were included in the government's definition of small business.

Again last Friday when questioned in the House, the minister defined small business as follows:

—as a business with fewer than 100 employees and which in general terms is legally and financially independent of a large corporation.

● (1612)

We finally have our first incentive to small business provided by this government. It was created two and half years ago, and it is an incentive not to increase growth and employment in order to remain within the limits of that definition. It is one of the most ridiculous definitions I have ever seen because it limits companies on the verge of breaking the 100 employee mark if they want to increase their employment and therefore their productivity and growth.

Notwithstanding that definition by the minister, this government in less than one year has come up with four different positions in so far as a definition is concerned. Is it any wonder that a nightmare of confusion and uncertainty exists within not only the small business sector but our whole economy? My party's definition, which we have been consistently recommending for a number of years, is based on a definition—and I am not ashamed to admit it—put forth by the United States Small Business Administration, "a small business is one that is owner managed and not dominant in its field." This definition has worked effectively in the United States and is being widely accepted by many.

We should not be ashamed to borrow things that work, and certainly we should look at the example of the United States Small Business Administration which has been in existence for 25 years, including some of the incentive-oriented programs they have established. This definition is accepted by many business-oriented groups such as the Canadian Federation of Independent Business, and even by some Liberals. As a matter of fact, the Ontario Liberal party's official definition of small business is exactly the same as our proposed definition, and I would hope that the federal Liberals would at least follow the example of their counterpart in the provincial legislature.

Despite all of these studies which we are talking about, the government continues to remain confused, whether it be on the issue of definitions or of presenting incentive programs because of the promises which have never been kept, from that first promise in the 1973 throne speech. We need less government interference and far more incentive-oriented programs and opportunities if our Canadian owned, operated and controlled, small business sector is to prosper. It is as simple as that, and we cannot continue to swamp them with bureaucratic directives.

The minister must agree that all of these studies have gone far beyond the guidelines and have created a maze of bureaucracy. None of the studies has produced any legislation or a program that has even been presented on behalf of the small businessmen. The small business ministry in this country, as I stated earlier, has been in existence for roughly two and a half years, yet the government's own attitude toward the small business sector has not changed. The government still does not have a small business policy. Two and a half years, the minister says.

Mr. Abbott: It was created in the fall of 1976.

Mr. Jelinek: Two years. I stand corrected on that, Mr. Speaker. However, even at that the government still does not have a small business policy nor does it have a small business act, and probably has not even considered one. Yet the minister in answer to many questions comes back and says, "John Bulloch of the Federation of Independent Businessmen agrees with what we are doing." However, John Bulloch also agrees with a small business act, and I am not suggesting that we

follow the wishes of John Bulloch to the "t". I repeat, I am more satisfied with the United States Small Business Administration outcome. Their small business act has worked effectively and proficiently for the United States small business sector.

I believe that if the government is serious in dealing with the problems of small business, the most realistic and effective way of committing itself to these problems is to implement a small business act. This we are recommending.

The small business act would co-ordinate and define federal law and policy affecting the small business sector. Such an act would adopt the definition of small business used in other effective legislation as "owner operated companies not dominant in their field", as I said earlier. More important, that act would ensure that a small business program is not tucked away and isolated in some department whose first concern lies elsewhere.

The independent secretariat would then, as a result of this act, be committed to deal with the problems first hand. It would ensure that the decisions of other federal departments and agencies reflect the interests of small business. It would exempt small businesses from the application of federal legislation potentially harmful to them.

What legislation is harmful? For example, in the present case of import quotas, we accept the need to limit temporarily footwear and textile imports to a percentage of the Canadian market. That is a piece of legislation offered by this government which has, indeed, been harmful to many Canadian small businesses. The Minister of Industry, Trade and Commerce (Mr. Horner) has muddled what ought to have been a positive move to protect Canadian jobs. Some would suggest that he has destroyed more jobs through store closings caused by the quotas than are protected by these import restraints.

I am sure the minister knows that by imposing the quotas for the protection of large shoe manufacturers or textile manufacturers he has forgotten, or ignored as is the case on most occasions, the small business sector which automatically falls within those quotas. The small specialty shops across the country cannot compete with the large manufacturers in any way but they also fall under these import quotas on textiles and shoes, and they go bankrupt as a result.

There are many cases of this. I have received a number of concerned letters in my own office and I am sure the minister has received similar letters. I have received representations from small business shoe retail outlets across the country and the same with textiles and clothing stores which import specialty items from, for example, Italy or Mexico. So the job of the independent secretariat, instead of being dictated to by IT and C and by the other large departments and instead of going through red tape in order to effect anything on behalf of the small businessman, would be in a far better position to deal separately with small business and keep it away from the harmful pieces of legislation that are good for the large corporations but not necessarily good for the small ones.

We have yet to hear the small business minister either publicly denounce the treatment small retailers have received at the hands of the quota administrators or to intervene to protect small retailers from the disastrous effects of such quota administration. Our proposed small business secretariat could exempt when necessary small firms from such harsh regulations. It would intervene before the regulatory body to assist the development of clear criteria for small business that would consider the problems such quotas may cause when constructed and administered without thought for these small firms.

I believe I have indicated that the only action this government has taken thus far, generally speaking, was to reshuffle old programs and amend and update existing legislation, whether it be changing the IDB to the FBDB or amending the Small Businesses Loans Act in order to keep up with the times. But even those amendments are not realistic. For example, in the loans act, those businesses eligible are defined as a small business enterprise whose estimated gross revenue does not exceed $1.5 million a year. You will recall that this is one of the amendments that increased the gross revenue from $1 million to $1.5 million.

● (1622)

On June 13 I moved a motion in the Standing Committee on Finance, Trade and Economic Affairs as the Small Business Loans Act was being amended, and I quote in part the text of that motion as follows:

—to change the definition so that subsidiary companies with parent companies who have sales over the amount ($1.5 million) . . . would not be eligible—

The then minister of small business was forced to accept the concept embodied in my motion. In committee he stated:

I have accepted the spirit of the recommendation. I make a commitment that we will bring forth an appropriate amendment at the report stage.

Although promises were made, the amendments to the Small Businesses Loans Act passed the House of Commons on June 13, 1977, without any reference to the ability of subsidiaries of large multinational companies to receive assistance under the act.

According to this legislation, which is the law of the land, today a small business is one having less than $1.5 million in sales. Let us consider several of these companies. There is, for example, Nordex Explosives Ltd., based in Montreal. Their sales in 1976 were $855,000. This company is safely under the small business sales limit of $1.5 million. But is this company in fact a small business? I would argue that it is not. And I think the major shareholder of the company, the Dow Chemical Investment and Finance Corporation of Michigan, would be rather surprised to hear that a company they control is a small business. Dow Chemical's assets exceeded $7.7 billion in 1977.

Another Canadian firm which appears to fit into this small business definition in the legislation, with only $1.3 million in revenue, is Debhold (Canada) Ltd., a subsidiary of De Beers Consolidated Mines Ltd., the international conglomerate holding a near monopoly in the world diamond market, yet they are eligible under the Small Businesses Loans Act. There are many others. There is Husky Leasebacks Ltd., and the list goes on and on. It is sufficient to show that a definition based

on size alone, as used by the Small Businesses Loans Act, does not always describe what is the most important feature of a small business, that it be owner managed, as in our definition. The minister and the government must consider using that definition which has been accepted internationally. Naturally, this party would like to remove the ability of subsidiaries of multinational corporations operating in Canada to apply for and receive assistance under this act.

Still on the loans act, Mr. Speaker, in order to help owner-operated enterprises raise working capital, we are recommending that the small business loans program cover working, as well as investment capital where such funds are not available through normal commercial arrangements. We feel that including working capital assistance within the loans act would enhance the use of the act and assist the small firms where assistance is most required.

Now, Mr. Speaker, I have attempted to be as general as possible in talking to our very positive motion today. I will not repeat all the points in the motion, but it spells out many of the incentive-oriented programs we proposed, including—and this is a surprise to me and maybe the minister could speak on it—amendment of those provisions of the Income Tax Act which discourage the transfer of small businesses within families or to employees. The last budget indicated that incorporated farms would be exempt from the implications of this, so it is beyond me why the rest of the small business sector was excluded. I understand the minister will reply to my remarks, so I hope he will try to answer this question. We have made this proposal for a number of years, and prior to the minister's appointment, of course.

Some of my colleagues will speak on the areas of taxation and farming, and the hon. member for Halton-Wentworth (Mr. Kempling) will discuss research and development. But I have one point to make on that subject. In the last budget no mention was made regarding small business proposals, with the exception of the reduction in the provincial sales tax which is a short term, phony way of improving the situation. We do not see consumers flocking to retail outlets. As a matter of fact, Mr. Ted Burton, who represents Simpsons, the large Canadian retail outlet, has indicated that the reduction of the sales tax will not substantially increase consumer purchasing in retail outlets. Yet this was the minister's answer to the problems that small business in this country was facing.

I have said I will not dwell on research and development because my colleague will deal with that matter. Tax breaks were given for research and development, however, but in what sector were they given? To multinational foreign-owned oil conglomerates. There is nothing wrong with that, but again small business has been left out. This government supports a trend toward centralization and concentration of power, be it larger and fewer multinationals, bigger and stronger labour unions, or costly and more powerful bureaucratic governments.

The whole issue here is to decentralize, of course, and that is why when speaking on behalf of the small businessmen, not necessarily on behalf of my party, I am truly disappointed with the results of the just announced Bryce commission which not only supports but strongly recommends the concentration of economic power which would, on a long term basis, allow small business literally to go down the drain. That has been the trend of this government for at least ten years.

The fact that this government is more costly than any in the history of Confederation is no secret. I shall not go over the statistics. The concentration of union power is as damaging to the economy as a whole as to the small businessmen. The Post Office deficit alone has increased by 872 per cent to over $651 million. Yet in ten years postal rates have increased from six to 14 cents, while the mail service has deteriorated to such an extent that Indian smoke signals over one hundred years ago were more efficient and cheaper.

We must no longer allow this permissiveness on the part of the government to continue. We must begin to decentralize and, I believe, especially in the case of the Post Office, the right to strike should be removed from all monopolistic essential services in Canada.

I have outlined some of the positive, incentive-oriented programs which we are recommending and which the government has ignored since and before this minister was appointed. I hope that serious consideration will be given to our proposals. Had the Prime Minister not backed down from calling an election, in a month or two we would be in a position to implement these programs.

In closing, I would like to repeat what I have said often in this chamber, something which I believe is imperative if our democratic way of life is to survive. If we want the small business sector to survive within our society, as I am sure we all do, then immediate action must be taken by the federal government. The small business community is what the free enterprise system is all about. It is what this country is built on and what this country can prosper by. Other countries which presently are more fortunate than Canada with respect to unemployment, inflation, productivity, and other areas by which the standard to success is judged, have all concentrated their economic energies toward their small firms sector within their industrial way of life.

My concern is so genuine regarding the problems of small business and freedom of enterprise that I hope the seriousness of these problems can be dealt with, as I said, on a non-partisan basis. We cannot wait any longer, the small business community cannot wait any longer, and Canadians cannot wait any longer for the government to move in a positive direction in this regard. I hope hon. members will realize the seriousness of the situation and consider some of the proposals which we are outlining today. Opportunities still exist in Canada—

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

Some hon. Members: Agreed.

Mr. Jelinek: Mr. Speaker, I appreciate the unanimous consent. I was just coming to the end of my remarks. I repeat

and emphasize to the minister, who sits there grinning, that I hope he will approve some of the recommendations we have been making. I hope he will seriously consider putting into effect some of the studies the government has made in the last few years, as well as our incentive-oriented programs, including the recommendation for a secretariat separate from the Department of Industry, Trade and Commerce. I am sure the minister himself would like to see that. I hope the minister will seriously consider implementing these things before it is too late for the small businessman in Canada, and before it is too late for the free enterprise that Canadians have grown to accept as a way of life.

Some hon. Members: Hear, hear!

● (1632)

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, first of all I would like to thank my hon. friend, the member for High Park-Humber Valley (Mr. Jelinek), for his remarks, and for those which were complimentary.

I would like to say that the debate today is a very useful one. I believe the motion that was put down is a responsible one. It introduces a number of areas to which I have given a good deal of consideration. Some of which I would not view as necessary as others, but within them they possess a good deal of merit. I want to assure my hon. friend and his colleagues who are interested in this area, as well as my own colleagues, that as early as possible I intend to introduce new measures and to bring new programs to bear which I hope will meet some of the points raised here, but which will go a good deal further and do more.

There are, however, one or two areas with which I would take issue. The hon. member spent some time talking about definitions and the importance of such definitions. I have not yet become convinced that this is the most important problem that we face. He and I, and everyone else interested in this area, know what small business is as opposed to big business and I believe this definition suits the general purpose.

The other day I said that a small business is essentially one of 100 employees or fewer which is financially and legally independent. That probably could be qualified. It might be different in numerical breakdown in certain types of business than others. The hon. member's own definition, I believe, is to the effect that a small business is owner managed and not dominant in its field. This is reflective of the United States small business act which does purport to define small business in that country. By their statute they say a small business is deemed to be a firm which is:

"independently-owned and operated and which is not dominant in its field of operations".

Significantly, however, the act then proceeds to delegate to the administrator of the SBA authority to make more detailed definitions using, among others, such criteria as the number of employees and the dollar value of business. Moreover, the legislation specifically notes that, where these criteria are used, the upper limits established may vary from industry to industry to the extent necessary to reflect differing characteristics of the industries and "to take proper account of relevant factors".

The problem with a definition is that it tends to be difficult to put in precise words an explanation of what any small business might be. I think perhaps Professor Rein Peterson has best expressed it. Professor Peterson is a teacher at the York School of Business Administration who has written a very good book on small business. He has been associated to some extent with the Canadian Federation of Independent Business. In his comments he says:

In defining small business, we are attempting to grapple with generalizations that in practice must apply to a large and diverse group of legal and economic entities. Therefore, it is somewhat naive to expect that one can come up with a single, simple, concise legal definition of small business likely to be adopted by the diverse interests in an economy. We are also trying to describe a continually moving target group, because relationships between relative size, necessary specialization, and economies of scale—both internal and external to the firm—vary from time to time, from region to region, from product to product, and between one technology and another.

I could go on to quote other authorities that cast some doubt on the essential value of a definition. For instance, my hon. friend may have investments while he is an active member of this House and could not personally manage those investments. He might own a small business but not manage it. If he owned, for instance, a business manufacturing horseshoes in Prince Edward Island, he might own a business that by almost any standard would be described as small but would, I am told, be dominant in its field. Actually such a business exists. Therefore he might want to take advantage of the various programs we have to offer in Canada to small business. More, we hope, will be forthcoming. However, he would be excluded because of the precise restrictive nature of his definition.

I suppose you could say the T. Eaton Company is owned and managed by its owners but is not dominant in its field. It is a major operator in its field. I think the Simpsons-Sears Company would prefer to believe that it is not dominated by the T. Eaton Company. And yet I do not think it would qualify by anyone's judgment as a small business.

You can appreciate that while I do not want to spend the afternoon quibbling with my hon. friend about the merits of one definition over another, he will agree with me that one can get trapped into a easy assumption that some definition will suit the bill and be workable and useful.

I took some exception to another point mentioned by my hon. friend. He was annoyed that the Small Businesses Loans Act—

Mr. Jelinek: Mr. Speaker, would the minister permit a short question?

Mr. Abbott: Yes.

Mr. Jelinek: Mr. Speaker, without getting argumentative about the definition situation, I wonder if the minister now is saying that the government does not need a definition for small business and it does not have a general definition, although he has quoted several in the past?

Mr. Abbott: Mr. Speaker, I said I had defined small business in a way that I thought was sufficiently adequate when I stated that I thought a business of 100 or fewer employees, which is financially and legally independent, was sufficient to provide a curtain or an umbrella. I differ in some ways with the definition put forward by the hon. member. I went on to cite some interested authorities that say one definition does not suit. I am saying that I feel less concerned, and place a lower priority on the existence of one definition or the other. He and I, and most everyone else who is concerned in this field, know what small business is. I believe the hon. member mentioned in his remarks about the Small Businesses Loans Act that a subsidiary, however small of a major company, should not be included if we are talking about certain beneficial programs, and to that extent I agree.

The hon. member went on to mention the Small Businesses Loans Act, and I want to correct his impression. The Small Businesses Loans Act administration has been moved over and is under my responsibility. This is helpful, because already we have studied the procedures which are required. I believe they can be streamlined and improved upon. A good deal of work is going on in this respect.

In mentioning the Small Businesses Loans Act the hon. member failed to give us credit in the time the secretariat has existed for amending the act and changing the regulations so it is now a far more useful instrument for small business than it had been before. The limit is raised to $75,000. The regulations have been amended so that the interest rate is a point above prime. Because of the fixed interest rate during times of fluctuating interest rates, the bank managers found the bill totally unpopular. Indeed, there has been no encouragement whatever for the use of the act.

● (1642)

I had several conferences with them. If business under the act was unprofitable, the banks preferred to lend money under their own rules or not lend it at all. At our consulting meetings, they agreed with me that they would be prepared to give a lot more support to the act if it were changed. We did that.

We have published a brochure. Thousands have been distributed to bank managers and through organizations such as the CFIB. While we do not have precise figures, I am advised there has been a very substantial increase in utilization of the act. In due course we will have firm statistics on that point. I see the hon. member for Sault Ste. Marie (Mr. Symes) shaking his head. No doubt he has done an exhaustive survey of the volume of business being done across Canada.

Mr. Symes: Not in my riding.

Mr. Abbott: They probably have not heard about it yet. If the hon. member would promote the bill and the act with his bank managers, as I have been trying to do, he would find that they are much more responsive. It is interesting that last year there was some $80 million in such loans by the banks under the act notwithstanding the fact they did not like it. I am told by those managers who are enjoying a higher volume of business that they find it a very good business indeed as a result of greater utilization of the act to the benefit of small business.

The hon. member raised the problem of certain businesses that do not deserve to be able to use the act. I do not think it is all that important. If the banks want to deal with a business that may have an affluent parent company, it does not cost the taxpayers any money. The bank simply takes the guarantee of the federal government to help repay the loan. Assuming it is a solvent subsidiary, the problem of security does not exist. I doubt there are many companies in that area which would need to avail themselves of that. However, that is just a matter of opinion. Considering this is a precise area we have brought up-to-date, I think that contradicts the hon. member's suggestion that we have done very little in that area.

I would add a number of other things that we have done. During the budget debate I discussed such areas apropos of what he was talking about in the area of paper burden. I realize he was generous enough to say we have started this program. I would like to see more done more quickly in the area of paper work elimination. However, I am convinced that, given a fair period of time since the organization was set up, very substantial results will be achieved.

I am hopeful that within a few weeks we can place before the public several examples of where the controller of paper burden can demonstrate that he has done his job.

Mr. Beatty: Controller of paper burden?

Mr. Abbott: No doubt much excessive paper work will continue to exist. However, I hope hon. members opposite will be fair minded enough to say that we have made a good beginning.

Something else we have done this year is to open our business centre. It is an efficient, well staffed operation—not lavishly staffed—of competent people. Small businessmen can visit there and receive information, not simply about the work of one government department, but, apropos of what the hon. member was saying, avail themselves of a whole breadth of information. They can have appointments made. They can be taken, not sent, to someone else to get the help they need.

In addition, the business centre, which is located in the Sparks Street building which houses our secretariat, and Industry, Trade and Commerce has a toll free Zenith number, Zenith 03200. Any businessman can telephone from anywhere in Canada. My advice is that it has been very successful and that it has resulted in positive help to the business community. That is a precise and specific measure, and while not earth shaking, deserves support.

We have also introduced a program known as the Small Business Internship Program. We hope it will succeed in providing jobs for a number of Canadian graduates on an internship basis with Canadian small businesses, which can both use the help they are afforded and, hopefully, create permanent jobs.

With regard to the question of a small business act, I share to a certain extent the hon. member's view that were we to have an act and create a separate department it would perhaps give the minister a greater feeling of importance. It might give us a function independent of other departments, perhaps of the department in which the secretariat is located.

That, of course, could be achieved. We could bring in an act, and I suppose everybody would support it. Like most acts setting up government departments, it would be relatively brief and non-controversial. We could include in that act certain targets and objectives for the department, and draw from some of the ones in the motion today and others like it.

Upon analysis, however, one has to recognize that a department so created would hardly create a sense of much priority or a sense of great importance, either in the business community or other government departments. Unless you were to allocate to that department a number of functions which may or may not be solely related to small business, the department could stand isolated. It would not achieve any more than what we are capable of doing today within the Department of Industry, Trade and Commerce.

The other problem is that the Department of Industry, Trade and Commerce has a variety of programs. For example, there is the enterprise development program, programs related to tourism, and a variety of others which cannot be severed from their impact on large business or small business. If the department the hon. member would want set up does not have access by right and regularity to these major programs, it would be cut off from the mainstream of government initiatives as they apply to businesses. Although he and I might agree it would give all of us a sense of greater self-esteem to be completely separate, upon analysis it does not have as much merit as appears on the face of it.

The effort and co-operation I receive from my colleague, the Minister of Industry, Trade and Commerce (Mr. Horner), the officials who serve us both, and the growing realization in that department and the whole government of the expanding importance of small business, show that we are being served well. I do not say there is not room for improvement or no need for more programs. I do not say there is not need for changes in our tax structure, statutes of other departments, our purchasing policy, and a whole variety of efforts that, I hope, will ultimately be achieved.

● (1652)

But I think it would be unfair not to pay some tribute to the tax structure which exists today in Canada because it stands preferable to that of any other country in the world. I believe most observers of the small business scene, looking at the tax benefits it enjoys, would agree with that statement. A good many of the most beneficial of these changes were made, I might add, in the spring of 1977. They included a number of proposals such as the favourable measure dealing with employee stock options, income-splitting between family members in unincorporated small business firms, the elimination of federal sales tax for small producers of handcraft, deferral of capital gains on voluntary sales of assets, and the option offered to venture capital investors to choose whether to be taxed on a basis of capital gains or ordinary income. I could go on, but I have already made that speech in the budget debate.

Of course no one should mention the tax system without stressing the importance of the corporate income tax rate for small business, together with the dividend gross-up and credit which provide a significant benefit to businesses with less than $150,000 in income and retained earnings of up to $75,000 which pay some 21 percentage points below larger businesses.

For instance, a taxpayer with $30,000 of income pays only 26 per cent on additional income received from a small incorporated business. A wage or salary earner would be taxed at a rate of 46 per cent on incorporated income. All this shows that the government has not been idle when it comes to producing tax measures. While my predecessor and I cannot claim to have introduced these measures formally, they are the result of advocacy, of influencing the Minister of Finance (Mr. Chrétien) to the best of our ability. We believe we can do a better job on those lines than by trying to create a large empire from which we can crow about all the things we have managed to do for small business. It is better to develop a small, hard-hitting organization, to take policy initiatives and to influence our colleagues to put certain changes in place.

Mr. Jelinek: What about the transfer of businesses?

Mr. Abbott: The hon. member has made reference in the motion to the transfer of businesses and I acknowledge that in our ten-point program we forecast a need for intergenerational transfers. This is something I believe in, and I hope we can achieve it.

Mr. Jelinek: Why was it not in the budget?

Mr. Abbott: The Minister of Finance had a number of high priorities to deal with and he could not deal with them all. He could not do it this time, but I am hopeful we shall achieve it.

The Minister of Finance is not the only minister who has important areas under his control. The Department of National Revenue does its share to produce an efficient and relatively polite tax-gathering service, but it also imposes some onerous burdens on small business while carrying out its responsibilities. Here again there is a case to be made for influencing the Department of National Revenue to change certain of its procedures.

I do not want to take up more time because I recognize that this is a day upon which the opposition puts forward its ideas. I can assure members opposite, in all honesty, that I appreciate their motion. A good deal of it agrees with my own views and fits in our plans. Anything that is said today will help us. I know that is the attitude the hon. member has taken. I know he is eating his heart out to sit on this side, but if he continues to perform the useful service of telling us his ideas from over there, such a change will never become necessary.

Mr. Beatty: The minister explained the various things that have been done since he became Minister of State for Small

Business. Can he tell the House briefly why it is that the rate of failure among small businesses has increased during the period he has been minister?

Mr. Abbott: I did not even begin to scratch the surface of all the things we have been able to do, but I will say this: I do not for a minute suggest that the Minister of State for Small Business can create a climate in Canada that will ensure prosperity. I do not suggest that my efforts have either been mainly contributory or otherwise to present economic conditions. But I will say that I am greatly concerned about the fact that business failures have increased. I worry, as does the hon. member, about the high volume of bankruptcies.

One of the problems is that in prosperous years of high economic growth a good many people get into business. They find the money and they start up. Some of them, it must be admitted, are not all that expert. Dun and Bradstreet, the people who specialize in receiverships, estimate that some 90 per cent of bankruptcies are caused by management difficulties I am by no means blaming businessmen for all their problems, but there is a natural condition that when the economy tightens up it affects small businessmen particularly, and the situation is especially hard for those who lack business skills. That is why the case consultative service we have set up is able to play a really important role in helping small businessmen.

What the higher bankruptcy rate indicates is not so much that small business is suffering unusually but that the economy itself has been going through a difficult time. But there are signs of improvement on the horizon, and we may hope to see a significant reduction in these figures.

● (1702)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Simcoe North (Mr. Rynard)—Communications—Television programs for the deaf; the hon. member for Halton (Mr. Philbrook)—Post Office—Plans to prevent incidents leading to workers being sent home; the hon. member for Surrey-White Rock (Mr. Friesen)—National Security—Status of former RCMP officer.

[Mr. Beatty.]

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—MEASURES TO IMPROVE SMALL BUSINESS POLICIES

The House resumed consideration of the motion of Mr. Jelinek:

That this House regards the small business sector as a key to the regeneration of economic growth, increased employment, an improved balance of payments position and increased Canadian ownership of the industrial and resource sectors, and therefore urges the government to end the delay in formulating small business policies by immediately taking steps to:

(1) implement a small business act, to include a realistic definition of small business, the criterion for which will be owner-management;

(2) give tax rebates and other incentives to those small businesses which invest in research and development;

(3) provide an incentive tax credit to any Canadian citizen who makes a direct investment in the equity of a Canadian-owned business;

(4) amend those provisions of the Income Tax Act which discourage the transfer of small businesses within families or to employees; and

(5) create a small business secretariat, independent of the Department of Industry, Trade and Commerce, its duties to include:

(a) ensuring that the decisions of the federal departments and agencies reflect the interests of small business,

(b) assisting small businesses to form consortia to improve opportunities for export and domestic trade,

(c) establishing a fixed proportion of government-purchased goods and services, to be supplied by small businesses, and

(d) exempting small businesses from the application of federal legislation potentially harmful to them.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, today we are debating a motion on small business which I find very timely and worth-while considering the sad state of our economy, especially as it affects small businesses. After listening to the minister this afternoon outlining in catalogue form all the things which this government is doing for small business, I can only lament at the state of small business in coming months when we consider that, despite these policies, we have record bankruptcies and record financial difficulties facing this important sector of our economy. Unfortunately, I was not reassured by the programs and the lack of new initiatives forthcoming from the minister this afternoon.

This motion is timely for another reason as well, because today is the day after the tabling of the report of the Royal Commission on Corporate Concentration, more familiarly known as the Bryce commission report. In it the Royal commission examined the operation of our economy and looked at the very important role that large businesses and large corporations play in our economy. That, of course, has a direct bearing on how small businesses operate in Canada today.

The very disappointing conclusion of this commission, as far as the NDP is concerned, was its conclusion that no radical changes in the laws governing corporate activity are necessary at this time to protect the public interest. I note that "in the public interest" includes not only consumers but all small businesses. Indeed, the royal commission went so far as to recommend the ending of corporate income tax and came up

with the conclusion that big is beautiful. Our party parts company very dramatically with the royal commission in that conclusion because we look at the evidence provided by Statistics Canada and other sources, and conclude that corporate capitalism is not competitive capitalism and, as a result, the small business sector of our community suffers very badly because of the domination, in both supply and price, of a few relatively strong and powerful corporations.

Indeed, if we look at the statistics provided by the government in 1975, we find that in Canada there are 206,695 non-financial enterprises. These are companies outside of banks and trust companies, etc. Of those 206,000 corporations or enterprises, only 500, or less than one quarter of one per cent, control 59 per cent of the assets, 51 per cent of the sales, and 63 per cent of the profits of all business in Canada. Those are very disturbing and startling figures. What we have in effect is oligopolistic or near monopoly capitalism in this country. We do not have free enterprise or competition, as most economists or even members of the House would define it.

I submit that when 500 firms control 59 per cent of the assets of this country, it is absurd to suggest that the remaining 200,000 corporations or businesses can provide any meaningful competition. When we have four firms in the motor vehicle sector of our economy which control 90 per cent of output, is it any wonder that here in Canada cars of any kind produced in Canada cost more than in the United States, even though the same cars are produced here and shipped across the border where they sell at a lower price? Surely that kind of concentration and the resulting price policies must indicate to any unbiased observer that we have price fixing of a sort and that we do not have true competition in that sector of the economy.

When four firms control over 50 per cent of all capacity in the primary metal sector, can anyone tell me that we have effective competition in this country, or when three sugar companies are dominant in their field—and recently, as we all know, have been charged with price fixing—does the consumer, or indeed any other business competitor, benefit from that kind of economic situation? The answer must be no.

This concentration of corporate power is detrimental to consumers and to small businessmen alike, because those corporations that control these important sectors of our economy dominate supply and price, and that affects both consumers and small businessmen. I wonder when was the last time that Imperial Oil or Loblaws asked us if the price was right. Indeed, Imperial Oil, which was chartered back in 1881, had accumulated by 1970 $2.3 billion in assets. Just five years later, in 1975, their assets had grown to $6.2 billion, or almost tripled in five years.

You can go through sector by sector in the economy and you begin to see the concentration of corporate wealth and power, you begin to see that the small businessman has little chance competing against these huge giants which have policies of underbidding, underselling, cornering markets and driving out their competitors. Anyone who looks at the food chain or the oil industry in Canada might wonder what has happened to the small independent retailers. Of the estimated $10 billion in unpaid corporate taxes, we find that about $9 billion are owned by the largest 1,000 corporations.

In terms of the government's tax policy, year after year this Liberal government has favoured the large firms as opposed to small business in terms of total amounts of tax concessions and deferred taxes. That, of course, is an unfair situation. It is unfair from another point of view as well, because it is the small businesses that are mainly engaged in manufacturing, and that is where the job creation is. This government continues, in its tax policy, to give preference to large corporations, mostly in the resource field, which are highly capital intensive and not job intensive.

Indeed, if members on the government side have difficulty in accepting the words of the NDP in that regard, I should like to quote the comments of a former Liberal cabinet minister and president of the Stock Exchange, Eric Kierans, who said:

With the exception of the United Kingdom, I doubt that any nation in the world has given its corporate 1,000 a more handsome gift package of subsidies, tax allowances, two-year write-offs, deductibility of merger costs, cheap loans, export credits and insurance than our present Trudeau government.

In light of that kind of growth of corporate power and the disadvantages it entails for small business, and in light of the report of the Royal Commission on Corporate Concentration, which in effect did not find anything substantially wrong with this concentration of corporate power and wealth, I was shocked to read in the press today the comments of the hon. member for Halton-Wentworth (Mr. Kempling) on what is the view of the Conservative party of the royal commission. I should like to quote him from the Ottawa *Journal* of May 16. He said:

● (1712)

"It's a blue report and that's our colour baby," Bill Kempling, Progressive Conservative business spokesman said Monday night, expressing a positive reaction to the report of the Royal Commission on Corporate Concentration.

Mr. Orlikow: So much for small business.

Mr. Symes: Yes, so much for small business. The article continues as follows:

Kempling, was speaking literally—the book is blue—and figuratively: it contained what he said were recommendations Conservatives have advocated for years.

I am rather tired of the hypocrisy and duplicity of the Conservative party. Time and time again they have stood in the House to move motions and put questions in an attempt to indicate that they are in favour of small business. On the other hand, they have indicated that they are in favour of corporate concentration and the concept that big is beautiful in this situation.

Conservative members should get their act together. They should be honest. Either they are in favour of small business or they are in favour of big corporations. The two are not mutually synonymous or compatible in their aims. It is a shame for Conservatives to attempt to have it both ways. As I have illustrated, corporate concentration is operating to the

disadvantage of small business. I regret the Conservative party is supporting the conclusions of the Bryce commission.

We in the New Democratic Party have repeatedly emphasized the necessity of revitalizing our manufacturing industry. That is where the jobs are. This important sector of Canadian industry has been declining year after year because of the government's allowance of foreign ownership and dependence on resource exports. Our manufacturing trade deficit has risen from $3 billion to $11 billion. That means we are importing more manufactured goods than we are exporting. That has resulted in a loss of some 400,000 jobs in Canada over the years. We have allowed this very vital sector of our economy to decline. Part of that is the result of a branch plant economy and allowing foreign ownership to take over.

Some 280 of the 500 corporations which I mentioned earlier are foreign controlled. The result of that is that when there is a slack in the economy the lay-offs are in the branch plants in Canada first. Also it means a lack of research and development in Canada, as well as policies to bar Canadian branch plants from exporting their products to other countries in order to develop a market of jobs here.

The role of small business in our economy could be much greater than it is now. That sector should be revitalized in order to get our economy back on the rails, to provide jobs, and income, and revenue for the federal government. At the present time small business employs between 30 and 60 per cent of our work force, depending on how it is defined. Most people would say the definition of small business is a firm employing under 200 people, owner managed, and not dominant in its field.

I want to stress the important role which could exist for small business in the rebuilding of our economy. When we look at budgets and small business policy, one can only conclude that the government favours the large corporations over the small businesses. Over the years it has allowed corporate concentration to exist. It has allowed foreign ownership to exist. It has allowed the higher prices these corporations can charge by virtue of control of the market. It has allowed high unemployment. It has associated with the decline of our manufacturing sector by allowing the record number of bankruptcies in small business. Surely the record is clear. The government is not interested in revitalizing small business and controlling the power of the dominant corporations in our society. We need a positive and imaginative small business policy in Canada. The New Democratic Party supports a healthy small business sector.

I should like to outline briefly what my party thinks small business requires, and what we would do to encourage this sector of our economy. It should be obvious that we need to put limits on the power of large corporations and their ability to manipulate price and supply. This can be done by breaking up the oligopolistic or near monopolistic situations which exist in many sectors of our economy, so that there will be true competition and benefits to be derived from that. There are cases which can be made in favour of not breaking up monopolies. For example, I am thinking of Bell Canada. If we are not going to break up the monopolies, then there must be effective regulation of these monopolies, either through a government regulatory body which has some muscle, or through a competition act which has the power and ability to restrict unfair competitive practices that are detrimental to consumers and small business. We must restrict the power of large corporations which enables them to manipulate the market, supply and demand, and price.

We must assist small businesses with their cash flow problems. Any hon. member who has taken the time to talk with small businessmen will know that is the first complaint made. Small businessmen require start-up funds, cash and capital in order to commence business, expand, or tide them over through difficult times. When I think of the minister's carrot, the Small Businesses Loans Act, as a solution to that problem, I have to weep. The small businessmen I have spoken with indicate that bank managers laugh them out of their offices when the idea of assistance under the Small Businesses Loans Act is mentioned. The act contains no compulsory requirement for banks to set aside a certain proportion of their money to be loaned to small businessmen. Most bank managers realize that if they hang tough they can force small businessmen to borrow at the prime rate, rather than the slightly lower rate applicable under this act. There must be some mandatory requirements for the banks to loan under this act.

Mr. Deputy Speaker: Order, please. The hon. Minister of State for Small Business (Mr. Abbott) on a point of order.

Mr. Abbott: Mr. Speaker, will the hon. member allow me to make a correction to the point he just made?

Mr. Symes: Yes, Mr. Speaker.

Mr. Abbott: The banks charge the prime plus 1 per cent under the Small Businesses Loans Act. The hon. member indicated that the banks would prefer the prime rate. I assume they would prefer one extra percentage point of interest. Rarely would they charge less than the intrest rate under the Small Businesses Loans Act.

Mr. Symes: I thank the minister for his correction. The number of small businessmen who would like to take advantage of the terms of the Small Businesses Loans Act compared to the number who are able to is very disappointing. When one looks at the total number of loans by private banks, under normal lending practices, and compares that with loans under the act, the latter is minuscule. That entire area requires reform. The loan limit should be raised, and there should be a much more lenient policy on the part of banks. Also the tax system should be reformed. The bias is toward large corporations as opposed to small businesses.

NDP provincial governments have taken initiatives toward reducing the small business corporate tax rate. We could learn something in that regard. Also there should be a restructuring of the Federal Business Development Bank. The small businessmen I have spoken with indicate that they receive more hassle and have more problems with the FBDB than private

lenders. Yet the FBDB was established to assist small businessmen who did not have the traditional forms of collateral. Indeed, often they are much more difficult to get assistance from than the private lenders.

• (1722)

A third area that we need to move imaginatively into is a federal government policy which ensures that at least one third of all government spending on goods and services will be contracted out to the small business sector. This is a beginning for this government to take instead of its ad hoc policy. We need to subdivide large orders so that the small businessman can bid easily on them. We have to end some of these large bid tenders, complex tendering forms, and large bonding requirements that put roadblocks in the way of the small business trying to get a part of government business. The paperwork, as we all know, must be reduced. The minister, indeed, has begun in this area to reduce what he calls the paper burden, but there is much more improvement that could be made.

I am glad to see the government has implemented the employer tax credit idea. This was long overdue. Many other countries have used it to great effect. Finally, we need a long term industrial strategy to develop our manufacturing sector and get this economy back on the road. That can only be done with some investment planning in which government has a say in this country.

We need to support small business. The government is not taking the initiative it should and until it controls corporate power and comes up with some imaginative policies, the small business sector will remain in great difficulty.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, first of all I want to thank the mover of this motion on small businesses. The motion being rather lengthy, I will quote only its first paragraph as an introduction:

> That this House regards the small business sector as a key to the regeneration of economic growth, increased employment, and improved balance of payments position and increased Canadian ownership of the industrial and resource sectors, and therefore urges the government to end the delay in formulating small business policies by immediately taking . . .

Necessary steps starting with the implementation of a small business act and the definition of what exactly is a small business. Mr. Speaker, I think the best definition of a small business is the following: it is a business which is operated by its owner and which does not have the management structures typical of large corporations or companies.

Mr. Speaker, when we talk of medium size businesses we usually have in mind those with fewer than 100 employees whereas a small business has 50 employees at most and is also called a tertiary enterprise. We are right in saying that the small business is the key to the future of a country because it is the one from which it springs forth. A region is always opened by private business and it is always that business which makes the first test of a new economy. Large companies follow later. It is almost contradictory that large businesses are always openly welcome whereas the arrival of a small enterprise alway occurs in almost complete silence. Yet small businesses are those which generate most of the employment since 60 per cent of workers owe their living to them.

Today we urge the federal government to formulate small business policies. I think this representation should be made to all governments in this country and draw the attention of all citizens so their attitudes will change vis-à-vis small businesses. Even at the municipal level we have seen multinational corporations get 20- and even 25-year tax exemptions while small businesses in those same municipalities could never get a one-cent exemption on those same taxes. I think this is a bad attitude which has been perpetuated from generation to generation—always worshipping millionaires and forgetting about those who provide the basis of our existence.

Even today it is sad to see that big corporations and multinational companies have the assured protection of governments because they fill up the election coffers. The largest revenues belong to industries and multinational companies which barely pay 25 per cent of the whole national budget while the millions of workers who pay altogether 75 per cent of the national budget get 20 times less revenue than large corporations.

Some will say: We are helping our small businesses. there is the Industrial Development Bank with its thousands of advisors. Mr. Speaker, what kind of help are they providing? Loans for 50 per cent of their needs at interest rates of 10 per cent, 11 per cent and even 12 per cent. How is it possible for a small business starting out to make even a net profit of 11 per cent or 12 per cent to be able to pay only that interest? The subsidy they are given does not even pay the interest on three years of operation. Even if after three years the small business has survived, after that time taxes will eat it up.

That is why 90 per cent of our small industries end up going bankrupt or being bought by monopolies. In that respect I will give only one example experienced in my area, that of the bakeries in the four constituencies in my riding. A few years ago, we had only one bakery in each large municipality. Those bakeries were not making millions but they were doing well enough and were thus able to provide work for several heads of families. Then came the time to modernize, which involved mechanization will all its requirements, and since the small industries could not find help to obtain money at reasonable rates, they were swallowed up by the few monopolies of the areas who can now dictate to the whole sector. They even control the quality and the price of bread, and what a price it is, Mr. Speaker! They have eliminated 90 per cent of the jobs. Our bread is trucked in to us from a distance of 125 miles and we must accept it as it is, good or bad. Should this monopoly ever decide to call a lockout, the whole area would have to do without bread. The worst of it is that these monopolies have the blessing if not the protection of the governments.

● (1732)

We do have the Small Businesses Loans Act, but this legislation is ineffective because of the criteria which make it nearly useless. I am in complete agreement with today's motion which urges the government to give tax rebates to small businesses which invest in research and development. If we were to compare them once again with large businesses, we would be amazed to see how the latter are favoured.

I especially want to draw the attention of the government to the tertiary industries which are the most neglected in my opinion. I do not know if this is because the criteria are too strict or because the civil servants are given orders to refuse all requests for help from those small businesses, but of all the applications made in my area, only two per cent are accepted.

We ask the government today to end the delay in formulating a small business policy, and I would even urge the government to take concrete action through our present legislation by accepting the applications made by small businessmen. The government may claim that it is prepared to help the development of new small businesses, but if it refuses 98 per cent of the applications or else, which amounts to the same thing, if it imposes unacceptable conditions to those small businesses, the offers of the government will certainly remain only empty promises. There is the matter of financial help in which case the government offers a 10 per cent or 15 per cent participation in total investments. This does not even cover the interests nor the legal costs the owner has to pay during the first year.

As for guaranteed loans, the interests the owners of small businesses will have to pay outweigh by far the net income of the business during the first year when economic efficiency cannot be stabilized like in subsequent years. As to tax exemptions, unlike large companies, small businesses are subject to tax from the very first years of operation, which is the cause of 90 per cent of the bankruptcies I have just mentioned. The government should give priority to small businesses which often start with the means at their disposal and where the owners risk their whole future because they have limitless confidence in the survival of their business.

After their initial efforts they turn to the government, which is quite normal since it is there to support the efforts made by citizens and not to create an industry by spending millions of dollars at a time to advantage a select group of its supporters. It happened in the past and unfortunately it still happens regularly today. We deplore it and denounce it vigorously.

If we really want to help our small businesses, the government must further encourage those who are anxious to invest in such enterprises, particularly through the Income Tax Act which now stands in the way of transfers of small businesses to members of the family or employees. It is another weakness of the legislation that strikes a deadly blow to any small business operated by the family head. When he dies the Income Tax Act strikes it lethal blow. When the family head transfers his business to his children or his employees, he should declare bankruptcy because it would be cheaper for his heirs to purchase the bankrupt business than having to pay succession duties. This is a sad situation I have witnessed many times and experienced myself with the result that the business is crushed under the tax burden.

Another way for the government to help small businesses efficiently consists in buying in Canada. Obviously small businesses cannot assure the money support offered to the old parties by big corporations but it would be compensated by the social effects that would benefit all Canadians. If only the government were concerned about the well-being of the people instead of profitability, I think that many acts would be amended and that many false criteria would disappear.

Last, the motion says that the government should create a small business secretariat independent of the Department of Industry, Trade and Commerce. Mr. Speaker, I am afraid that those secretariats created by the government are nothing but a group of civil servants who want to impose their will on small businessmen. If that secretariat supported by the government were made exclusively of small businessmen I would agree, but please do not impose on us a group of civil servants delegated by the parties in power and who will play into the hands of politicians.

I think that the only persons who can really work in the interest of small businesses are businessmen with no political ties and whose only interest would be the success of small business. Mr. Speaker, I think that the only way to fight against monopolies at the production level as well as the distribution and consumer level is to encourage the development and multiplication of small businesses that can really benefit all people.

Today we are almost passive witness to a war without quarter against the financial monopolies of production, distribution and consumption on the one hand, and the labour monopoly and big unions on the other. And who is the victim of that macabre spectable? Always the consumer. That is why we are asking the government to take the necessary means to introduce legislation clearly favouring small business to enable it to play its true role in the Canadian economy by living on parallel lines with the monopolies without falling prey to them. That is why, Mr. Speaker, we approve and support this motion before use today on small business.

[*English*]

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, it is certainly a privilege to take part in the debate this afternoon. I wish to commend very highly my colleague and spokesman for small business, the hon. member for High Park-Humber Valley (Mr. Jelinek) for the content of the motion. He has spelled things out very correctly. Even the Minister of State (Small Business) (Mr. Abbott) said that while he did not agree 100 per cent with everything that was said—which we would hardly expect—he certainly agrees with

the content of the motion. This motion gives the minister and his department a chance to speak on behalf of the government, to present their views and to let the people know that a great many of us have grave concerns for small business in Canada today. We feel that it should be given every possible incentive to help it.

● (1742)

I am pleased to speak on this topic, not just from the isolated position of a member of parliament but because prior to coming to the House of Commons I operated a small business in a small village in the riding of Parry Sound-Muskoka. Thus I am aware of the many problems that exist. Of course, similar problems are faced by colleagues in the same type of business in which I was engaged, that of general insurance and real estate. A great deal of the credit for giving assistance to small business and also for speaking on behalf of small business can be given to the Progressive Conservative party.

I certainly feel that our party can be classified as the party really beating the drum for small business. It is only logical for the Progressive Conservative party to follow this course considering the enormous contribution that the small business sector makes to our economy. Approximately 55 per cent of all businesses in Canada can be classed as small businesses. It is a well endowed source of revenue for the government. Of course, the government has seen fit to ignore this important section of our economy, perhaps not entirely, but certainly it has not given it its due place in the sun. I consider the small business sector to be the backbone of our economy. If the government took heed and implemented some of the sound economic proposals contained in the motion, the smallscale business sector could provide the remedy to our economic ills, give hope to the unemployed, and restore some balance to our lopsided international trade account.

Because of the important role it plays in our economy, not too long ago the government saw fit to establish the Ministry of State for Small Business. I would like to underscore and strongly support the suggestion contained in the motion to establish a "small business secretariat" which would be independent of the Department of Industry, Trade and Commerce. This proposal will not require any further expansion but would be merely a transfer in the status of importance attached to the small business sector.

A small business secretariat will serve as a conduit to many businessmen who currently spend costly time trying to untangle themselves from government red tape or desperately trying to free themselves from the quagmire of government's stifling procedures affecting small businesses. Quite bluntly, Mr. Speaker, it will help the operator against the familiar "runaround", a commodity that the government dispenses so abundantly, whether in calling an election or providing solutions to our economic problems.

I was pleased to hear the minister mention that the secretariat is open and that there is a Zenith line where small businessmen can call in without cost. I hope that a good many of them will take advantage of that facility. I understand the minister gave the telephone number, but for the record again it is Zenith 03200. If anyone has problems let us hope they will call in. If they do not get answers from the secretariat, I hope that they will then contact their local members to intercede on their behalf.

The small business sector comprises firms operating in a variety of industries ranging from tourism to construction and from farming to manufacturing. Since I represent the picturesque riding paradise of Parry Sound-Muskoka, it behooves me to focus attention on small business operators in the tourist trade. Tourist trade immediately conjures up images of small scale operators. This is rightly so. Tourist trade is synonymous with small scale business. The plight of the tourist facility operators is a miserable reflection of the lack of concern that the government has shown in lending a sympathetic ear to the small business sector in the past.

It is well to note that in spite of our economic woes, tourism is one of the areas with the greatest potential for regenerating and fuelling our blighted economy. It is worth noting that tourism is now the sixth largest earner of foreign revenues for Canada. I may further add that travel in Canada is a $10 billion industry, but regrettably statistics also reveal that our travel habits have plunged us into close to a $2 billion deficit. Tourism expenditures in Canada provide employment for about one million people and the total annual investment is around $1.5 billion. Over $5 billion is poured into government coffers. In the province of Ontario it is the second largest generator of export dollars, exceeded only by the automobile industry.

I have briefly outlined the importance of the tourist industry to our economy and I repeat that this industry is comprised of small scale businesses. At this stage, Mr. Speaker, I would like to pose a simple but realistic question. Why has the government failed to recognize the importance of this industry? Is it because it is operated by a large number of small businesses? Why is the area of tourism cuddled up in some nook in the Department of Industry, Trade and Commerce? I will take the liberty of further suggesting that the motion call for the establishment of an independent department of tourism. This is not a call to expand the bureaucracy but merely to transfer personnel from the Department of Industry, Trade and Commerce to an independent unit.

This would facilitate the efficient handling of matters affecting the numerous operators who contribute to the tourist industry. It would also provide for some serious studies to be conducted in order to grapple with one of the fastest growing industries which may become the most important revenue earner for Canada in the not too distant future.

We need to do some long-range thinking. The role that tourism can play in eliminating our dismal and lopsided balance of payments account is certainly worth considering. Too little has been done to generate enthusiasm and to tap foreign markets so as to entice people from abroad to visit our beautiful and friendly land. Think for a moment of the tremendously favourable impact such a move could have on

reversing the flow of much needed foreign exchange that this country is being depleted of at an alarming rate. These suggestions and proposals are not put forward as lofty ideals but can be achieved with some realistic approach by the government. That is why the opposition has consistently come forth with positive suggestions such as those contained in the motion before us today.

I will reiterate briefly what I have put forth on a number of occasions in this House. The small business sector needs special consideration in order to provide adequate financing. There ought to be special long-term loans to help the many ailing small tourist operators. Mr. Speaker, short-term and inadequate financing is the wrong formula to apply to solve the tourist trade equation. Small businesses also deserve to be given special consideration for tax credit purposes. This, Mr. Speaker, is well spelled out in the motion, which calls for tax rebates and other incentives to those small businesses with investment in research and development. It is the small business which usually ends up contributing heavily to the government revenue, for small businesses lack the services of skilled tax specialists. This sector is merely requesting a fair reward.

● (1752)

When speaking this afternoon, the minister mentioned small business loans and the more attractive interest rates. Let us hope that becomes a reality. Many members of parliament have been approached on this subject by small businessmen. I have mentioned this in the House before and it certainly bears repeating. They are asking where are the small business loans announced by the Minister of Finance (Mr. Chrétien). I am sure almost every member in the House has been asked about this. We tell them they do not get these loans from the Federal Business Development Bank or from the Ministry of Finance, that they must put in a request to their local chartered bank or financial institution. After doing this, they find there is no money there. This has been proven to be the case time and again, and has been documented by many members on both sides of the House.

In past years, the rate was set. At one time it was 9¾ per cent. The prime rate was that high or higher. What bank or financial institution will lend money at a loss? Not many. They say they are out of that kind of money. It is important to small business to be able to get adequate financing at reasonable rates. This is one of the most serious problems facing the small businessman today.

Many of our small businessmen are tourist operators. They find it difficult to secure funds in order to upgrade or enlarge their facilities. Even in small towns where there is a personal relationship between the businessman and the bank, a tourist operator is at the bottom of the list as far as being a credit risk is concerned. This is most unfortunate.

The farmer was in the same boat. When he went to the bank, he was more or less told that his ability to repay was not among the highest. Therefore, the farmer had difficulty securing suitable credit over a reasonable period of time. We must not forget that farmers are just as much small businessmen as limited or small companies.

The Minister of State (Small Business) said that the Federal Business Development Bank is a federal agency. Its interest rates are not as reasonable as some private institutions. It has been and probably still is known as a bank of last resort. I believe their current interest rate is around 11¾ per cent. After approaching the Federal Business Development Bank for a loan, they sometimes find that they can get a better rate and even a longer term at their local bank. The period of the loan is most important to many small businessmen.

The loan period with the Federal Business Development Bank is probably ten to 12 years. It is very difficult for a small businessman to repay a loan in that period. I hope something can be done about longer term loans at reasonable interest rates for small businessmen, tourist operators in particular. That is one class of business that finds it most difficult to secure financing. As a result, they must carry on with less than adequate facilities. Therefore, they cannot charge the rates they could charge if they were able to provide more up to date and more luxurious accommodation. Canadians and visitors from outside Canada demand the very best in accommodation and are willing to pay for it. I hope the Minister of State (Small Business) will use his good offices to see that something special is done for those in the tourist industry, an industry with which he is familiar.

The minister is well aware that that industry can bring tremendous revenue into Canada, if only we do a real selling job on it. I concede that is not his responsibility but that of the Minister of Industry, Trade and Commerce (Mr. Horner), as the government agency and services come under his department. If money is spent in the right way to attract tourists to this wonderful country, it will be the old story that if you cast your bread upon the waters, it will come back in no small amount.

Small businesses are an integral part of any community, and are very important in my constituency of Parry Sound-Muskoka. I can hardly be blamed for beating the drum and speaking on behalf of the many small businesses in my constituency. There are about half a million small businesses in this country. It is a tremendous market. I therefore appeal to the government to accept the motion and implement the various statements made by the hon. member for High Park-Humber Valley.

The newspapers have recently given considerable publicity to the tourist industry. A headline in the Toronto *Star* reads "Tourist Trade Braced for the Yankee $1.12 Invasion". Let us hope that is right. I say a word of caution to the tourist operators. Our American visitors know there is a substantial difference in the exchange rate. They do not want to be ripped off. They must be assured they will be given every break possible. I know they can get the latest exchange rate at the banks.

Tourist operators are aware that the great American influx of tourists and tourist dollars have dropped off drastically, from a high of 50 to 60 per cent some years ago down to 10 to

15 per cent. That percentage certainly must be brought back up. May I call it six o'clock, Mr. Speaker?

Mr. Deputy Speaker: I might bring to the attention of the hon. member that he has about 30 seconds remaining. If he does not mind I will recognize another member. I do not think he will be back for 30 seconds, after eight o'clock. However, if he wishes, he will be allowed to say a few more words at this time.

● (1802)

Mr. Darling: Mr. Speaker, I did have a couple of comments I wanted to make; they reflect the opinions of tourist operators in Muskoka. Tourism is Ontario's second largest industry. In 1976, 102 million visitors spent $2.8 billion here. Last year, 105 million spent an estimated $3 billion and this year it is expected the amount will be more. So let's hope our tourist operators will be able to benefit from the fact that the U.S. dollar is at a premium. Together with Canadians in all types of businesses we want to make Americans as welcome as possible, along with visitors from other countries. Canada is a tourist's paradise and small business can earn tremendous amounts of revenue and, with the continued development of this resource, become more and more successful.

[*Translation*]

Mr. Gaston Clermont (Gatineau): Mr. Speaker, may I now call it six o'clock and start my speech at eight this evening?

Mr. Deputy Speaker: It being six o'clock, I do now leave the chair until eight o'clock.

At 6.03 p.m. the House took recess.

● (2002)

[*English*]

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Turner): Order, please. At six o'clock the hon. member for Gatineau (Mr. Clermont) had the floor.

[*Translation*]

Mr. Clermont: Mr. Speaker, the opposition motion we are studying in the House of Commons today deals with small businesses and what could be done to improve their situation. Mr. Speaker, I have always thought that small businesses are a very important topic worth considering. Because of their large number, they can have a great impact in our economy. It is a matter worth discussing at various times during our parliamentary debates and I thank the hon. member for High Park-Humber Valley (Mr. Jelinek) for having given us the opportunty to discuss it.

Small Business

Mr. Speaker, in the Speech from the Throne of October 12, 1976, as reported in *Hansard* for that date on page 2, we can read, and I quote:

> . . . Small owner-managed firms are a mainstay of employment in cities and towns across the country. They supply goods and services essential to consumers and to other business, and they demonstrate the innovation and entrepreneurship from which successful enterprise must spring. More than that, small businesses, and the people who own them, manage them, and work in them, are the economic backbone of countless communities throughout Canada.

Mr. Speaker, I have considered this matter on several occasions and I am happy to take part in this debate. The motion includes recommendations and measures to improve the situation. I am referring to the first recommendation which is:

> (1) implement a small business act, to include a realistic defintion of small business, the criterion for which will be owner-management;

Mr. Speaker, I remember that when the Standing Committee on Finance, Trade and Economic Affairs was discussing the white paper on taxation in 1970, various studies were made to arrive at a definition of small businesses. The mover suggests that the criterion for this definition be owner-management. I feel, Mr. Speaker, that the terms of this recommendation are too limited. Some would rather use the assets of the business as a criterion; others, the number of employees or the turnover. As you see, it is not easy to arrive at a consensus, but I say it is worth trying.

Mr. Speaker, here is the definition of a small business, according to section 632 of the small business act of the United States, and I quote:

[*English*]

> For the purposes of this chapter, a small business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. In addition to the foregoing criteria, the administrator, in making a detailed definition, may use these criteria, among others: Numbers of employees and dollars, volume of business. Where the number of employees is used as one of the criteria in making such definition for any of the purposes of this chapter, the maximum number of employees which a small business concern may have under the definition shall vary from industry to industry to the extent necessary to reflect different characteristics of such industries and to take proper account of other relevant factors.

● (2012)

[*Translation*]

Mr. Speaker, the small business act could consolidate current programs and would serve as a basis to a policy aimed at promoting the interests of that sector. Policies to be implemented under that act could also include certain considerations. I would like to mention a few, Mr. Speaker. The lack of capital and especially of long-term and equity capital to get these small businesses started and developed is for them a major problem. This is not surprising. Most often small businesses have not proven themselves and occasionally lack qualified management. They therefore represent a risk for creditors. Their size is also another disadvantage.

Firms specializing in risk capital are rarely interested in investing less than $100,000. In any case, it would not be very

profitable for such a firm to spend about $1,000 to enquire as to the solvency of the business in order to lend $20,000. To increase the sources of credit open to small businesses, the existing government financing programs must be improved and new financing services must be created.

On another level, the availability of risk capital should be considered. Businessmen are often concerned that the lending requirements of the Federal Development Bank are as stringent as those of private lenders. As this bank is supposed to be a last resort lender, its lending requirements should be revised to put more emphasis on the commercial potential of the future business than on the usual guarantees.

However, the revision of the Federal Development Bank's lending requirements will probably not provide small businesses with all the risk capital required. There are always serious restrictions to having government agencies investing risk capital.

First of all, Canadians might not necessarily agree with the investment of public funds in high risk endeavours. On the other hand, the investment of risk capital forces the investor to work in close co-operation with the management of the business concerned, a situation which many businessmen would consider undue interference of the state in the board rooms of the nation. The government could encourage private sources to supply risk capital to small enterprises. The government could consider the possibility of encouraging the creation of private firms specializing in supplying credit capital and long-term participation in small commercial undertakings. Companies of that type, Mr. Speaker, known as investment companies in the small business sector have been very successful in the United States for several years now. They have the advantage of being allowed to borrow up to 50 per cent of their share capital from the American small business bureau. They are also granted tax rebates. Similar programs have been introduced in some Canadian provinces.

Mr. Speaker, there is no doubt that other proposals can be included in such a legislation. There now exist opportunities and certain programs to promote small business development and expansion, as the counselling assistance to small enterprises tendered by the Federal Business Development Bank to small businessmen on their management problems. The business expansion program offers grants to Canadian manufacturing firms and guarantees loans for developing new products and implementing new production techniques. Under the Small Businesses Loans Act, the Canadian government has the authority to guarantee loans up to $75,000 granted by private institutions to set up or expand small businesses, and the income tax employment credit has also been in place since March 1978.

Moreover, we have the Enterprise Canada 1977 program implemented by the Minister of Industry, Trade and Commerce in co-operation with other departments and other services. It sponsors information sessions between officials and business people to inform the latter of the range of programs and services offered by the Canadian government.

In another area, Mr. Speaker, the approach used to set the interest rate allowed under the Small Businesses Loans Act should be reviewed to come up with a formula that would allow for interest rates that would be more competitive with current rates. In the latest report to parliament submitted by the Department of Finance for the first three months of 1978, the interest rate on loans under the Small Businesses Loans Act was 8¾ per cent, while the prime rate was 9¼ per cent over the same period. I wonder if in the circumstances the private sector has any real incentive to make those loans, when it can get higher rates on regular loans.

I read in recommendation No. 5 of the motion: Create a small business secretariat, independent of the Department of Industry, Trade and Commerce.

It is a known fact, Mr. Speaker, that the right hon. Prime Minister (Mr. Trudeau) established in September 1976 the function of Minister of State for Small Businesses, in order to defend and promote the latter's interests.

The first minister was the hon. member for Kamloops-Caribou in British Columbia (Mr. Marchand) and now it is the hon. member for Mississauga (Mr. Abbott) in Ontario.

Mr. Speaker, I do not see any serious opposition to the recommendation of the hon. member for High Park-Humber Valley but, if it were implemented, we should not allow a duplication of responsibilities and we should not create at this time the impression that the Department of Industry, Trade and Commerce is looking only after big business. On the contrary, Mr. Speaker, the activities of that department prove it is not so.

Concerning the procurement policy of the Canadian government, small and medium size enterprises—those having 100 or fewer employees—are encouraged by the Canadian government through the Department of Supply and Services whose minister is the hon. member for Dollard (Mr. Goyer).

When he participated in the debate on the motion, the hon. member for Sault. Ste. Marie (Mr. Symes) urged that at least 33 per cent of the Canadian government's purchases of goods and services be handled through small businesses.

During the supper recess I made inquiries and was told that the current percentage was about 41 per cent for small and medium size businesses—and again I repeat those having at most 100 employees. Mr. Speaker, I hope that percentage will continue to increase. Maybe in some cases we will have to change the tender system so that it will be less expensive and complex for small business.

In concluding, Mr. Speaker, I hope the Minister of State responsible for small and medium size business will take all necessary steps to help them expand, as he said he will soon table legislation toward that end.

● (2022)

[*English*]

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I want to spend the bulk of my time talking about research and development. Before getting into that I should like to make a few remarks based on the comments of my colleague the hon. member for High Park-Humber Valley (Mr. Jelinek), and those of a few other members, possibly just adding a bit to what they have said.

Hon. members will have noticed that in our motion we recommended the establisment of a small business secretariat. The minister in his remark in reply said he felt the present structure of a Ministry of State for Small Business, under the wing, so to speak, of the Minister of Industry, Trade and Commerce (Mr. Horner), was adequate. I believe that was the gist of his remarks.

Let me just say that the concern we have on this point results from the fact that we all saw the establishment several years ago of the Ministry of State for Science and Technology. Like many Canadians, we thought it was really going to be something, but we find on examination of the administrative structure that a ministry of state, though set up by act of parliament, can be cancelled by order in council. Essentially it is a weak structure from which you cannot expect too much muscle. For that reason my colleague and others who have looked at this situation felt that a small business secretariat not under the wing of the Department of Finance or the Ministry of Industry, Trade and Commerce would be a better structure through which we could carry out programs.

Let me just say a word or two about the Small Businesses Loans Act. Because I have had a good deal to do with it in my constituency during the years I have been a member here, let me make a suggestion to the minister, if he will consider it. Probably one of the most valuable things the minister could do as far as the Small Businesses Loans Act is concerned, now that we have the rates sorted out, is to put together a little booklet on how to apply for a small business loan.

In talking with people in banking I have been told that the greatest difficulty they have in granting a loan is with the applicant. Applicants do not as a rule come in with adequate information. They do not bring a financial statement in most cases or a statement in respect of cash flow, and in many instances do not have a clear idea of what they want to accomplish. Applicants usually come in as a result of a cash bind in which they find themselves at particular times. They run into the bank and say they would like to have a loan under the Small Businesses Loans Act, but they do not have the supporting information. These applicants do not get their loans and consequently feel aggrieved and call their member of parliament.

I think that if a very straightforward brochure was put together on how to apply for a small business loan, explaining also that the government only guarantees the loan, it would be of assistance. It should point out that the money does not belong to the government but is the bank's money and the bank has to approve the loan. That is something else most applicants do not understand. The brochure should point out that if the applicant expects to get bank approval he should take these several elementary steps, putting this information together, as this will assist the bank manager to assess the application for a loan. I pass that suggestion on to the minister for his consideration as I think it might help the situation considerably.

Having regard to the paper flood we seem to have experienced and about which everybody is complaining, let me just repeat what I have said a couple of times in this House. Perhaps others can do what I did in a practical way to cut down on the paper work coming into my office from the government. I bought a rubber stamp on which was engraved simply "not applicable". I took all those pieces of paper that dealt with taxation and put them to one side because I realized I had to pay the taxes, but anything that did not deal with taxation I stamped "not applicable" and sent it back to Ottawa. After I had done this three or four times my paper work was reduced by 30 per cent or 40 per cent. I pass that information on to any members who would like to use it because I can say from experience that it works.

Let me now deal with research and development as it applies to the small business sector. When you look at the structure of small businesses you must ask yourself where these people come from. In most cases you find they come from large businesses. These people have worked for a large business concern and have a desire to go out and make it on their own. Whatever the rationale is, away they go and they take with them a variety of talent.

In many cases these individuals have design talents, engineering talents or what-have-you. The great difficulty facing a small businesman is insufficient cash flow. These people just do not have the cash to carry through a research and development project. They may have the idea and the desire, and the market may be there, but they do not have the cash to carry the idea through.

The first suggestion we make in that regard is that we should consider setting up a reserve for research and development from tax payable. In other words, when you make out your tax return and get right down to the amount of tax you must pay, you should be allowed to reserve a portion of that for research and development. This could be accumulated for a period of two to five years, depending on what it is you are going to do, so that when you begin your research and development project you will have the cash available to carry it through.

The second suggestion we would make to the minister is that we amend the Small Businesses Loans Act to allow small and medium-sized businesses to borrow under the act in order to supplement their reserves for research and development. We should allow research and development as a reason for granting a loan under the Small Businesses Loans Act. In fact, the two things could flow together. We should allow a portion of the tax to be set aside out of profits as a reserve for research and development, and follow that up with a loan to make it

possible for the individual to build the jigs and fixtures, allowing the project to be set up. In this way the cash would be available and something could be started.

Many of these small companies have a sort of mechanic who has worked in business and starts off on his own, designing and building a piece of machinery. Most of this is done by experimentation or by trial and error. If the part breaks, the man reinforces it. In many cases there is very little sophisticated engineering involved. One of the great things we might do in this country is make better use of our provincial research councils and research facilities at universities.

If a small business had a research and development project that had been approved, had the money set aside and the research facilities, perhaps in certain cases the government would agree to pay a portion of the engineering costs to bring that article to market. We could do this through provincial research foundations on a contract basis, thereby relieving the small business sector of that cost. We could also do this through our universities, because all provinces do not have research councils. In these instances we would be supplying the engineering and research facilities to the small businessmen who do not have this capability on their own premises.

● (2032)

In many cases we have people with ideas who know the market, how to sell something, how to market it, how to advertise it. But there may be engineering which has to be done to the product in order to put it in such condition that it can be easily manufactured. The product may require engineering that is not within the competence of the individual concerned. I am suggesting that we use the facilities of the provincial research foundations and the universities to assist the small business community in this regard.

Furthermore, I suggest to the minister that we establish a series of tax-free prizes or awards for new innovations that have a significant effect on reducing our unemployment and balance of payments. These prizes would be for new devices that could be manufactured, engineered and brought into the marketplace. There is a lot of this going on throughout the country. The federal government could sponsor national contests where small business people design and develop products that will have a market either inside or outside Canada. It could work on an award basis where the government gives a tax free prize to the business or individual who designed the device. This is something that people will strive for, such as municipalities do when building a new building. They hold a context among architects for the best design. This is along the same line, something that will stimulate the interest of the people.

The problem we face in Canada is how to get more things made in this country. Look at the tremendous balance of payments problem and the deficit we have in finished goods. We cannot go on like this. We have to make more in this country. We import more per capita in finished goods than any other western nation. We import more machinery per capita than any country in the world, and last year we imported $24 billion of high technology products. Certainly a good deal of that can be made in this country.

There are those who will try to convince people that everything we do has to be based on the economies of scale, and that we have to have large manufacturing facilities to carry this out. I would just refer to the report we tabled yesterday of the Royal Commission on Corporate Concentration, page 408, where it states:

> A healthy small and medium-sized business sector can offset the effects of high concentration in some industries, although stimulation or encouragement of small business will not fundamentally transform Canada's industrial structure, and many industries in Canada will continue to be dominated by large, capital-intensive firms. Nevertheless smaller businesses can increase competition in some industries and have beneficial social effects. They have demonstrated their ability to innovate and to sustain market competition when they are given a reasonable chance to grow.

That is the point I am making.

One of the difficulties our small business section faces is venture capital. We are going to have to address ourselves to this very serious problem and put in place instruments that will assist in getting these small businesses this capital. In fact the capital gains tax we have in the country today has done more harm to the small business sector than to anyone else, because in the past businesses were able to get a good deal of their funding from wealthy people within the community who were prepared to loan money on the possibility of a capital gain at a future date. Now, however, the small business must deal in the short-term money market with the banks. Businesses just do not have the facilities with the level of activity in the country to go ahead and develop things on their own. this is why we are suggesting to the minister than he seriously consider these points on research and development for the small business sector.

I would like briefly to review these points again. Firstly, to allow the small and medium-sized business to set up a reserve for research and development from taxes payable so that funds could be accumulated that would allow research and development projects to be carried through to completion. Under this scheme a small business would be able to accumulate funds over a period of from two years to five years, without affecting their cash position from their normal day-to-day operations, with which they could undertake a research and development project. That is the main thrust of it.

The second step is to amend the Small Businesses Loans Act. We do not use the Small Businesses Loans Act enough. We have all been through difficult times in the past. I can recall speaking to the one-time minister of finance, Mr. Turner, when he was here about the anguish of the small business community and how they would go to a banker who would say: "We have never heard of the Small Businesses Loans Act and we do not handle it in this branch." Mr. Turner's reply was to the effect that he would speak to the chairman of the Canadian Bankers Association and see if he could alleviate the problem. Of course, nothing ever happened.

There was also a problem with the rate formula, but that was changed and now we have a formula where borrowers pay one per cent above prime, and I believe that is reasonably

acceptable. We now have to move to be sure that it is understood, and the minister must do more lobbying with the bankers and be damned sure that it gets down to the branches because this is where the difficulty lies. I hope we will see the day when the small businessman can go into a chartered bank that will say: "We know about the Small Businesses Loans Act, here are the necessary forms, fill them out and we will consider your application".

I do not wish to put all the onus on the banks because it is a two-way street when borrowing money. The individual borrowing has to supply adequate information to the banks if he is going to expect to get a loan. I suggest to the minister that he put together a booklet on how to get a loan through the Small Businesses Loans Act. Many people just do not know what is required, and I know this from the number that I talk to. I tell them quite openly if they are turned down by one bank to go to another. After all, we have six banks and we are not tied to one.

If the banks choose not to move in this area and the minister cannot make any progress, when we are looking at the Bank Act revision I will suggest to him that perhaps near banks, caisse populaires, trust companies and credit unions should move into the field covered by the Small Businesses Loans Act. Somewhere along the line we have to find funding for the small business sector, and it must be more than we have now. We have to find credit facilities. If we do, I know there will be more entrepreneurs and the hiring of more people.

I know this from people of my own acquaintance and from experience of my own personal business. In my own little business we have designed three products we hope to receive the patent for within the next 18 months. We did this all on our own without any assistance from the government. We are just one small company, and there are thousands across this country that have far better abilities than my company has. I know that it can be done and that we must move into this area to assist the small business sector. If we take this action, I know that Canada generally is going to gain. I urge the minister to heed my remarks and find some way to move in this direction in the very near future.

Mr. Paul E. McRae (Fort William): Mr. Speaker, in this critical period when vast changes are occurring over a very short period of time, it seems difficult for those participating in these changes to have a clear perception of what is happening. Only much later is the nature of the crisis described by historians.

● (2042)

The failure to perceive global crises perhaps explains the nature of the deliberations in this House over the last year, with emphasis on alleged RCMP misdeeds, concentration on elections and polls and the kinds of events that occurred this afternoon. These factors, I believe, tend to belie the true nature of the period in which we are living.

The quantum leap in the problems facing all nations, the unheard of phenomena of growing energy shortages globally, and the failure of conventional techniques to deal with these problems either because the techniques are not commensurate with the magnitude of the problem or because they are, worse still, counterproductive, are factors which should suggest to all that we are in a critical period, a period between one era and another.

One of the characteristics of the era that we have lived through is the great faith in bigness. If something is big it has got to be better, cheaper and more efficient. I believe one of the causes for the changes in our time which will bring the end of this era is that faith in bigness. It is my belief in a new era, when we come to grips with these problems and the nature of this crisis of our time, that we will find smaller units and smaller groups, smaller businesses and smaller governments. These are some of the things which will characterize this new period.

I am pleased today to be involved in this debate on small business. I would like to congratulate the hon. member for High Park-Humber Valley (Mr. Jelinek) and those who were responsible for putting this motion together. I think the motion is well thought out. I would also like to congratulate the Minister of State (Small Business) (Mr. Abbott) for his response. It seems to me that in this debate today there has been a general good mood in terms of this problem. We all see different things that can be done, but in general we are looking at suggestions from all over this House so as to move in an intelligent direction, a direction which I think presages a new era.

Dealing with the motion, there are a couple of areas which I perceive as being important. One of the ways that governments can change direction is in their purchasing policies. Certainly I believe that governments, because of the very large nature of the operation, can make some significant advances in supporting small business by adopting purchasing policies which will support small business. The minister alluded to this. We have taken some steps but I am sure more can be taken.

The notion of a consortia of small businesses is one that I find particularly pleasing provided, of course, the consortia themselves do not become a large business. There are many ways this can be done. Perhaps more than anything John Bulloch's group and other groups in this country are explaining and pointing to a direction to make this possible.

I agreed with the minister when he took some exception to the limited nature of the definition of small business as described in the motion. One definition might very well be "owner-management" but I think this definition, as the minister explained, is somewhat limited and should be broadened and made a little more flexible. Generally in this House we know what we are talking about when we are discussing this problem.

In my area of the country, which is northwestern Ontario, we see some problems which communities and small businessmen are facing. I see that there are things sensitive governments can do to resolve some of these problems. I must say, Mr. Speaker, that in the first three or four years I was here I was not very happy with the approach taken to small busi-

nesses. I always had the feeling that officials in the Department of Industry, Trade and Commerce were much more big business oriented, looked at big things and were only interested in big things. But I think in the last couple of years since we have had two ministers move into this area that there has been a great improvement and a new sensitivity is developing. It occurs to me that some of the communities and small business people, particularly in the small manufacturing sectors, require more managerial assistance.

There are one or two other factors which I would like to mention. First of all let us take a theoretical situation. As an example I would cite a community with a good supply of wood, some entrepreneurial skills in terms of working with that wood, a perception of the wood chip industry potential and the need to create jobs. Incidentally, the market for the wood chip industry is expanding, particularly in the United States. Here is a scenario that is found in many northern Ontario communities.

When governments look at this kind of scenario there are things they can do to change the situation into a productive one where jobs would be created. Money is one of the factors, but I think this factor is being solved. We are moving in a direction where it becomes more possible to get hold of the kind of funds necessary, at least in many cases. Other managerial skills beyond the skills needed to run the production unit are probably necessary. One that comes to mind, is the skill of finding a market. Very often the market is something that eludes the small entrepreneur because the market may very well be dominated or controlled by large business and large corporations. From the discussions I have had with a number of small businessmen, with community representatives and industrial groups looking for new industry, this kind of support is needed badly.

I suggest at this point that there is a rather fortunate economic situation which should make it easier for small businesses to compete in some of the traditional markets. This results from the depressed value of the dollar. We are all aware, since there has been a great deal of discussion of it in this House, of the 90-cent dollar or the 87-cent dollar and the effect it has on our exports. It is easier to sell our exports in traditional markets under these circumstances.

However, one of the things that has not been mentioned and which has not been part of the discussions to my knowledge—perhaps it has on one or two occasions only—has been the relative competitive advantage that the higher price of imports gives to the Canadian entrepreneur. If the import is 13 or 14 per cent higher in price than it traditionally should be, this could give the small Canadian businessman a chance to compete in this market. Sometimes I think the reason why more of this is not happening is that the business community and governments do not realize what the position is and do not try to stimulate that kind of activity. I think it is very important that we realize that when the dollar is depressed people selling on the local market—that is, the Canadian entrepreneur—have a distinct advantage over the importers of foreign goods.

[Mr. McRae.]

• (2052)

I think that the era of "small is beautiful" is going to dominate in the future much more than in the past. From my own experience in the business world of large industry, and as principal of several high schools large and small, I have come to believe that the smaller the unit, the more efficient and productive it is, and the happier are the people in it. Smaller businesses, smaller government units and decentralized government will offer many opportunities in the future which we did not have when we were so busy trying to make things bigger.

I want to compliment the Canadian Federation of Independent Business which I think has done more to bring the small businessman, the entrepreneur and the small company to the fore in this country than any single group up to this point. One of the things that John Bullock and the people associated with him has done is to differentiate between small business and the large corporation. In the past small businessmen, I think, had seen themselves as almost identical to large businessmen, the only difference being size. I think the Canadian Federation of Independent Business has identified a qualitative difference between the two groups and this is extremely important.

They have also indicated their concern about big government, big labour—the whole spectrum of bigness. This is one of the contributions being made to the new era which is fundamentally important in terms of where we, as Canadians, are going.

I should now like to make one or two comments on the report of the Royal Commission on Corporate Concentration which came down yesterday; I think it is very appropriate to this debate. I am one of the two or three members of this House who put in an appearance at the commission hearings and presented some thoughts on the question of corporate concentration. I agree with critics of the commission that the terms of reference were too narrow and that the commission should have dealt with the concentration of power in all areas. The terms of reference are what they are, however, and the commission had to work within them. I became very disturbed in particular about the global nature of multinational corporations or, as some people call them, global corporations—the extent of their power and the branch plant mentality which has had a great effect on the economic structure of this country. I was disturbed, too, about the control of global assets.

I would recommend to hon. members a book entitled "Global Reach" which deals with the assets of some global corporations. It indicates that the liquid assets of the major global corporations in the world are one and one-half times to twice the size of the liquid assets of all the national banks in the countries where they function. It also states that some of the currency problems of the past four or five years are the result of the great power that these liquid assets confer and the extent to which these assets are mobile. The United States Senate finance committee did a great deal of work in 1973-74 and the very first report it produced provides the basis for my figures.

Local corporations have some definite advantages. They are able to move goods around the world and encourage manufacturing in developing or non-developed countries, but they also create serious problems. Sometimes the type of production activity, the type of product or the type of advertising may not be appropiate to the country in which they function. Very often third world countries are faced with many problems because of the nature of global corporations. That is not to say that we make a judgment whether global corporations are good or bad, but one has to say that some things global corporations do are not desirable and other things they do are very desirable.

The problem of control, which was one of the topics I raised when I appeared before the royal commission, is a very difficult one. Some of the efforts being made by UNCTAD, the OECD and other such groups are very necessary, as are some other multination efforts to maintain some kind of regulation over global corporations, particularly in the area of tax transfers. There is a tendency to set up tax regimes which are not designed particularly for the benefit of the nation states of the world. These are some of the matters I dealt with in my submission to the royal commission.

Obviously, Mr. Speaker, I have not read through the 32 volumes of the report, but in the summaries I have read I was disappointed at the almost total endorsement without any real criticism of the nature of these forces. I was very disappointed for many reasons. I think the great concentration of power in the hands of global corporations could be a source of global depression.

One of the associate editors of *The Economist*, Norman McRae—no relative—published an article within the last six months in which he predicted some of the very grave problems facing us and the possibility of global depression because of the largeness and insensitivity of global corporations. He felt that only those global corporations that were able to decentralize their operations so that units in a given country, such as small factories, were able to function independently might survive this kind of depression. I think it is very important that we understand there are inefficiencies in global corporations attributable to bigness. A great deal of care must be taken to ensure that because of the largeness, the difficulty of administration, the remoteness—

● (2102)

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Mr. McRae: May I have just one more minute, Mr. Speaker?

Some hon. Members: Agreed.

Mr. McRae: I am just completing my remarks. Because of the nature and bigness of these corporations, there is great concern here. This concern must also be felt by the global corporations. In conclusion, I support the nature of the motion. I am very pleased that we will not be voting on this motion, but it is one we can all discuss. We can raise points and make suggestions and, in the end, it is hoped we will have a much more viable small business community in this country.

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, this allotted day debate on small business is very timely indeed, particularly since it follows the day after the tabling of the Bryce commission report on corporate concentration.

About two weeks ago, during my nomination meeting in my constituency of Medicine Hat, I made this very short and succinct statement which I think is appropriate in this debate:

> We should let the private sector operate with much less government restraint and involvement and, given such an opportunity, the private sector would stimulate far more jobs than any make-work projects by governments.

While it is obviously an over-simplification, it seems to me that statement, in a nutshell, is what the Bryce commission report had to say in its 450 pages which came out yesterday after three years of serious work. However, today I want to relate this small business theme to Canada's agricultural industry and, if time permits, to a few other local small business operations that are typical in my constituency.

The original small business in Canada, as in many other countries, is, of course, farming. Every farmer by any definition is a small business operator-manager. In the total picture, they are certainly the most important since they produce society's prime necessity, food. If there has to be a case made for private enterprise, then surely farmers lead the way. As a group, they are probably the last natural private enterprisers left in our society today.

Farming, at least many sectors of it, as a business has had some rather serious problems over the past three or four years. There are now some indications we are emerging from at least some of the short-term difficulties. I want to now examine some of these situations.

I want to make reference now to Canada's hog industry, especially in western Canada. Over the last three or four years, Alberta's hog population has dropped by about one million hogs. At the same time, Quebec's hog population increased by that same amount, about one million hogs. At first glance, it would appear that we have lost our western hog population to Quebec, but this is not so. We lost it to the United States.

Last year, 1977, Canada had to import 202 million pounds of pork from the United States. In that same year we exported only 20 million pounds to the U.S.A. The Quebec hog increase was the result of their provincial incentive and subsidy programs. However, in total we could not produce enough hogs to supply our own requirements. That was last year, and the same situation appears to be continuing now.

Why has this situation developed? I suggest that we lost those million hogs in the west because of a change in the price of our barley. Over that three to four-year period, western barley changed from three bushels for $1 to one bushel for $3. The small businessman hog producer made the obvious business decision to sell his barley instead of slopping hogs. It was the right decision under those circumstances.

An added reason was the lower cost of hog production in the United States corn belt. Although western barley is somewhat lower in price now, somewhere between $1.75 to $2 a bushel in the west, this situation still exists. There is no stampede back into hogs in the west.

This hog situation has had some serious implications in the west in many of the related industries. Our meat packing industry, which is very labour intensive, now has a serious unused slaughter capacity for both hogs and cattle, especially in Alberta. Our 17 major slaughter plants in Alberta have seen three or four closures over the last year, and more will likely follow. Some of these are modern, efficient plants like our plant in Medicine Hat, which closed rather suddenly in late December.

Our livestock trucking service industry, a very valuable industry that we cannot get along without, has experienced a serious backlash from this meat packing crisis. The fact that cattle and meat prices have suddenly taken off to record high levels has not changed the bottom line problem for our western Canadian meat packing industry.

There is no easy solution to this hog production situation, certainly not in the short term. Surely the long-term approach must be for all concerned to recognize that the natural and obvious market for our western barley is right on the farm where it was grown, or on the one across the road with a hog operation or cattle feed lot on it.

Crop prospects now all across western Canada are very, very favourable, even at this early date. They are favourable because of excellent moisture conditions which extend over the whole of the west. This is in sharp contrast to last year's very serious drought conditions.

A somewhat later seeding, possibly due to wet fields and cool weather, could mean more barley being seeded and less wheat, perhaps all across the west. We might very well produce more feed grains than wheat in Alberta this year. We could see a western barley crop in excess of five hundred million bushels.

If an increasing portion of these feed grains could be fed on the prairies and converted to value-added food products, the load on our railway grain transportation system, which is now very heavily overloaded, would be considerably lessened. We should be exporting our domestic value-added agricultural products, especially to the United States, and not exporting those secondary value-added jobs. This is what is happening when we now export our live feeder-cattle to the United States.

Let us examine that overloaded railroad grain transportation system to which I just referred. The problem has been building up since the mid-sixties. I refer hon. members back to the government task force on agriculture. Among other things, it recommended that two out of every three western farms should go, as there was no real future in the grain industry. It also recommended that we should export 500,000 feeder calves from western Canada every fall because we could not grow them out or finish them in the west. This was followed by the famous LIFT program. It also indicated that the government had no confidence in the western grain and feeding industry.

• (2112)

The immediate problem is the shortage of boxcars. There is no labour problem. There are no rail stoppages. In 1975 the railways had 20,000 boxcars and 6,000 government hopper cars. This car count has now shrunk to 13,000 boxcars and 8,000 hopper cars, for a net loss of about 14 million bushels capacity. It is expected to decrease by another five million bushels capacity by the end of this year. The immediate need is for a boxcar repair program to provide some relief until the 4,000 new hoppers requested by the Wheat Board come into service. Our country elevators and branch line systems have never been a bottleneck. Yet for political reasons these areas have received all the attention over the past decade.

These are situations which have hurt every small businessman farmer in western Canada over the last ten years or more. Well-planned, long-range solutions are required, some of which will take years to implement. One such issue requiring attention concerns the statutory rate, or the Crowsnest rate, as it is called. This has been with us for 70 years or so. It won't go away by itself. We shall have to face up to it some time, though that cannot possibly be now, or before the election, whenever it comes.

Now I want to turn to a brief review of other small business matters. I have selected a few examples from my constituency which are typical of what one could find in most regions of Canada. I want to show how small business operators, especially in the rural areas, have been able to get along. First, there is a hockey stick manufacturing company in the short-grass country near Medicine Hat which combines imported Thailand hardwood with British Columbia wood to produce "Westar" hockey sticks used in our western junior league to a large extent and chosen in competition with well known brands manufactured in central Canada.

There is a glass blowing industry called Altaglass involving only six people which creates beautiful works of art through an almost forgotten trade.

There is another manufacturing plant called Scott Manufacturing which specializes in playground equipment and large outdoor Christmas decorations. They ship their products all across Canada, a fair amount going into the northwest United States.

In the towns of Brooks and Bassano there are a variety of small business manufacturers catering to the oil and gas industry. Needless to say their business is flourishing in Alberta today.

In Taber, the heart of the irrigated area, there are other specialized industries which relate to the highly developed and productive irrigation zone in southern Alberta.

These are just a few examples of small businesses which fill a great need, a need which was not being supplied from other sources. They are typical in that they turn their profits back

into their businesses within their own community. That is the only way they could get started and expand.

Hon. members may recall Winston Churchill's description of Britain in the dark days of the war as "a nation of shopkeepers".

Mr. Leggatt: It was Napoleon who said that, not Churchill.

Mr. Hargrave: Surely it is appropriate to suggest that Canada is a nation of small business operations with farmers leading the way. The time is long overdue for considered attention to be given to our small business sector along the lines of the motion we are presently debating with its five-step policy suggestions.

Before concluding these brief remarks it seems appropriate to comment on the Bryce report which I mentioned at the beginning of my speech. The suggestion that the capital gains tax should cease can be taken as the end result of seven years of serious inflation which began with the introduction of this new tax approach on, I believe it was, January 1, 1972. It seems to me that either the capital gains tax has to go or inflation must be positively controlled. The capital gains tax rollover provision in the budget last month affecting incorporated family farms is a direct result of the serious threat to family farms due to a combination of inflation and the capital gains tax.

As to the other suggestion in the report that we can live with big business, I say that if Canada is serious about engaging successfully in international trade, big business is not only justified but necessary, if only to take advantage of economies of scale. I can also agree with the recommendation in the report that corporate profits ought not to be taxed provided they are re-invested in the business. After all, that is how all business grows, especially small business. I would add, in conclusion, that farmers have always had to do this, though with them it has been a survival technique.

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, the importance of small business in the Canadian economy can be doubted by no one, not only in terms of the number of firms that are small business firms— something like 90 per cent of all the firms in Canada—but also in terms of the employment created by those firms. Well over one third of all the members of the work force are in small business firms and at least one fifth of all the value of goods and services produced in Canada is in small business firms.

We cannot doubt the importance of policies to foster the viability and success of these firms, nor can we hide from ourselves the fact that small firms in many Canadian small towns across the country are in a state of difficulty. This difficulty arises from erosion of their position. In some cases they are simply manufacturing goods of a standard technological character and are faced by competition coming over the horizon from the third world countries where there has been a transfer of technology, a transfer of industry. We support that, but we also have to take special measures now because small industry in our country is threatened.

Just think of some of the small companies in many towns manufacturing, for instance, bicycles or textiles or chainsaws or auto parts. Sometimes they provide income and support for the whole community. Therefore, support for small industry is important. It is important socially and economically to maintain small communities. It is important from the point of view of regional balance in Canada. How much of industry is concentrated in the central provinces and how great a sense of unfairness can develop across the country if there is not a fair share of industry in the towns and cities in parts other than central Canada? Policies have to take account of that concern too.

● (2122)

Small industry is more than a romantic ideology. It is possible economically with today's technology to have a thriving and decentralized economy with small industry, and many countries demonstrate that, as does ours to some extent. It is not only possible but it is good social and regional policy as well. So I would like to congratulate the mover of the motion for bringing it forward and giving us this opportunity to make some remarks by way of proposing a network of supporting policies. I say network because what I want to stress, as indeed the motion does, is that there is needed not one given policy but a whole network of policies.

Let us look first at the question of taxation. Too often we think of taxation as the only way to approach the problems of industry, particularly small industry. Already major steps have been taken, inadequate as I suggest they still are, but we should at least recognize that the government has, in effect, rolled up its sleeves with respect to the problems of small industry. It is moving, not only by the creation of a special secretariat in the Department of Industry, Trade and Commerce and a special minister, but also by a whole host of provisions, including tax provisions.

Let us review some of them to see what has been done. There is a special low rate of tax on the profits of small companies. It amounts to 25 per cent compared with the 46 per cent maximum rate of tax on larger companies. There are rebates and tax incentives for investment in research and development. Most recently in the budget, two tax measures were brought forward. There is the proposal for tax credits of 5 per cent, ranging up to 10 per cent in slow growth areas, for new investment in industry and for research and development.

Then, in the most recent budget, there was a special measure to increase the write-off for new research and development over a certain base period. This added budget measure will allow small and large companies to deduct from their income 50 per cent of the costs of increased R&D activities, a very important measure for small business. This would raise the total immediate write-off to one and a half times the amount spent on new R&D. For example, if a company spent $100 on new R&D, it could write off $150 against the taxable income.

This is of considerable help to small business. What would be the savings to a small business? These tax savings would amount to about $16 in every $100 of new expenditure on

research and development. Instead of the net cost of R&D after tax being $75, the net cost would be approximately $59 in Ontario and $55 in the slow growth regions of Canada.

I should like to suggest an improvement over even this salutary measure which I hope the Minister of Finance (Mr. Chrétien) will take into account. It would be an improvement on behalf of small business not granted to large business with respect to these R&D tax incentives. The point is that small businesses pay a low rate of corporation tax on their profits. When that low rate is applied in the R&D context, it means that small businesses receive, in effect, a lesser advantage than that gained by corporations paying at higher rates of taxation. I would like the minister to consider whether it would be possible to expand the tax credit in the case of small businesses.

What are the objectives of R&D? I think we should be clear on what they are because the network of support policies have to focus very strongly in this area. The objects of R&D are to help a company to be technically advanced in its processes, in the methods it uses, in innovating new products and in modifying a product which it has in order to expand its market—in effect, to be aggressive in the entrepreneurial sense, to be right at the leading edge of change in the market.

In the face of these needs, Canada has one of the poorest performances in R&D among the western industrial countries and its performance has actually deteriorated in recent years. Does anyone really believe that this poor performance in R&D is related mainly to the tax environment? I do not think so, and I do not think the situation can be corrected by simply applying tax incentives and tax measures.

The tax environment can help, but there are other aspects that I think are more important. One of them is the relationship between and within firms that exists in a country like ours because of the high degree of foreign control and ownership in the economy. I do not say this in an aggressive sense but I wish it to be recognized that it is the practice for companies to do their main R&D at their head offices where their main market is and where their main corporate strength is. That means that Canada gets R&D transferred to it after new technology, new processes and new products have been developed elsewhere. This lag is important because it puts us behind in getting into new markets. We come in late.

We should recognize at the same time that many subsidiaries of foreign corporations do significant R&D in Canada. The picture is a mixed one. For example, Ortho Pharmaceutical, which is a wholly-owned subsidiary of Johnson, and Johnson, a huge multinational company, has one of the few research and development laboratories in this industry with 40 scientists who have developed worldwide products in certain fields. That is the kind of autonomy and relationship that we need, but all subsidiary firms do not have it. Canadian General Electric has it to a limited extent, so does Eli Lilly and so does Hewlett Packard, DuPont and others; but in the main our branch plant economy lags in R&D because of that parent subsidiary relationship. We have it in our own case where Northern Telecom, a Canadian multinational, does its R&D in Canada.

What we need to do is to examine the relationship which is dragging R&D down in Canada. I think we can do that in the 23 task forces which have been set up a month or so ago and which are due to report for the first time in six weeks. They are developing action plans in 23 sectors, such as in plastics, in the auto industry, in pulp and paper, in mining, and in other manufacturing sectors. They can examine the impact on R&D of the high degree of foreign ownership and control which exists in Canada. We should not rely simply on changing the tax environment, because it will not change fundamentally the underlying patterns which are well entrenched.

I should like to suggest further in this connection that perhaps we should be considering a Canadian institute for intermediate scale technology. There is, however, a bias against new agencies and new initiatives of this kind. Nonetheless, it will work against our interests if we allow that bias to proceed too far. Why do I suggest a Canadian institute for smaller scale technology? In the first place, small businesses to succeed, certainly in manufacturing, have to be discontented with simply being a manufacturing firm manufacturing products on behalf of some other firm which has done all the design, all the research, all the development, and then says: "Bid on this contract. If you succeed fine, if you do not, we will go elsewhere". They must have independent, autonomous sources of product improvement and process improvement. Given the fact that we are on the lagging end because of the ownership and control situation, perhaps we do need research into intermediate scale technology to help Canadian businesses benefit from those improvements by developing them, and ensuring those improvements get into their operations.

● (2132)

As many hon. members have mentioned, perhaps we also need export consortia to help small firms grow out beyond their regional and domestic market. Because they are small and do not have a marketing organization to sustain the penetration of foreign markets, it would be an advantage for government to assist in the formation of export consortia. Let us not be driven off from such proposals by the argument that yet another government bureaucracy is being formed.

My main point in all this is that tax incentives are the easy way out. They will not do the whole job because of the particular problems we are faced with. I am referring to problems with the third world, the industrialized world and the scattered character of the Canadian economy. One aspect of the motion I should like to support was proposed and passed at the Liberal party national convention. I am referring to an amendment to the Income Tax Act which would suspend the operation of capital gains tax when small businesses pass within families or indeed to employees of firms.

Some hon. Members: Hear, hear!

Mr. O'Connell: I am glad to see the party opposite has reached the same conclusion. Obviously that is because the need is evident. I hope it will not take long for the Minister of State (Small Business) (Mr. Abbott) to convince, with our

assistance, the Minister of Finance of the importance of that provision.

There are other tax breaks for small businesses which are appropriate at this time as part of a network. Again I say that they are not the entire story. The Minister of State (Small Business) is proposing and developing what Americans have called small business investment corporations. We are likely to call them small business venture capital companies. What is such a company? Canadians with some savings can put their money into an intermediary corporation known as an investment corporation, a venture capital corporation, and not therefore directly into a small business itself. What will that venture capital company do with the money? It would invest in a number of risky ventures, some more and some less risky than others. It would diversify its total investment. It would protect investors by its diversification. It would be similar to an insurance principle. If one puts one's own money into a risk area, the risk is quite high. If one puts one's money into a company involved in the business of investing money in a diversified manner, then one has a chance at making a profit. Thus our small Canadian companies would be provided with the venture capital they need to go forward. Currently we lack such institutions. As I understand the minister, he is proposing their creation through a statute. I am sure all hon. members would support that.

What would be the inducement for Canadians to put money into such ventures? Well, they are given tax incentives. What kind of incentives? They are not difficult to find. They are allowed to write off any losses they might incur against other income. Also, they are allowed a lower than normal rate of tax on the gains made. As they look at the prospect of making gains with lower tax and being sheltered against total losses, then they will put their money into such a venture capital corporation. Entrepreneurs who would be assisted through other means in the network of policies would have this new source of capital with which to be innovative in products, and to become involved in new industries. With the capital gains adjustments mentioned earlier, they would be encouraged to retain capital and build it up.

I should like to mention another item, the special funds such as those the Canadian auto part manufacturers are requesting. This is not a tax measure. They are asking for repayable loans. Why are they requesting that? It is because we are entering a new phase of the auto industry. There is a demand for smaller, more economic, energy-saving, safer cars. The manufacturers will be required to make new parts. They will be using more plastic parts and will require new designs. Will we have our share? The auto parts industry is asking for a loan fund of a quarter of a billion dollars. That would be a repeat of a similar loan fund which was implemented 10 or 12 years ago when the auto pact began. They need such a fund again. Most of the money loaned from the previous fund was repaid. That is one method of assisting many of the smaller plants in the small towns and large cities across Canada. It would assist them in becoming involved in the next phase of the auto industry.

My time is running out but I should like to refer to the plastics processing industry. That industry has 1,400 firms. It is growing at twice the rate of our economy. Its productivity gains annually are twice the average in the manufacturing industry. It requires stabilized framework policies in tariffs and taxation. Above all, it needs a plastics institute to assist in the development of new technology in order for that industry to become very advanced. Other policies could be mentioned in the areas of procurement and tariffs.

At this stage, however, I should like only to refer to the need for a change in the internal organization of the federal government. We require more than a minister of state for small business. There should also be a senior economics minister. I am thinking of the office of the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) as being assigned that role. One should consider the government's position in policy, the need for coherence and the meshing of policies. For example, one could look at such economic ministries as the Department of Regional Economic Expansion, the Department of Industry, Trade and Commerce, the Department of Finance, the Department of Science and Technology, as well as others. At a time when policy and the creation of certain agencies are being considered, surely we need one minister who can bring it all together. The Deputy Prime Minister and President of Privy Council is the person who ought to be assigned that special role.

Some hon. Members: Hear, hear!

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I congratulate the hon. member for High Park-Humber Valley (Mr. Jelinek) for presenting this excellent motion today. If all of the recommendations in this motion were accepted and implemented, certainly Canada would be back on track. It is evident we are off track today.

There was a previous excellent motion regarding the role of government in society and the economy on February 2, 1978. It was an attempt at bringing some sanity back into the Government of Canada. Also it was an attempt at bringing expenditures under control and to implement methods to limit the growing and undemocratic use of legislation which stifles Canadian businesses. Of course, the Liberal and New Democratic Parties united to vote against this excellent motion on February 2. No doubt we are going through an exercise of futility tonight.

It was interesting to hear the hon. member for Scarborough East (Mr. O'Connell) talking about venture capital. I have in my possession a document which was prepared by Peter Henry Jerch and Associates. Mr. Jerch in this document, which appeared in a recent weekend magazine, states:

● (2142)

For years I've been hearing the same scenario over and over again, with hardly any variations. It goes like this: Canadian entrepreneur develops hot idea, sets up company, gets successful in a small way, needs money to expand, goes to banks, goes to government agencies, goes to venture capital firms, knocks on half the doors in the Toronto-Dominion Centre, gets nowhere; his proposal is met with

incomprehension or, at the very best, a cautious display of interest that's followed, weeks later, by a short letter saying no thanks.

Mr. Jerch in his document goes into some detail about the 40 firms he represents which are looking for capital venture so they can expand but are getting absolutely nowhere.

I should like to congratulate the Minister of State (Small Business) (Mr. Abbott) and the government for the excellent job they are doing to expand the economy. Unfortunately it is not the Canadian economy they are expanding but rather the economy of the United States. They are doing an excellent job of driving businesses and money out of this country, to the extent of billions of dollars.

I have done a little research into this and I know the amount of money that has gone to nine states. It totals $6.5 billion since 1976. Would it not be wonderful if we could have kept that money here for venture capital? We would then really have grown. I would like to challenge this government tonight, and perhaps the Minister of State (Small Business) could take this up with the Minister of Finance (Mr. Chrétien), to determine how much has gone to the other 41 states. If $6.5 billion has gone to nine states, what are we looking at in regard to what has left this country? These businesses are just not staying here. Businessmen have no faith in this government and are losing faith in this country. They are flocking to the United States with billions of dollars and numerous business ventures.

I have done a geographic breakdown in respect of this departure of businesses and money. Florida is going to be taken over by Canadians. The estimated capital expenditure in the state of Florida by Canadians is estimated to be more than $2.5 billion. While Florida is attracting large amounts of Canadian capital, California has become the second most invested area. To this date over $1.5 billion from Canadian pockets has ended up in California. Texas and New York comprise the third largest area of investment for Canadians, and the figure is $1.3 billion. In Colorado $500 million has been invested. In New Jersey the figure is $400 million, in North Carolina it is $400 million, and in the states of Georgia and Illinois the amount invested is $300 million. There is one area I have left off which should be listed. Some 30 per cent of the high rise apartments in Seattle, Washington, are owned by Canadians. Canadian Pacific invested $150 million in New York recently.

The Ottawa *Citizen* did an excellent study last year on the number of businesses moving out of Ontario. That article pointed out that 140 Canadian manufacturing firms moved to the state of New York, taking $28.6 million with them.

Union Nationale Leader Rodrigue Biron pointed out recently that $4 billion has left the province of Quebec. You can see how serious the situation is, Mr. Speaker. Until this situation is corrected we can talk all we want about the nice things we are doing to help Canadian business, but where will the money come from? As I have just pointed out, in respect of nine states alone $6.5 billion has left Canada for investment there since 1976.

[Mr. McKenzie.]

Peter Henry Jerch and Associates also prepared a document regarding the number of firms they represent. That firm represents 42 Canadian firms, and right now 30 of them are looking for expansion or a move to the United States. Let me give the reasons why they are going. While the known facts about small private investment in the U.S. makes Canada the most active foreign investor, even these facts are considerably understated according to Mr. Jerch. The vast majority of such investments or acquisitions are never reported officially, mostly for the reason that the normal successful businessman is good at operating a business but is generally publicity shy or fears that he may get burned somewhere in that process and that it may hurt his business to expose the transaction prematurely.

This is one of the problems we have when these investors or businesses decide to leave. They do not put ads in the paper. I hope the government is trying to keep some track of the number of businesses which are leaving as well as the amount of investment money they are taking with them in order that we can see how serious this problem is. This is a matter which has been raised in the House a number of times. The Prime Minister (Mr. Trudeau), the Minister of Industry, Trade and Commerce (Mr. Horner) and the Minister of Finance have been questioned a number of times about this but we have received nothing but a negative response. We have seen absolutely no response from them, and no suggestions about meeting with these people in an attempt to keep this investment money in Canada.

In addition, Mr. Jerch goes on to say that many of these businessmen have tried to make their experience known, only to meet with civil service or political apathy. The experienced businessman therefore adopts the attitude that he should stick to what he knows best. Of course, they are worried about government reaction too, which tends to take the approach of controls—for example, control on exchange, like Italy, rather than taking the enlightened approach of making equity investment in a company at home less of a risk.

Mr. Jerch, in this document he has provided to me, points out that of 42 Canadian smaller and medium-sized active manufacturing and service enterprises, only 12 were looking for acquisitions in Canada only. Some 15 thought they would consider a further acquisition or investment in Canada as a second alternative, which suggests that reason tells them to go elsewhere, but they still tend to be optimistic despite all their complaints. However, 30 of the 42 are either actively looking in the United States or have already made one or more acquisitions or investment decisions there.

He also provided me with a document regarding a group of firms in Manitoba on whose behalf he was working. They total 49 and all are planning to move out of Canada. The amount of investment money they would be taking to invest in U.S. plants would amount to $196 million. According to Mr. Jerch's figures, this would mean a loss of up to 17,000 Canadian jobs. So hon. members can understand the difficulty we are running into.

Let me give additional reasons for this flight of capital and business. There are numerous reasons that money is fleeing Canada, and all of them are directly related to the economic policies of this government. Let me now examine briefly some of the more important causes of the lack of business confidence in Canada. Such an analysis will clearly show that neither Canadian businessmen nor American chambers of commerce can be blamed for the exodus of capital from this country.

Contrary to widespread public belief, the Quebec situation is not the only factor accelerating Canadian investment abroad. While events in Quebec have had a serious negative effect on investment in Canada, capital had been departing this country at alarming proportions for several years prior to the election of Mr. Lévesque.

The way to judge whether you have a good government and an attractive country is to determine whether you can attract investment money. Canada is no longer a country attractive to investment money. We cannot even keep the investment money of our own companies in this country. If there has been an exodus of $6.5 billion from Canada to nine states, I wonder what the amount has been for the other 41 states. Are we looking at $100 billion which has left Canada in the last few years? This is a staggering thought. There will be a huge burst one of these days when we find out the total amount.

We know what the effect of this has been in Canada, or at least the partial effect. We have one million unemployed, and unemployment is costing Canadian taxpayers $8 billion a year. More specifically, a climate of uncertainty has existed for several years in Canada, created by the policies of the present government. The best climate for quarterly and normal business growth is economic and social stability. During the decade this government has been in power, Canadian businessmen have been living in a state of uncertainty and insecurity because of the lack of leadership by this government.

• (2152)

Instead of enacting policies conducive to investment, the government seems to have done everything in its power to scare it away. The vast increases in spending, the proliferation of boards and regulatory agencies with numerous arbitrary powers and overlapping jurisdictions, and the lack of consultation for enterprising entrepreneurs, are just a few of the factors contributing to the uncertainty. These policies reflect the socialist leanings of this government, and it is no wonder that businesses look elsewhere when investing their money. References by the NDP to the effect that corporations are welfare bums does little to enhance investor confidence in Canada.

Mr. Jerch did a study on the number of businesses that were leaving Manitoba when the socialist government was in power. The number pulling out plus invested money would contribute to the loss of 4,000 jobs in the province of Manitoba.

Also related to the preceding point is the problem of too much government. The ever-increasing size of the federal public service and the problems created by this expansion are factors which hinder business activity. Businessmen are forever hassled by federal regulatory agencies, departments, boards, bureaux, offices and councils with their myriad of rules, regulations, laws, edicts, orders, decrees and statements. In short, they are inundated with paperwork. Moreover, should a businessman disagree with a ruling it is extremely difficult to appeal to that body, and the time and effort involved usually precludes an appeal anyway.

Businessmen do not run into this problem in the United States. The government and labour there welcome businessmen and investment money because they know there is no alternative to a business establishing a factory or a plant. They do not harass businesses to death.

Government involvement in the economy has increased to the point where 42 per cent of our GNP, which is the sum of all goods and services produced in Canada, is produced by the government. If present trends by provincial and federal governments continue, 88 per cent of all goods and services produced in Canada by 1990 will be under the state. Only 12 per cent will be left for private enterprise. That is the reason why businesses are pulling out. They have no faith in their government. There is so much uncertainty that they are not going to leave their money here.

It is all very well for government members to be talking about venture capital and what-have-you. There is not going to be any venture capital in this country. This is high risk capital, and nobody is going to take any risks in Canada. The solution to the problem is to slowly reduce the size of the government, not through massive lay-offs of dedicated civil servants, but by attrition. In addition, wasteful make-work projects could be eliminated. If governments want to make work, the best way to do it is through proper incentives to private industry.

Our motion on February 2 of this year was put forth to deal with these things, but the last thing this government wants to do is to reduce the size of any of its bodies. The NDP want more and more government employment because they want to do everything in their power to harass business as much as they possibly can so they can drive more and more of it out. They want everybody to work for the government. Everybody is going to work for the government and they are going to chase every business out of the country. That is what they want to do and they are successful. We saw it with Blakeney in Saskatchewan when he started it all in 1975 by nationalizing the potash industry. He put the fear of death into the American investor. They also did the same thing with the mining industry. Our friend from New Westminster (Mr. Leggatt) knows his leader in British Columbia put the fear of death in business and investors in that province.

I have a very interesting quote from Mr. Neil Wood, president of Cadillac Fairview Limited. He was quoted in the Ottawa *Citizen* recently as saying:

> We're not selling out Canadian assets, nor turning our back on good Canadian opportunities, but they are few and far between. Government delays in getting approvals continue to frustrate us in Canada compared with U.S. where development is welcome.

It is not welcome here with the socialist governments we have at the federal and provincial levels. Thank goodness there is only one left.

I would like to go now to some quotes from American newspapers. The Dallas *Times Herald* of February 19, 1978 says:

> The Canadians are coming! All the battle preparations won't be necessary, but our neighbours to the north are invading—in an investment sort of way . . . while the Canadians have invested in everything from mining and petroleum to merchandising and manufacturing, much of their money is being poured into real estate . . . The list of Canadian held properties is quite impressive. They include an ongoing $1 billion, 42 acre housing development in Homestead, Florida, the purchase of several small but profitable banks in Florida, the Peachtree Centre Tower in Atlanta, the development and purchase of shopping malls and mobile home communities in Florida and North Carolina, numerous new and old office buildings in New York, Detroit, L.A., San Francisco and many more.
>
> There are reasons bringing Canadian investors to the States other than age old desire to make a buck. First, the political climate in the 111 year old confederation is anything but encouraging to business. Add to the political climate the fact that Canada has many more environmental and planning restrictions on development than does the U.S., and one has a picture of a nation with a governmental atmosphere that stifles growth.

This debate is nothing but an exercise in futility because the government have no intention of correcting the situation and are not going to implement one recommendation in this motion. They will merely ignore it, just like they ignored our February, 1978 motion. Their philosophy is to stifle business and to make things as awkward and as difficult as they possibly can for people, and to stick their noses into everybody's business.

Here is another comment from the Miami *Herald* dated March 30, 1978:

> The Canadian dollar is buying up Florida in an escalating and often frenzied scramble to find a haven from political and economical uncertainty at home . . . Canada's largest financial and development corporations alike are exporting their savings and surplus capital in a classic flight to find sanctuary.

In my remaining minute, I would like to ask the government once again to supply figures for the 41 remaining states. I have given Canadian investment figures for nine states with a total of $6.5 billion in the last couple of years. Let us put all our cards on the table and find out the exact amount that has gone into the United States in investment. I have given some examples of businesses leaving, mostly from Ontario to go to New York, but let us get it all out in the open. I would like to know exactly what this government is going to do about this situation.

Mr. Deputy Speaker: Order, please. It being ten o'clock it is my duty to declare that, pursuant to Standing Order 58(11), the proceedings on the motion have expired.

[Mr. McKenzie.]

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

COMMUNICATIONS—TELEVISION PROGRAMS FOR THE DEAF

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I have asked the Minister of Communications (Mrs. Sauvé) on two occasions to provide aid to assist persons afflicted with deafness. There are two million such in Canada. First of all, every Canadian has a right, regardless of this handicap, to an education which will allow that individual to develop and function to the maximum of his or her ability. The government has not seriously considered the needs and the welfare of the deaf. Employment of anyone handicapped rarely occurs unless there is some incentive. Manpower offers some assistance but the response is poor.

● (2202)

Very little money is spent on the deaf compared to what is spent on people with visible disabilities. The working deaf are taxpayers but they work in a world where, if not handicapped by the actual job, they are certainly handicapped by their surroundings which are altogether different from those of other people. They have little or no means of oral education, of hearing the conversation of others or of patronizing the things others do and getting news as you and I get it, Mr. Speaker, even though they have the same intelligence as we have. All this is beyond their means without special teachers. They do not yet have equal job opportunities and our twentieth century society does little to help them.

There are some questions that I should like to put to the parliamentary secretary who is representing the minister tonight. For instance, what education do the deaf get? Are they eligible for the $1,000 tax deduction that is available to other handicapped persons? It is rarely that we see these people rise to the level of university teaching, medicine or the other professions that are high on the pay scale. The George Brown college in Toronto draws a lot of people from all across the country and produces brilliant deaf scholars—many as brilliant as you would find here, Mr. Speaker, and maybe a little more brilliant at times. There is also a fine building for the deaf in Toronto which is being completed by the great war veteran, Con Smyth. I know him and the Reverend Roy Rumbull, Ernie Watts, and others I am not going to mention but who are also very interested in this work.

When I put my original question the minister told me that they are "researching". What are they researching, Mr. Speaker? They already have the decoder so why have they stopped? She said it costs $2,000 but I say let us spend the money. This device has been perfected and is working in the United States. Have funds been made available to Bell North-

ern Research, for instance, to go south of the border and research this system?

The decoder may be a bargain at $2,000 because it gives deaf people a chance to hear the things the rest of us hear. What more right have I, who can hear and see, to view the televised proceedings of parliament which is paid for by the taxpayers of this country, some of whom are deaf? Why can this decoder not be used so that they too can follow the proceedings? Are they not entitled to hear the hockey game that is being broadcast tonight? We are shutting these people out of many things because they are a quiet minority, and I say we have to do something about it.

Deaf people are often very innovative. Some of them took the old CN and CP teletype machines and converted them so that they could be used with the telephone. When you punch the keys a light comes on at the number you have dialed, the person there picks up the receiver and they can communicate back and forth. Why are we not pursuing this and getting ahead of the United States, instead of just waiting to copy them as we usually do?

I want to point out to the parliamentary secretary that it costs about $1 million to institutionalize a deaf person for 30 or 40 years. Yet they say the decoder only costs $2,000. Then when the unemployment rate goes up because it is hard for those persons who are a little hard of hearing to get a job, they look at them and say "no". I am not taking anything away from the government or manpower, because I know what they try to do, but look at what has been the response. Hon. members know the response as well as I do: it has been terrible. They just do not get it in this workaday world.

● (2207)

I want to go on a little further to say that there must be ideas and creative work for these people so long forgotten by the public purse which has poured out money on so many things that were far less deserving. Will the minister make a commitment to do something? Will she give some research funds to Bell Northern Research to make sure that the required research is done, and will she check with those in the United States? Will this invisible handicap then become one that will partially disappear?

In closing, I want to say to the parliamentary secretary for goodness sake let us stop putting things off and making excuses. Excuses only last so long. These are people who cannot speak for themselves or who cannot hear all that is going on. They are handicapped people that we all owe something to. As far as possible they try to work and do the things that they can do.

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): Mr. Speaker, it is a pleasure for me to respond to the hon. member this evening. As we all know, he at all times expresses sincere concern for the handicapped of this country and for those less fortunate than ourselves.

I can assure the hon. member that the minister herself feels the concern, as he does, for all handicapped, whether they are handicapped by loss of hearing, loss of sight or by other handicaps. However, the solution is not as simple as we would like it to be.

I will deal specifically with the hon. member's concern about the captioning and use of sign language in television broadcasting. As he may or may not know, even in the use of sign language we have not as yet been able to come up with a universal type of sign language that can be used from coast to coast across Canada.

As hon. members probably know, sign language came to this country from France possibly about 100 years ago. Since then it has been developed in individual areas in the country to the point where we have a break-up of dialects even in the hand signals or in the sign language used on television. This, of course, presents a problem when we speak about a national broadcast designed to go into homes right across Canada and the United States. The mandate of the Minister of Communications (Mrs. Sauvé) is such that she cannot compel the networks, to use this system. In particular this applies to the private networks and the CBC, because the CBC does not fall under the umbrella of the Minister of Communications as far as programming is concerned. She must cajole and try to persuade them. Her mandate falls into the area where she can permit the use of this system but not compel it, as the hon. member knows. She would be pleased to permit this type of broadcasting right across the country.

However, we have learned that there are problems arising in the United States with the private networks which have expressed some concern. There are two types of captioning. One is the use of the sign language itself in the corner of the picture and the other is the proposed use of line 21 for captioning, either open or closed captioning, in the television screen.

● (2212)

One problem with captioning is that they found in limited use in the United States, primarily at the present time by the Public Broadcasting System, that the actual captioning of a broadcast, for example a news program or an hour long program, could involve the work of people from ten to 30 times as long as the actual presentation of the broadcast in order to put it on the air.

Mr. Rynard: How about the decoder?

Mr. Douglas (Bruce-Grey): One has been developed at present at a cost, of, I believe, $2,000. There is still work going on with regard to the decoder. Some aspect has been looked at with cable television which would provide a special channel for the use of the decoder.

A final remark, if I may. The hon. member raised the subject of deductions. I hope he will address that at a later time to either the Minister of Finance (Mr. Chrétien) or the Minister of National Revenue in order to get an answer on this specific question.

Adjournment Debate

POST OFFICE—PLANS TO PREVENT INCIDENTS LEADING TO WORKERS BEING SENT HOME

Mr. F. A. Philbrook (Halton): Mr. Speaker, first of all I am very pleased to see the Postmaster General (Mr. Lamontagne) here to meet the concern that we have talked about. Yesterday I posed a question to him during question period about an incident that occurred last week, May 11, in Ottawa at the main postal terminal. It was an incident where some inside postal workers, through the use of such things as badges and T-shirts, instigated a rather silly, insulting and obscene gesture which was uncalled for toward management.

My question to the minister was, essentially, what can we do to prevent this kind of incident which could easily in the future, as it has in the past, develop into a much wider incident resulting in a wider disruption of postal service. The minister answered that he and his deputy minister, who it turns out is an excellent man from my constituency, and one of our colleagues, the hon. member for Ottawa West (Mr. Francis), went there and spoke to the workers. They delivered a firm ultimatum that they either remove those objects that were insulting to management or be sent home from their shift. Apparently there was a mixed reaction. Some did, and some did not. That was fine as far as it went.

I appreciated that answer. However, it really did not entirely answer my question. I was asking what we could do to prevent this from happening in the future and not just deal with it when it does happen.

This is another in a series of events involving inside postal workers in various parts of the country. It has caused the Canadian people to become intolerant of this kind of action by this particular group. If my constituency is any example, I would say the Canadian people have just about had enough. They are fed up with this kind of irresponsible behaviour.

This probably represents for inside postal workers the worst industrial relations we have in the country. I do not want entirely to incriminate the post office management, although we recognize there are troubles on that side. But there certainly is great concern about these postal workers. It is peculiar because they tend to blame the post office management for all of their troubles. However, it is not all the postal workers who behave in this way.

We do not have any trouble with the letter carriers, the outside workers. In fact, I believe one reason the letter carriers split off and developed their own union was because they felt they could no longer be associated with the inside workers.

● (2217)

There is a book on the subject, an excellent book from the Post Office on its industrial relations, particularly with the inside postal workers and a certain group of them which is causing all this trouble. It is quite an experience to read. I have certain excerpts of it in my hand but I do not think I have time to read them. It would be worthwhile covering outstanding instances of what has happened during relations with these people on another occasion, perhaps on an opposition day when this subject is debated.

[Mr. Douglas (Bruce-Grey).]

People in my riding—I think they are fairly representative of business; they are business people by and large who rely on the mail—are puzzled about all this, as, I think, the rest of us are. They are frustrated because we do not seem to have an answer. After all, we have been at this for several years. They are angry and demanding some kind of action, a resolution of this problem and, of course, they look to the federal government for answers.

Why are we running into all this trouble? Industrial relations is a wide field. There are conflicts all the time between management and labour whether in the public or the private sector. But this type of behaviour by postal workers appears to be unmatched, unprecedented. Government and management tend to be blamed. The jobs are considered to be boring. Many jobs are very boring, Mr. Speaker. But these jobs are also very well paid.

Sometimes automation is blamed and at other times autocratic management. But surely these difficulties could be resolved peacefully. In other situations, they are. Workers blame the government, the cabinet and the various postmasters general over the years for lack of co-operation. Even the civil servants in the department are blamed. The workers, in turn, are accused of being deliberate troublemakers, in some cases of being communists, anarchists, separatists and so on. This does not seem to solve the problem. They propose certain solutions of their own—establishment of a private enterprise, a Crown corporation and so on.

The question now is: Can we get co-operation by agreement or shall we have to resort to tough measures? I believe Canadians are a reasonable people. They want to treat everyone well, including these inside postal workers. But they want these issues resolved soon. After all, this department is not a toy factory even though there are a lot of games being played. It is an essential service and the public wants some answers.

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I appreciate very much the speech just made by my hon. friend from Halton (Mr. Philbrook). I think he has said aloud what many people are thinking.

On May 15 the hon. member asked me whether the Post Office Department had any plans to prevent such incidents as the one which occurred at the main Ottawa terminal on May 11. On that day, some workers who were wearing an offending slogan were told by the supervisors either to remove the offending words or go home. Some stayed at work and others went home.

It just happened that on this same night my colleague from Ottawa West (Mr. Francis), the deputy postmaster general and myself went to the Alta Vista plant to see for ourselves how the plant was functioning and were informed of the situation. I agree entirely with the hon. member for Halton about the silliness and provocative behaviour of some inside postal workers toward management at the main Ottawa terminal, and I also support the positive action taken by the management on that occasion.

There are no specific plans, Mr. Speaker, to prevent similar incidents from happening. It is not really possible to formulate such plans. However, if an incident of this nature were to occur again elsewhere in Canada, we would apply the same policy as we did on that occasion. After all, there is no way to foresee such odd behaviour. But before such incidents escalate we always try, when possible, to find solutions in good faith, counting on the goodwill of all parties.

● (2222)

Some people have a tendency to think that we should be ruthless and more intransigent in our dealings with our unions. Others feel that we should be lenient and give in, in order to achieve peace at any cost. Mr. Speaker, experience has taught me otherwise. Nothing is achieved by extremes. Dealing with human problems requires a lot of understanding, tolerance and patience. However, one must realize that we have to accept out responsibilities towards the Canadian people who are entitled to an efficient and reliable postal service.

We have done a lot towards this goal: conciliation with CUPW is continuing; LCUC negotiations have already started; study groups to explore the possibilities of a Crown corporation status for the Post Office is proceeding; intergroup sessions are being held; full management meetings are continually taking place. Constructive, positive action is being taken by management. Mr. Speaker, we have a fine group of workers at the Post Office. We could achieve a lot more if a certain minority would agree to have a more tolerant attitude. Flexibility, tolerance, understanding, we all agree, are a must, but this does not mean we will sell out our responsibilities which are entrusted to us by the Canadian people.

The Post Office does not belong to the government, does not belong to any particular union, does not belong to management; it belongs to the Canadian people, and I intend to keep that so.

NATIONAL SECURITY—STATUS OF FORMER RCMP OFFICER

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, here it is at 10.22 p.m. and it is nice to see the Postmaster General (Mr. Lamontagne) here in person at this late hour to answer the previous question. I wonder if it had anything to do with the fact that the previous questioner was a member of the government. But I see the hon. member for Bruce-Grey (Mr. Douglas) here to answer my question on behalf of the Solicitor General (Mr. Blais), and I have much regard for that member. I know he can read the answer as well as anybody.

On May 3, as recorded at page 5111 of *Hansard*, I asked the Solicitor General the following question:

The Solicitor General is aware that a former RCMP staff sergeant, Ed Hameluk, has left the co-ordinating law enforcement unit in Vancouver to join John Meirs, a former associate of the late Howard Hughes. Since Mr. Hameluk was in a sensitive security position analysing intelligence and information sources and is now working for Mr. Meirs, who also had contact with CLEU, I ask the Solicitor General whether this matter is being looked into.

Also, is he aware of the concern of other police forces in Canada about this matter, and what steps are being taken by him and, to his knowledge, by the attorney general of British Columbia to evaluate the situation?

The Solicitor General answered as follows:

I will look at the information he has provided, and if his evidence is accurate I will express the concern that he has expressed.

I am looking for that kind of information tonight. The question was first raised in the B.C. legislature on April 3 or 4 and was answered by the attorney general there on April 11, as recorded in their *Hansard*. I read as follows from that record:

—a couple of days ago concerning the job function of Mr. Ed Hameluk with the Co-ordinated Law Enforcement Unit. The response is: under the general supervision of the deputy director of the co-ordinated law enforcement unit, policy analysis division, Mr. Hameluk was to examine the phenomenon of organized crime in B.C.

That was one of his principal duties. He has left the service; he tendered his letter of resignation for personal reasons. An undertaking of the confidentiality of information has been received from him.

That is the point which is at the bottom of my concern, the fact that he has expressed confidentiality of information. I take heart from that, but that does not give me enough of a sense of security for the well-being of all of Canada. As I said earlier, Mr. Hameluk has left that organization to work with Mr. John Meirs who used to be in the employ of Mr. Howard Hughes. Mr. Meirs is now reportedly interested in funding a bank in the South Pacific in the principality of Tonga. I understand that the Bank of Hawaii is very concerned about that. It is also a matter of record that the U.S. authorities have been after Mr. Meirs regarding tax evasion charges.

● (2227)

It is fairly common knowledge in British Columbia that Mr. Meirs was arrested some years ago in Bellingham. He was held on $50,000 bail and then was released. He dropped that $50,000 bail in the city of Bellingham Mr. Meirs has had contact with CLEU. Mr. Ed Hameluk was a principal spokesman for CLEU in some areas. He left that organization to work for Mr. Meirs. I think that is some cause for concern. It is my suspicion, if not my understanding, that some of the other police forces in Canada are concerned also about the new union between these two men.

I should like to receive some assurance from the Solicitor General (Mr. Blais) as to what steps have been taken to ensure the security of Canada has not been risked by this new association. I do not know what can be done if Mr. Hameluk has given his word to keep confidential all the information he has received over the years. I do not know what type of security measures have been taken, but I am sure the authorities in charge of this area have means at their disposal to make sure this sensitive information, which has been at his disposal, will remain totally secure and will not be used in some manner that would be detrimental to Canada in any way in future years.

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): Mr. Speaker, I should like to thank the hon. member for Surrey-White Rock (Mr. Friesen) for raising this matter, as he did with the minister as reported at page

5111 of *Hansard* dated May 3, 1978. The hon. member referred to the reply which was given by the Solicitor General (Mr. Blais) at that time.

Staff Sergeant Edward Francis Hameluk loyally served in the Royal Canadian Mounted Police for 24 years. He retired on January 19, 1975. The RCMP has never had cause to doubt this man's discretion while employed in operational methods within the security services of the RCMP. As far as I know, the force has been given no reason to suspect him of anything contrary to the law since that time.

After his retirement, he obtained employment with the department of the attorney general in the province of British Columbia in the co-ordinated law enforcement unit. In the spring of 1978, Staff Sergeant Hameluk secured employment as a security officer with a firm operated by Mr. John Herbert Meirs of British Columbia.

As a result of the question raised by the hon. member for Surrey-White Rock, inquiries were made since that time by the RCMP. I am pleased to inform the House that no evidence of any impropriety on the part of Mr. Hameluk has been raised at the federal level, nor by any other person since the time of the investigation, as far as I know.

Mr. Deputy Speaker: Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at two o'clock.

Motion agreed to and the House adjourned at 10.30 p.m.

HOUSE OF COMMONS

Wednesday, May 17, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

HEALTH AND WELFARE

USE OF NITROSAMINES IN FOOD PRODUCTS—MOTION UNDER S.O. 43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion on a matter of urgent and pressing necessity. In view of the partial ban placed on the use of sodium nitrates in bacon by the United States government because of the possible carcinogenic property of nitrosamines, and in view of the usual unwillingness of this government to state its position, I move, seconded by the hon. member for Lambton-Kent (Mr. Holmes):

That the Minister of National Health and Welfare state on motions whether she plans any changes in the use of nitrosamines which many believe pose a threat to the health of Canadians.

Mr. Speaker: Presentation of such a motion for discussion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL SECURITY

GRANTS TO CENTRE FOR EXPERIMENTAL ART AND COMMUNICATIONS—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on an urgent matter relating to the same subject I raised yesterday, namely, extensive government grants to the Centre for Experimental Art and Communications in Toronto, whose chief spokesman, Amerigo Marrass, has, in addition to their already expressed support for Italian terrorism, stated in a Toronto newspaper today that the "Aldo Moro murder is just a red herring" and that "all this fuss and crying over Moro . . . we have to think of more important issues". I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That this House requests the Prime Minister, for a second time, to make a detailed statement as to why the government has given such an organization extensive sums of public money from the Department of Secretary of State and the Department of External Affairs and, specifically, for the Prime Minister to advise the House if the disgraceful statement made by the Secretary of State to the Toronto Liberal Forum at the Sheraton Centre on May 10 represents government policy, namely, that as long as he is Secretary of State, Canada Council files detailing reasons why grants are awarded or turned down will never be open for members of parliament who have been asking for such disclosures.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

QUEBEC SALES TAX—REQUESTED WITHDRAWAL OF BILL C-56—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the unanimous resolution approved by all political parties yesterday in the National Assembly of the province of Quebec indicating strong disapproval of the federal government's intention to make direct income tax payments to Quebec citizens as a means of circumventing the constitutional authority of the government of the province of Quebec, and considering that an identical position has been taken by other provincial governments as well as by opposition parties in this House and a significant number of Liberal members of parliament, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House urges the government, in the interests of national unity, to withdraw Bill C-56 and bring forward new legislation which would specifically compensate provincial governments directly in respect of the federal government's sales tax proposal.

Mr. Speaker: The provisions of Standing Order 43 require unanimous consent for the presentation of such a motion for debate. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

● (1412)

[*Translation*]

REQUEST PROVINCES HAVE JURISDICTION OVER DIRECT TAXATION—MOTION UNDER S.O. 43

Mr. C. A. Gauthier (Roberval): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with a matter of pressing necessity.

In light of the statement of the Minister of State for Urban Affairs (Mr. Ouellet) who said on television last night that his government would withdraw from joint programs with municipalities, thus admitting that the late Lester B. Pearson was right when he wanted to abolish all joint programs so as to hand over the authority taken from the provinces, and as we have always suggested that it was the only necessary condition to improve the climate in federal-provincial relations, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the federal government withdraw from direct taxation which, before the federal government insidiously laid hands on it, belonged exclusively to the provinces under the original constitution, and give back all direct taxes to those provinces.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

TOURISM

ACCESS TO B.C. THROUGH BLAINE-DOUGLAS BORDER CROSSING—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I rise under the provisions of Standing Order 43. The province of British Columbia is at present celebrating the two-hundredth anniversary of the coming of Captain Cook to the shores of our province. Through the promotional efforts of the government of British Columbia there is already a large influx of tourists, many of them coming through the Blaine-Douglas port of entry. The province last year enjoyed the highest percentage increase in tourism.

The American authorities have decided to tear down and rebuild their port of entry facilities at Blaine during these crucial months of high tourist traffic in the area. Because there appears to have been no leadership on the part of the Department of Industry, Trade and Commerce, responsible for tourism, there has been no consultation with provincial officials and apparently none with American federal or Washington state officials to meet this emergency, I move, seconded by the hon. member for Fraser Valley West (Mr. Wenman):

That this House instructs the Minister of Industry, Trade and Commerce to forthwith call a meeting of his officials, together with the appropriate officials of the government of British Columbia as well as the state of Washington and United States immigration, to find ways by which the traffic can flow through the Blaine-Douglas port of entry without having the lines of traffic reduced from five to two.

Mr. Speaker: The provisions of Standing Order 43 require the unanimous consent of the House for introduction of such a motion for debate. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PRESIDENT OF SOCIAL CREDIT PARTY

Mr. Speaker: Order, please. Before beginning the oral question period, I ask hon. members to join with me in signalling the presence in our gallery of a very distinguished visitor, the newly-elected president of the Social Credit Party of Canada, Mr. Lorne Reznowski.

Some hon. Members: Hear, hear!

● (1417)

ORAL QUESTION PERIOD

[*Translation*]

FINANCE

PROPOSED AGREEMENT WITH QUEBEC ON SALES TAX

Mr. Roch La Salle (Joliette): Mr. Speaker, I would like to direct a question to the Minister of Finance.

I suppose the minister is aware of the motion which was passed unanimously yesterday in Quebec City, namely that the governments of Quebec and Canada conclude immediately a firm and final agreement respecting the Quebec proposal announced on April 12.

Given the circumstances, would the minister be prepared to accept the unanimous wish of the National Assembly?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, if the Quebec government wants to make some proposals, it is free to do so. After the proposal I made in my budget speech I wrote twice to the Quebec government to propose amendments which would suit them. I have not received any counter-proposal so far. If the government of Quebec really wants to propose a solution and discuss it, I would be glad to do so because prior to budget night I did spend three weeks confer-

ring on several occasions with the Quebec government and at no time did it suggest any amendment either before or after, except its unilateral decision to cut the sales tax on four items only.

Mr. La Salle: Mr. Speaker, unfortunately the minister did not answer the question, because the proposal is clear.

In the light of the general protest from all parties in Quebec against the rebate formula put forward by the Minister of Finance in the sales tax dispute, could he tell us today whether he is at least prepared to defer or withdraw Bill C-56 so long as a solution has not been found?

Mr. Chrétien: Mr. Speaker, Bill C-56 is the bill deriving from the budget brought down in the House on April 10 last. It is important that the bill is passed as soon as possible.

I remember very well that last fall the opposition criticized us because we delayed the adoption of the budget until the fall rather than having it adopted in the spring. Therefore, I intend to proceed with the budget, and we are going to proceed with the study of the bill following the budget. We shall proceed with the second reading of the bill this afternoon, which does not prevent us from considering in good faith any offer on the part of the government of Quebec if any, as we always did in the past in this area.

INQUIRY WHETHER MINISTER OF FINANCE WILL CONSULT QUEBEC COUNTERPART ON SALES TAX

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to address my question to the one who is responsible for this parliament, that is the right hon. Prime Minister.

In the face of the dilemma frought with consequences in which we now find ourselves as a result of the wishes expressed yesterday by the Liberal leader at the National Assembly, Mr. Gérard D. Lévesque, can the Prime Minister tell us whether, in view of the circumstances, he intends to start making the necessary arrangements to meet his counterpart, the Quebec premier, to discuss this dilemma and try, as leader of this government, to solve the matter in the interest of both sides?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the position of the government is the same as that of the Minister of Finance. If meeting the Quebec government can serve any useful purpose, not only are we ready but we are anxious to do so. The Minister of Finance has already made certain proposals, and we are willing to discuss counter-proposals.

For my part, I should like that meeting to take place. I should also like the Canadian people and parliament to understand clearly what the matter is all about. What we are doing in the case of the province of Quebec, contrary to what the Leader of the New Democratic Party said a while ago in his motion, as I say, what we are doing with the province of Quebec is exactly the same thing as with the other eight provinces, that is, Mr. Speaker, we are withdrawing from certains fields of taxation on income so that the provinces may occupy them.

In the case of the other provinces, they already do so; in the case of the province of Quebec, we expect it to occupy that tax field in the same way. I hope that will be clearly understood.

[*English*]

CONSULTATION WITH ALBERTA ON SALES TAX PROPOSALS

Mr. Gordon Towers (Red Deer): Mr. Speaker, I have a supplementary question for the Minister of Finance which concerns the province of Alberta. Does the minister intend to make Alberta a participating province, so that Albertans too can receive the $100 tax remission under Bill C-56 now that it has been made clear that the government's budgetary measure is no longer exclusively a sales tax credit but includes a direct payment of $85 to the people of Quebec?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I had occasion to say earlier that this scheme was designed to help people in the provinces where they are obliged to pay sales tax. I said from the first that this was not the case with Alberta. I discussed that with them at the time of presentation of the budget, at least ten days before the budget, on the day of the budget and later on in other discussions with the minister of finance. This proposition applied to the provinces less fortunate than Alberta which have to pay sales tax.

Mr. Towers: A supplementary question, Mr. Speaker. The Minister of Finance told this House yesterday that Quebec is being offered the same deal as every other province. Since that is not the interpretation being placed on his measure by some members of his own party, as well as many well informed people, will the minister consider making the same offer of a direct payment, without any strings attached, to taxpayers of every other province in order to dispel this notion of special status for Quebec?

Mr. Chrétien: Mr. Speaker, I have made the offer to the other provinces in the budget that we will be voting on in the bill before us this afternoon. We have reduced the federal income tax in the other provinces by $100 per taxpayer and the provincial legislatures have increased their income tax accordingly. This is exactly the same deal that we are offering to Quebec.

Mr. Towers: Mr. Speaker, a further supplementary question. Since the Minister of Finance still leaves Alberta with no status, and since the government is demonstrating flexibility after the fact in this sales tax credit proposal, is the minister prepared to convene an immediate meeting of his provincial counterparts to more adequately explore some of the ideas they expressed to him during his so-called pre-budget consultations with them?

Mr. Chrétien: Mr. Speaker, we have had some meetings of ministers of finance. I have had two since my appointment,

and another one is being organized for July. I think it was a very novel and useful initiative on my part to consult the ministers of finance of all the provinces.

I took the liberty, at that time, of saying to the minister of finance of Alberta that because of the special circumstances in Alberta we were offering tax incentives for the development of heavy oil: we were moving in the area of tax incentives for the development of oil. That is something that applies to the western provinces. There is a lot of money in those projects from the federal government and, of course, that benefits the economy of Alberta. In fact, already the situation there in terms of taxes is the best in Canada.

● (1422)

CO-OPERATIVE FEDERALISM IN TAX FIELD

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the minister's arguments may go over well in the Liberal caucus, but they convince no one else: I hope he realizes that.

Some hon. Members: Hear, hear!

An hon. Member: There is trouble there, too.

An hon. Member: Ask Serge Joyal.

Mr. Broadbent: They are not even unanimous in the Liberal caucus, I understand, these days. I ask the Prime Minister, who has written quite a bit on the subject of federalism, especially on the notion of co-operative federalism, would he not agree that in any federal system it is wrong for a federal government to attempt a form of blackmail with a provincial government by offering a direct tax cut to citizens of that province, after the fact, unless the provincial government in question takes a course of action which has been insisted upon by the federal government and which is clearly within the jurisdictional authority of the province? If so, how can the Prime Minister possibly justify the incredible approach that is being taken on this issue vis-à-vis the province of Quebec?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, generally taken, the statement made by the Leader of the New Democratic Party is one indeed with which I can agree, that the federal government should not use its leverage over taxes to force the provinces to do a certain thing. In this particular case, the Minister of Finance consulted the provinces, all ten of them, over a period of three weeks and asked them if they would do a certain thing provided we cut our taxes—this is not in provincial jurisdiction—and gave them tax room.

Nine provinces said, "Yes, we will go along with that." The tenth province gave no answer. We had to have a budget; the date was fixed. The minister made his budget statement. It was only after the statement was made that one province said, "We don't go along; you are trying to blackmail us." The Minister of Finance said, "We are not trying to blackmail you; we are offering you tax room." The provinces, as long as I have been around, since 1965, have been constantly asking for tax room. The Minister of Finance offered them tax room.

Mr. Broadbent: In the sales tax area.

[Mr. Chrétien.]

Mr. Trudeau: In direct personal income tax. The Minister of Finance is proposing that we cut the personal income tax of all Canadians. Alberta is a special case.

Some hon. Members: Oh, oh!

An hon. Member: Special status.

An hon. Member: Talk to Jack Horner about that.

Mr. Hnatyshyn: Nobody understands Alberta!

An hon. Member: How do you like that, Jack Horner?

Some hon. Members: Oh, oh!

Mr. Trudeau: Mr. Speaker, I do not see why hon. members are seemingly dissatisfied because I say that Alberta is a special case. It is obvious: it has no sales tax. Therefore, the proposition that we are making cannot apply to Alberta, and that is why the Minister of Finance has special provisions in his budget for the Alberta situation. But we are talking of provinces where there is a sales tax, Mr. Speaker.

The Minister of Finance made a certain proposal and said, "You, the provinces, will have the resources to carry out this proposal. We are going to give you tax room." He has not, as the Leader of the New Democratic Party suggests, given money to Quebeckers in any different sense than he has given money to Ontarians, to Manitobans, to British Columbians, to Nova Scotians—

An hon. Member: Sure he has.

Mr. Speaker: Order, please. We can see that on both sides it would have been unduly restrictive for me to suggest that the question put by the hon. member suggesting blackmail is an argumentative one. I did not want to do that, but obviously it has invited a rather long and prolix answer. It is only fair to stick to informational questions and answers.

● (1427)

Mr. Broadbent: To use parliamentary language, Mr. Speaker, the Prime Minister was just misleading the House. Does he, as Prime Minister, not know that when the Minister of Finance discussed the proposals with his equivalents in the provinces, and indeed when he introduced the budget here in the House, he proposed in that context, vis-à-vis the sales tax we are talking about, a reduction or compensation of federal payment in the sales tax domain by way of a cut which varied from region to region and province to province if, I would add, they took equivalent action in the sales tax field? If so, will he agree that what he is now doing is confusing the issue when talking about a proposal made by the federal government to cut income tax to leave room for the provinces, made in an entirely different context from the one in which the sales tax was originally proposed?

Mr. Trudeau: Mr. Speaker, I am afraid there is a misunderstanding on the part of the hon. member as to what the Minister of Finance is proposing. The Leader of the New

Democratic Party suggests that we are giving money to Quebeckers—to pay them off, or something—in a sense that we are not giving money to the other provinces. Let me make this very clear to the House: the Minister of Finance is cutting personal income tax by $100 in every province.

Mr. Stevens: How about Alberta?

Mr. Trudeau: He is cutting personal income tax by $100. He is not giving money to Quebeckers that he is not giving to Ontarians or to Nova Scotians. When citizens fill out their income tax forms, they will see that they are paying $100 less to the federal government, and they will see that the provinces are levying $100. In this sense we are giving money to the citizens so that the province can take this money and use it for indirect taxes.

Some hon. Members: Oh, oh!

Mr. Trudeau: The House can disagree with the method taken: this is what the debate is about today. The Minister of Finance will make a speech on second reading. However, it is absolutely essential that hon. members understand what they do not seem to understand.

Some hon. Members: Oh, oh!

Mr. Trudeau: I have time, Mr. Speaker. I hope you have. I hope you will not deduct from my time—

Mr. Speaker: Order, please. We are into two difficulties from a procedural point of view. We are very much anticipating the order of the day, the debate on the measure and getting into a discussion on the merits of the particular bill which will be the subject of debate. We are also getting into very argumentative areas, instead of informational areas. I would ask the hon. member for Oshawa-Whitby to bear that in mind in his third supplementary.

Mr. Broadbent: Mr. Speaker, I can understand why Richard Nixon is a close friend of the Prime Minister, after that answer.

Some hon. Members: Oh, oh!

Mr. Broadbent: The income tax reduction that the Prime Minister is talking about was made last fall by the Minister of Finance—a $100 tax cut. It was to come into effect for the first two months of this year. It has absolutely nothing to do with the budget the minister brought in about a month ago, which had everything to do with the sales tax.

I ask the Prime Minister to take the opportunity and speak truthfully to the House of Commons in this matter and say whether he agrees with the leader of the Liberal party of the province of Quebec when he said, vis-à-vis the current proposal, not the one made last fall by the Minister of Finance, "It means that whenever the federal government makes any kind of offer to a province, and when the province refuses it for reasons of its own, the federal government retaliates by handing the money over to the people." Mr. Ryan implied that is a form of blackmail. That is what everyone in this House sees as a form of blackmail, as do all the people of Canada.

Mr. Trudeau: Mr. Speaker, when the Leader of the New Democratic Party says we are handing the money over to the people of Quebec, he shows once again that he does not understand the scheme. He refers to last fall's budgetary measure of $100. I am not talking about that, Mr. Speaker; I am saying that in this particular budgetary measure we are making tax room to the extent of $100 in the provinces, and we are making tax room so the provinces can occupy that tax room and take the money into their coffers. This is what is happening in Ontario, and this is what we are proposing should happen in the province of Quebec: it is exactly the same thing.

● (1432)

If the House cannot understand this, I am prepared to answer questions ad nauseam. But members must understand the facts. I realize this is a little complicated and I must ask for the attention of hon. members. But when we are giving tax room—something for which the provinces have asked repeatedly—we are giving it in Quebec in exactly the same way as we are in other provinces; and when members opposite say we are not helping the poor people of Quebec, then in the same sense we are not helping the poor people in Ontario either. We are cutting direct federal income tax for people who pay direct federal income tax, and not for the others.

[*Translation*]

REQUEST SALES TAX BE REMOVED OR REDUCED AT MANUFACTURERS' LEVEL

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is for the right hon. Prime Minister. This country is now facing very serious difficulties and I am afraid that if we fail to settle this problem very soon it will keep on worsening as it did last week. Here is my question: since the object of the proposal made by the central government to the provincial governments was to lighten the taxpayers' burden, to increase their purchasing power and stimulate consumption so as to put our economy back on the tracks, and such is the government's intention, and since there is no understanding among governments, would the Prime Minister accept the suggestion I once made in the House about reducing or repealing the tax at the manufacturers' level? This would serve the same purpose and nobody would complain that the federal government is overstepping its jurisdiction by interfering with a provincial field of taxation. Would the Prime Minister be willing to consider this alternative?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, that is a valid suggestion. I want to remind the hon. member that finance ministers of this government have often done that. For example, they abolished the manufacturing tax on children's clothing, other consumer goods, and building materials. So the hon. member's suggestion is quite sensible. However,

since consumers are not quite aware of the manufacturing tax, manufacturers often pocket the difference rather than lowering their prices. This time, as was suggested by several economists, especially from Ontario, we considered ways of cutting taxes, not at the manufacturers' level but at the consumers' level so that he could directly benefit from lower prices. Once again, nine provinces agreed, the tenth, the province of Quebec, said: we cannot give you an answer, we will get back to you on it. I repeat, I do not reject the hon. member's proposal, but I just want to draw his attention to the fact that in trying to establish some form of co-operation within federalism we must not be surprised that a government which is out to prove that federalism does not work should refuse to co-operate. Nevertheless we continue to bargain in good faith with that government, just as with the other nine, in order to provide a system which will benefit the taxpayer. The proof is that, according to figures published yesterday, the cost of living went down as compared with previous months. No doubt the consumer perceives this sales tax decrease as a lowering of prices.

POSSIBILITY OF DISCOUNT APPLIED TO CANADIAN-MADE PRODUCTS

Mr. Adrien Lambert (Bellechasse): I wish to put a supplementary question.

I understand quite well the explanations of the Prime Minister. However, the fact is that we are faced with a crucial problem. There is a solution which the government applied in 1972 and 1973 when it enacted a discount on the price of milk. This worked quite well and proved helpful to consumers. Would the Prime Minister agree to enact a discount on the price of all goods made in Canada as an incentive to Canadian industries and as a direct form of assistance to consumers? Would the Prime Minister be in favour of such a solution?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as was the case for the previous suggestion, some parts of this proposal are good, and in proof of this, the hon. member recalled that the federal government once took action somewhat along those lines. But I must remind him that we are bound under GATT not to discriminate in favour of Canadian manufacturers, because if we did, other provinces and other countries would devise some tax measures which would be detrimental to Canadian exports, and Canada would be the first to suffer. We must therefore operate within this framework, taking into account the trade agreements among all nations, failing which we should be the first to suffer.

Mr. Lambert (Bellechasse): I have a further supplementary.

Mr. Speaker, a moment ago, the Prime Minister mentioned the fact that the removal of the sales tax at the manufacturers' level would not benefit the consumers. Can the Prime Minister assure the House that the consumers are truly protected by the measure he introduced urging the provincial governments to lower the retail sales tax? How does the Prime Minister intend to ascertain whether the tax cut has indeed benefited the consumers and whether it is possible for the retailers to add the tax to their sales price without reporting it as sales tax?

Mr. Trudeau: Mr. Speaker, once again, there is no better evidence that the consumers benefit from the tax cut than the figures on the cost of living that were published yesterday; but in practical terms, the hon. member knows what happens. You go to a store and the price is advertised. You buy an item, the dealer adds the sales tax. If he adds 4 per cent instead of 7 per cent, there is a difference. The Minister of Finance proposes that 4 per cent be added instead of 7 per cent. So the final price to the consumer is much lower as a result of the measure introduced by the Minister of Finance, and I hope the hon. member will support it.

METHOD OF SALES TAX COMPENSATION FOR QUEBECKERS NOT FILING TAX RETURN

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, when he presented his budget the Minister of Finance said on several occasions that this reduction of the sales tax was the best way to help all Canadians throughout the country. Given the fact that the right hon. Prime Minister has said today that everything will turn out just fine for the poor people in the province of Quebec and given also the proposition announced yesterday by the Minister of Finance, can he now tell the House how precisely the Quebec taxpayers who pay the sales tax but no income tax—the poor ones—will be compensated by the federal government?

I would also like to elicit from the Minister of Finance—

Mr. Speaker: Order. The hon. member has already asked a question.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the proposition we have made was meant to encourage the provinces to reduce their sales tax. The province of Quebec did not want to go about it exactly like the others. To urge everybody to benefit from this cut, the best way would have been to reduce the tax on all products, as the other provinces did. But Quebec decided to reduce it only on selected items. Thus, only the people who buy these products benefit from the sales tax cut. As in the other provinces, we offer to the public a reduction of the income tax that will give the provinces manoeuvring room in the fiscal area. The same thing goes for Quebec.

Mr. Grafftey: Mr. Speaker, I have a supplementary for the Minister of Finance.

When you were negotiating with the ministers of finance of the other provinces before the budget, did you inform them of the 36,000 jobs lost over the past 18 months in the manufacturing sector in Canada, 30,000 of which were in the province

of Quebec alone in the traditional sectors such as clothing and so on, as mentioned in the Quebec National Assembly? Did you explain that to the other ministers of finance during your negotiations?

Mr. Chrétien: Mr. Speaker, it is obvious that a 3 per cent reduction of the sales tax on textiles, clothing and footwear would be a great help to the Quebec industry. But never did the government of Quebec make a proposal similar to that of the hon. member. If during our negotiations the Quebec government had wanted us to give more compensation to the so-called soft sector, we could have made the same offer to the other provinces and it would have been up to them to accept it or reject it. British Columbia and Saskatchewan preferred a 2 per cent income tax reduction over nine months instead of 3 per cent over six months. We made the necessary adjustments. I said: Very well, I will talk to the other provinces. I made the same offer to all the provinces but only Saskatchewan and British Columbia accepted it.

But at no time during the three weeks of negotiations did the Quebec government specifically mention the textile, footwear and clothing industries.

● (1442)

[*English*]

REQUEST FOR WITHDRAWAL OF SALES TAX MEASURE

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, it is with regret that I put my final question to the right hon. Prime Minister. Many times in the past the Prime Minister has criticized the government of Quebec for acting as though separatism was already a *fait accompli*. Now we have in this sales tax business one policy for Quebec and one for the rest of Canada: that is clear.

In view of the reaction the Prime Minister has received from the rest of Canada, can he explain why he is already treating Quebec as though separatism was already a *fait accompli*; and because of the reaction he has received from all of Canada, will he now withdraw this stupidity?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member suggests that there is one policy for Quebec and one policy for the other provinces. I must point out to him that in so far as the application of their sales taxes is concerned, this is true. The province of Quebec chose to have a special scheme for its sales tax which, by the admission of the government of Quebec, would help not the Canadian common market but producers in the province of Quebec. In that sense, it is a separatist government, to use the hon. member's phrase, which has chosen to serve itself apart from the rest of the country.

In so far as the Minister of Finance is concerned, he offered to all provinces which had sales taxes exactly the same thing, and he is doing in all provinces exactly the same thing. He is making tax room by abating the federal income tax so that the provinces can increase their income taxes and occupy that tax room. In this sense, the minister is transferring money from the federal treasury, which gets its money from the payer of direct income taxes, to the provincial treasuries, which get their money from payers of income taxes.

I wish hon. members opposite would understand that we are not treating Quebec differently. We are treating Quebec in exactly the same way as we are treating the province of Ontario: we are giving it tax room so that the provincial government can use that tax room to cut sales taxes. In the cases of the other provinces, they have cut them according to the scheme discussed among themselves. In the case of Quebec, the sales tax has been cut in a different manner which seems to destroy the idea of a national common market and which seems to favour only jobs in the province of Quebec. This is the difference.

Mr. Clark: That is nonsense, and you know it.

REASON MANITOBA NOT ALLOWED TO USE TAX REVENUE FOR JOB CREATION

Mr. Jake Epp (Provencher): Mr. Speaker, I direct my question to the Minister of Finance. I would like to have the unexplainable explained, because the provinces are not being treated equally. On the one hand there are no strings attached and, on the other hand, there are very specific strings attached. What the government is doing is giving federal revenue to eight provinces on the strict condition that they accept the government's sales tax program, while one province gets money with no strings attached.

Under the present proposal, the Quebec government can use the so-called tax room for whatever purpose it chooses. Can the minister explain to me why the province of Manitoba was forbidden by the minister from using its own provincial tax money for direct job creation, when the minister says here today that the flexibility which was granted was granted to all provinces?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the proposition I made to the province of Manitoba was exactly the same as the proposition I made to the other provinces. I suggested that Manitoba cut its sales tax by 3 per cent for six months and that I would compensate two of those three percentage points. That proposition was accepted.

Like many other provinces, Manitoba asked me to do something else. I spoke to all ministers of finance and tried to reach a consensus. When I learned that Saskatchewan and British Columbia wanted to have a special proposition, I called the other ministers of finance and made that proposition to them. They all said that I could make that special deal with B.C. and Saskatchewan, but that it was of no interest to them. The scheme was agreed upon and known about before I introduced my budget. But during the course of the discussions many people made all sorts of suggestions and I was not able to get agreement from the other ministers.

Mr. Epp: Mr. Speaker, the Manitoba government proposed that of the 3 per cent sales tax reduction, 1 percentage point should be used for direct job creation in the province of Manitoba. The money involved was paid by Manitoba taxpayers. In view of the flip-flop the minister has done, what was the reason for his rejection of the Manitoba proposal which would have had direct beneficial results in our province?

Mr. Chrétien: Mr. Speaker, I just explained very clearly that I was trying to get a consensus among all the provinces. The Manitoba government proposed something special which I could not sell to the other provinces. I made exactly the same offer to the government of Manitoba as the one I made to the others. There were two options. The government of Manitoba decided to cut its sales tax by three points for six months and pay for one of those three points, just as Ontario and the other provinces which had the same choice did. They did not want to take the same route as the one taken by Saskatchewan and B.C. Everyone wanted to have a different tax. That was the first time a federal minister of finance had tried in good faith to incorporate the views of all provincial ministers of finance in a budget.

Incidentally, sales tax was not the only thing we discussed. The minister of finance of Manitoba and myself spent only about ten minutes on the sales tax proposal, and he understood. After that we discussed the value of the dollar, the balance of payments, and so forth. We had a very useful meeting.

Mr. Clark: At the airport.

CONSULTATION WITH PROVINCES ON SALES TAX

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is to the Minister of Finance. In connection with the minister's proposal to rebate $85 to each Quebec taxpayer in connection with the sales tax proposals in his budget, did the Minister of Finance consult with his provincial colleagues, the ministers of finance and provincial treasurers, before he made a final decision on that method of proceeding and before he announced it? Did he consult with them all, and did they consent or did they object? What was their reaction? I presume that the minister from Quebec must have objected. Were they all consulted with, and what was their reaction?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I previously took the time to call every minister of finance. The only one I could not reach was the minister of finance of Newfoundland, but I talked to the premier, Mr. Moores. He made some comments and then said he would not make any public statement about it, and I guess he has not.

Mr. Crosbie: Mr. Speaker, I would like to refer the minister to his statement of May 15 in connection with this whole matter. He said, at page 3:

> I have discussed this arrangement with my colleagues in each province.

He has now pointed out that he has not discussed it with all his colleagues. The minister went on to say:

> [Mr. Chrétien.]
>
> They all told me they would have preferred Quebec acceptance of the original proposal.

Is the minister saying that the Premier of Newfoundland and all his other colleagues in finance across Canada, including the Quebec minister—which is what this statement says—all said they would prefer Quebec acceptance of this proposal? If that is the case, why has Mr. Parizeau not accepted? What does this statement mean in the press release the minister put out?

Mr. Chrétien: Mr. Speaker, I think the hon. member wants a play on words. Of course I did not talk to the minister of finance of Newfoundland; he was in Paris. I decided to talk to his boss. The Newfoundland minister of finance was in Paris on business. He was there to borrow some money for his province. He has a tough time because he had to take over from the hon. member for St. John's West who left the treasury.

In the case of Quebec, of course, there was no agreement. I think it is quite evident that the Quebec minister of finance has not accepted the proposition. The hon. member says I should have said "all but Mr. Parizeau". Perhaps I can add "all but Mr. Parizeau". Mr. Parizeau did not agree. Everyone knows that. This happened a long time ago.

● (1452)

Mr. Crosbie: Mr. Speaker, when I was the minister of finance in Newfoundland the Canadian dollar did not have the bottom dropped out of it; I can assure the minister of that.

Some hon. Members: Hear, hear!

Mr. Crosbie: Our deficits did not approach $11.5 billion, either. I refer the minister to *Hansard* of May 16: at page 5451 the minister is reported as saying:

> We have cut income tax in the federal budget for the citizens of all provinces and the provinces raised their own income tax by the equivalent amount of money.

Has the minister reduced the income tax by $100, or any amount, for the citizens of Alberta? Has Alberta agreed to raise its income tax by an equivalent amount of money? That is what the minister said yesterday.

Mr. Chrétien: Mr. Speaker, I think it is very obvious why he quit very quickly the treasury of the Newfoundland government. In the case of Alberta, we have explained very clearly that the proposition was related to provinces which had sales tax. Obviously there is no sales tax in Alberta. I explained that in my first discussion with the minister of finance for Alberta: I said, "This cannot apply to you". But I said at that time that there would be other things in the budget which would be of interest to the people of Alberta.

It is quite evident that it is great that we have decided to give more incentives in this budget for the heavy oil industry from our own tax in order to have that industry in Alberta. Obviously, that province can afford not to have sales tax. In the case of the other provinces, I have cut income tax by $100

and they have increased their own income tax by the same amount of money.

* * *

[*Translation*]

EXTERNAL AFFAIRS

VIOLATION OF HUMAN RIGHTS—PROPOSAL GOVERNMENT EXPRESS CONCERN TO U.S.S.R.

Mr. Claude-André Lachance (Lafontaine-Rosemont): Mr. Speaker, my question is directed to the Secretary of State for External Affairs.

According to the observers of the Russian political scene, the trial of Dr. Yuri Orlov is a typical case since it involves the principle underlying the provisions of the third basket of the Helsinki agreements which are thus flouted by the court itself, expecially the way the proceedings are evolving. Does the minister intend to convey to the Soviet authorities the concerns which the trial of Dr. Orlov has raised in the government and among Canadians and is he seriously considering the negative effect of that trial on the implementation of the Helsinki agreement?

[*English*]

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, as a preliminary, of course, I should remind the House that we have on a number of occasions within this chamber unanimously made reference to human rights issues in the Soviet Union including, by inference at least, the trial of Mr. Orlov or the arrest of Mr. Orlov. On the trial itself, I think hon. members will know it has not been possible for outside or western observers to gain access to the place where the trial is being held. We are doing what we can to determine the processes and the procedures which are being used.

As to whether or not there will be some sort of representations to the Soviet Union on this matter, we can only await the outcome of the trial and the assessment of as much evidence as it is possible for us to get together.

* * *

FINANCE

METHOD OF SALES TAX COMPENSATION

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I should like to direct a question to the Minister of Finance. In his recent budget statement he said that a reduction of retail sales taxes had the advantage of benefiting all those who spend in Canada, even those who do not pay income tax. In view of the fact the minister has recognized that those who do not pay income tax still pay sales tax, and often pay a disproportionate share of their income in sales tax, in seeking to make reparations to the province of Quebec why is he now dealing only with those who pay income tax and making no rebate whatsoever to those who have paid money in the form of sales taxes?

While we do think the money should be paid to the government of the province of Quebec in order for it to exercise its own fiscal priorities, which it is entitled to do under the constitution, if the Government of Canada insists on making rebates why are they not made on a fair and equitable basis?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we are not making rebates. The Prime Minister spent a lot of time this afternoon explaining to the House that we are making tax room in the province of Quebec. If the provincial government wants to occupy that field, it can do so, just like Ontario, Manitoba, Saskatchewan, British Columbia and the maritimes. Quebec is different from the other provinces. In the other provinces things were done in an easy way because we are collecting their taxes for them. In Quebec they have to raise and collect their own taxes.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my supplementary question is directed to the Minister of Finance. The crux of the whole matter is whether or not the federal government would agree to making the same arrangement with Quebec which it has made with the other provinces in respect of reimbursing them for a loss of sales tax revenue.

Since the minister has insisted repeatedly that they cannot agree to selective sales tax and that it must be an across-the-board sales tax, has he any statistical or economic data to substantiate his position? If he has, will he table such data? Can he show the House that a selective reduction of sales tax in any province would produce less stimulus than the across-the-board provision which he suggested to the other provinces?

Mr. Chrétien: Mr. Speaker, the question of selectivity in Quebec has come from the fact that the same proposition could not have been made to the other provinces.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Why not?

Mr. Chrétien: Because it came after the fact. As the hon. member knows, there was an agreement among the provinces to cut their sales taxes the night of the budget. In fact, Manitoba and British Columbia decided to either advance or postpone their budgets to coincide with the same date in my budget. In effect, they have set that date for a tax cut across the board. Quebec came 48 hours after that with a selective system. Of course, it was too late to offer the same selectivity to the other provinces.

If Ontario had a choice, probably it would have been inclined to act in the automobile area. Because of my discussions with the minister of finance for British Columbia, if he had a choice of selectivity I know for sure he would have taken a cut in building materials because they are the only products which British Columbia sells to the rest of Canada.

Oral Questions

DIFFERENCE IN METHOD OF COMPENSATION FOR SALES TAX CUTS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the Prime Minister. Several times today the Prime Minister said that this proposal applies in exactly the same manner in every province. What we have here is a proposal that Quebeckers will receive a cheque from the federal government, while citizens of the other provinces will not receive a cheque from the federal government. How is that the same?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it can be explained very, very simply.

Some hon. Members: Oh, oh!

Mr. Trudeau: In the case of people who pay income tax in the province of Quebec, they send cheques to the federal government. Thus, when we want to rebate that income tax we send cheques back. In the case of the other provinces, they have tax collection agreements with us. I think perhaps 90 per cent of Canadians do not understand that. We have tax collection agreements with the other provinces. When a citizen of Ontario or British Columbia files his income tax return, he files it on the same form as that of the federal government. He does not send a cheque to the Ontario government and one to Ottawa; he sends the whole amount to Ottawa and we give the part which belongs to Ontario back to Ontario.

That is the very simple explanation. In the case of nine provinces, they have collection agreements with us. We collect the whole amount for them. Therefore, we give that amount to the provincial treasuries. In the case of Quebec, since 1954 they have insisted on collecting their own taxes. Therefore, when a citizen of the province of Quebec sends a cheque to pay his tax, he sends another cheque to the province of Quebec. If we want to rebate our taxes, we send part of that cheque back.

Some hon. Members: Oh, oh!

Mr. Trudeau: I know that is very difficult for members of the opposition to understand.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, my supplementary question is directed to the Prime Minister. It is pretty clear that the purpose of all these contortions by the Prime Minister is to hide the fact that the first proposition by the Minister of Finance was confined to sales tax. This new proposition which he is making to the province of Quebec and Quebec does not want is not confined to sales tax. So he has changed the nature of the proposal.

Some hon. Members: Hear, hear!

● (1502)

Mr. Clark: The Prime Minister has indicated to this House, in answer to my colleague the hon. member for Joliette, that he is prepared to discuss and negotiate this matter with the province of Quebec. Will he tell us now whether he is also prepared to discuss this matter with the other provinces of confederation, since it is clear that the arrangement on which the Minister of Finance proceeded without agreement when he brought in the budget is not working and the Government of Canada is now introducing and extending to Quebec an arrangement that Quebec does not want and which is different from the arrangement that is available to the other provinces?

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, sometimes I despair of having all members on the other side understand the proposition. But I do not despair of the people in the country understanding it.

Some hon. Members: Oh, oh!

Mr. Trudeau: I do not even despair of the Leader of the NDP understanding it; I think he is beginning to understand it, too. When we make tax room in the direction of income taxes, we give place to the provinces so they can tax, in a sense, painlessly because we are giving them some of our tax room and they are just occupying it. What we have offered Quebec and what we have offered other provinces, what we are doing in Quebec and what we are doing in other provinces, is the same thing: we are giving them tax room. The Leader of the Opposition can shake his head, but I would just ask him to think a little bit and to try to understand. He will finally understand it if he tries hard enough.

Mr. Clark: Mr. Speaker, we have thought a great deal about this and we have watched the contortions of the Prime Minister as he tries to bail out his Minister of Finance. It is very, very clear that the Government of Canada has changed the proposal. It is making a proposal to the province of Quebec that it did not make to the rest of the country. The Prime Minister has undertaken to negotiate now with the province of Quebec. Will he also undertake to negotiate with the other provinces?

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, perhaps I could make it clear by saying this: exactly what we are offering the province of Quebec—and he says it is a special deal and we do not even have to negotiate again—we are offering at this time to the other provinces. I make this statement right now, Mr. Speaker. The Leader of the Opposition believes we are offering a special deal to Quebec. The only special deal is that we have not been collecting taxes for them since 1954. If the other provinces want to go out and collect these taxes in this tax room we have made, as Quebec will have to do, then they are welcome to do this too.

What we are offering to Quebec the other provinces can have, if they want. I doubt whether they will want to collect these taxes, Mr. Speaker; but if the Leader of the Opposition insists on that, that is fine. He says they have thought a great deal about this. Obviously they have, Mr. Speaker, but they have not arrived at the same conclusion, because yesterday the

Leader of the Opposition was complaining that we were not giving the money to a lot of little, poor people, as he put it. So the hon. member for Brome-Missisquoi complains that we are not giving it directly to the Minister of Finance for the province of Quebec. Indeed, two weeks ago that is what the Leader of the Opposition was saying, that we should do what Mr. Parizeau wants; in other words, give him the money. Yesterday, having thought a little more, he was not saying we should give it to Mr. Parizeau; he was saying we should dribble it out to all the little people who are not paying any income tax.

Some hon. Members: Oh, oh!

Mr. Clark: Mr. Speaker, the Prime Minister has now, as I understand him, extended, for example, to the province of Alberta the proposition that has been extended to the province of Quebec, so that there would be the possibility of a direct payment by the Government of Canada to the taxpayers in the province of Alberta. He has extended to the province of Manitoba the proposition that now there will be available to the province of Manitoba some flexibility in the use of the revenues realized from this proposal that would allow the province of Manitoba, for example, if it chose—as Mr. Craik told the Minister of Finance it did choose—to use that money for job creation purposes. He is providing flexibility to the province of Quebec. Is he, in fact, providing the flexibility I have outlined to the province of Alberta and the province of Manitoba?

Mr. Trudeau: Mr. Speaker, in the case of Alberta, I think we have explained that the budget contained special provisions for that province which does not have sales taxes. Therefore, we have special provisions in the budget to help it develop its natural resources and add to the wealth of the province. That is the case in respect of Alberta. Obviously, it is in a special circumstance because it does not have sales taxes. In the case of Manitoba, answering the same question, if they want to do as we are suggesting Quebec does—in other words, when we make tax room for both provinces and we are telling Quebec that it can collect the tax if it wants, we are saying the same sort of thing to Manitoba—we are making tax room for Manitoba, and if they would prefer to collect the tax rather than have us collect it, we are agreeable to doing that if that is what they want.

In this sense, in so far as our action is concerned, we are dealing with all provinces on the same basis. In so far as what the provinces want to do with the money they get through the tax room we have given them, the Minister Finance reached an agreement with nine of the provinces and the provinces agreed to this after three weeks of talks. So I would be very surprised if because the province of Quebec, having failed to state its position before the budget, is now coming out with a scheme which tends to balkanize the Canadian market, the other provinces would want to go in the direction of that balkanization. But the Minister of Finance is certainly prepared to hear from them. I said on the first day that I was prepared to meet with the premiers of the provinces if they want to come and discuss this.

* * *

POINTS OF ORDER

MR. BROADBENT—REQUESTED WITHDRAWAL OF BILL C-56

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise on a serious point of order that falls directly from what the Prime Minister (Mr. Trudeau) has just said and was said earlier in the question period, if I remember correctly, by both himself and the Minister of Finance (Mr. Chrétien). He has just indicated he is prepared to discuss and negotiate this important matter with the province of Quebec. I do not think I overstate the issue when I suggest that what we have before us now in Canada is potentially the most divisive piece of legislation in the past decade, and I say, "potentially".

I would now like to put to the Prime Minister on the point of order this proposal for his consideration, if he is serious that the federal government is still prepared to negotiate this important matter with the province of Quebec. Will he ask the Deputy Prime Minister (Mr. MacEachen) the government House leader, to withdraw this measure from debate today until some kind of arrangement or agreement can possibly be reached with the province of Quebec?

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise on the same point of order. Following upon what the leader of the NDP has said, in order to ease the way for the government House leader I want him to know that if it were the choice of the government, and I think it would be a wise choice, to withdraw the bill that is to be called today, we are prepared to carry on with the customs bill which was introduced on Monday so there would be no House time lost.

However, I urge the Prime Minister (Mr. Trudeau) to consider very carefully Bill C-56, not only for the reasons that have been advanced by the leader of the NDP, but in the interests of settling a very difficult and dangerous matter in this country. I hope the Prime Minister will instruct his seatmate to withdraw this bill.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this is a very complex and lengthy piece of legislation. I can tell the House right now that we do not need any more time to think about it. We have discussed this in caucus and we have discussed it repeatedly in cabinet. I appreciate the concerns of members opposite, and I say that without any irony, Mr. Speaker. Members opposite, I suspect, do not understand exactly what we are doing. I think most of the questions they have asked this afternoon, including those of the leader of the NDP and of the Leader of the Opposition (Mr. Clark), indicate that they probably need a bit more time to think about this and to say what they really think about it.

Point of Order—Mr. Broadbent

● (1512)

What we are suggesting is that we proceed with second reading. The minister has taken a position, and this position is supported by the government and by every member on this side of the House.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Beatty: Look behind you.

Mr. Trudeau: I know it will be difficult for the opposition to state their position unequivocally on this. If they do not wish to talk about the particular aspect of it which concerns Quebec, certainly they can do that and come back some other day. The House leaders can make the necessary arrangements between themselves.

We have taken a position and we are going to stick with it. We hope the Leader of the Opposition and his party will take a position and that they will hang on that position.

Mr. Alexander: You will hang on it too.

Mr. Trudeau: You too.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, on the point of order, I take it that the answers of the Prime Minister (Mr. Trudeau) in the question period were meant to be taken seriously by the House of Commons—and were not, for example, in the nature of his statements on controls for the 1974 election campaign—when he said he was prepared to negotiate with the province of Quebec and that he would be prepared to discuss the matter with the other provinces. If that is to be the case and the Prime Minister was in fact stating what he intends to do, he is now proposing to waste the time of the House of Commons by having it consider a piece of legislation the content of which he proposes to discuss and negotiate, and I presume that any discussion or negotiation contemplates the possibility of change.

The situation is that we have a bill before the House of Commons, as my friend for Oshawa-Whitby (Mr. Broadbent) and my colleague for Grenville-Carleton (Mr. Baker) have said, which is of very real significance to the country and is potentially of divisive impact upon the country. We also have the possibility that that bill will be changed significantly, if the Prime Minister meant what he said when he talked about a willingness to negotiate with the provinces.

There are two grounds to be considered here. The first is that the government House leader should not waste the time of parliament in debating a measure that the government might then withdraw. Secondly, I suggest that the House of Commons has a right to know what it is dealing with. Is Bill C-56, which is the subject matter for discussion today, a matter the contents of which the Government of Canada is now considering changing? The Prime Minister has said he is going to have negotiations. If he means what he says in the House of Commons, then he is asking parliament to deal today with a measure that might be changed tomorrow.

I suggest, knowing the respect for parliament that he has evidenced throughout his public career, that he might not want to waste the time of the House of Commons today, but instead go on with other business which is ready and with which we are prepared to deal while he considers what exactly it is he is going to propose in Bill C-56.

It is a matter which the House of Commons has a right to ask the Prime Minister to consider very seriously before bringing to the House. I hope, sir, that in that context, and since this point of order has been raised and argued by two parties on this side of the House, the Prime Minister will consider seriously whether he meant what he said in question period, when he said he was going to consider changing the bill, or whether in fact he meant what he said after question period, when he said the opposite, that he was not going to change the bill.

Mr. Speaker: Order, please. There have been suggestions made concerning the item to be called under government orders, which occurs later in the day. This is, of course, the prerogative of the government, and when we arrive at orders of the day I presume we will determine whether the matter is going to be proceeded with or whether some other arrangement will be made.

Mr. Trudeau: Mr. Speaker, this matter was raised on a point of order.

Mr. Speaker: Order, please. There has been a point of order raised by the hon. member for Oshawa-Whitby (Mr. Broadbent) and contributions were made by members on both sides of the House. There is no procedure whereby we can have two contributions made by one member on the same point of order.

Is the hon. member for Hamilton West (Mr. Alexander) rising on the same point of order?

MR. ALEXANDER—OVERCLASSIFICATION OF JOBS IN PUBLIC SERVICE

Mr. Lincoln M. Alexander (Hamilton West): Oh no, Mr. Speaker, the Leader of the Opposition (Mr. Clark) has done an excellent job in showing just what is happening with this government.

Some hon. Members: Hear, hear!

Mr. Alexander: I will not go any further on that point. My point of order has to do with the President of the Treasury Board (Mr. Andras) regarding a question that I asked him on Monday related to overclassification of jobs. It is an extremely important point of order because overclassification is really circumventing the merit principle. As a matter of fact it is feeding the patronage system.

I do not know whether the President of the Treasury Board understands what is going on in his department and whether he has been informed or has misled the House—I would not

use the word deliberately. I asked the President of Treasury Board on Monday the following:

Mr. Speaker, I have a question for the President of the Treasury Board regarding job classification. It has come to my attention that there has been a waste of millions of dollars a year as a result of overclassification of jobs in the public service. I am sure the minister is aware of this serious matter and I wonder if he can advise whether a study has been undertaken. If so, would he table the report?

The President of the Treasury Board replied:

Mr. Speaker, I do not accept the premise of the hon. member's question. I am not aware of the situation as he describes it. I will certainly look into it with great interest. I do not believe the hon. member has made a correct statement of the situation.

Those are the governing words.

Subsequently, the following day his own officials indicated that some time in 1976 there was a survey, assessment or audit taken involving some 2,000 public servants in the Ottawa-Hull district, the result of which indicated that some 16 per cent of those public servants audited were overclassified and at that time it meant a loss or waste of money amounting to some $19 million per year. This same situation exists even today. That was phase one of the study.

Phase two is another study that the President of the Treasury Board and/or his department have undertaken which involves overclassification outside the Ottawa-Hull area. If the projection of 16 per cent of 2,000 is carried on it means there is some $75 million being overpaid in terms of overclassification. What is disturbing is that the President of the Treasury Board—Mr. Speaker, this is an extremely important matter and I hope you will have patience. I wanted to get it on yesterday but because of the importance of the situation yesterday afternoon I did not take the time of the House. I have been patient today, and I hope you will be patient with me.

I want to say as well that I am sure that the minister has also been advised that his own department has completed a more recent study on the accuracy of classifications in the personnel administration group. I point out that these are the very people who are responsible for administering the classification systems throughout the entire public service. The minister's own study in this regard, as I understand it, indicates that 22 per cent in this group are misclassified.

My point is this. When I indicated to the President of the Treasury Board there were millions of dollars being wasted because of overclassification, he did not accept that premise at all; and now I would like the President of the Treasury Board to stand up and come clean with the Canadian people and indicate that I am right, that there is—

Mr. Speaker: Order, please. The hon. member on his own terms is asking, as a result of his point of order, the hon. President of the Treasury Board (Mr. Andras) not to correct any matter in which he may have one way or the other misled the House on Monday, but rather to come to an agreement and say that the hon. member himself is right. This, in essence, is a disagreement and does not in any sense constitute a point of order.

Point of Order—Mr. MacEachen

• (1522)

Mr. Alexander: Mr. Speaker—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, order.

Mr. Alexander: A question of privilege, Mr. Speaker—

Mr. Trudeau: Oh, sit down.

Mr. Alexander: Don't tell me to sit down.

Mr. Speaker: Order, order.

Mr. Alexander: Let the Speaker tell me to sit down.

Mr. Speaker: Order, order.

Mr. Alexander: You have destroyed this country enough; don't try to destroy parliament.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, order.

MR. MACEACHEN—EXTENSIONS OF ORAL QUESTION PERIOD

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I rise on a point of order. I should like to draw to the attention of the House Standing Order 15(2), which reads as follows:

Not more than two minutes after the reading of prayers, the business of the House shall commence. Members, other than Ministers of the Crown, may propose motions pursuant to Standing Order 43 at this time. Not later than 2:15 p.m., or 11:15 a.m., as the case may be, oral questions shall be taken up. At 3:00 p.m., or 12:00 noon, as the case may be, the House shall proceed to the ordinary daily routine of business, which shall be as follows:

Of course, it begins with presenting reports from standing and special committees.

Today, Mr. Speaker, the hon. Leader of the Opposition (Mr. Clark) rose and began to ask questions at a few minutes before three o'clock and the question period was extended until about 10 minutes after three. We extended that courtesy—

An hon. Member: The Speaker did, not you.

Some hon. Members: Hear, hear!

Mr. MacEachen: We extended that courtesy to the Leader of the Opposition, as we have done on previous occasions when he rose at a minute or two before three o'clock. I want to make it very clear that we reserve the right in the future to rise at three o'clock and ask that, in accordance with the rules, we proceed with the ordinary daily routine of business. We do not admit at all that there is any discretion in any member of the House to alter the standing orders, which are clear.

Mr. Paproski: Shame on you!

Mr. Speaker: Order, please. The President of Privy Council (Mr. MacEachen) raises, not I presume by way of a

point of order but by way of caveat, the opportunity to argue this matter at some other time. Hon. members will be aware that the point raised has several elements, the first of which is the discretion in the Chair, having recognized a questioner prior to 3:00 o'clock in the afternoon, to grant that questioner sufficient supplementaries to pursue the matter to a conclusion.

Some hon. Members: Hear, hear!

Mr. Speaker: The second element that has been raised directs itself to the difficulty that arose some time ago in the last session of this parliament when a motion pursuant to Standing Order 43, having been accepted with unanimous consent, was put to the House, debate began and then the Chair had to decide whether that debate should be interrupted in accordance with the strict terms of the Standing Order so as to commence the question period at 11:15 a.m., that day being a Friday, and conclude at twelve o'clock, and somehow determine the status of that measure which had been taken under consideration by the House prior to 11:15.

The third element in the point of order raised by the hon. President of Privy Council is that in fact the order which has been cited is one that was adopted by this House in the last session of this parliament and which has not been readopted in this session. The provision order under which we are operating and following this procedure, therefore, is one which—it seems on the consensus of everyone—is a beneficial procedure. The alternative is to revert to the previous routine proceedings and take up questions of privilege and points of order during the question period, and then somehow try to deduct those from a 40-minute question period. That is the way it was before and I think most members agree it was not as satisfactory an arrangement as the present one.

The fourth element relates to other proceedings which take place at a fixed time during the day, such as whether the Chair has any discretion to interrupt, for example, private members' hour if some point of privilege is raised which takes time away from that period, or whether other proceedings which take place at a fixed time can be moved aside at the discretion of the Chair.

The last point that has been raised and ought to be considered by hon. members in respect of this is that on previous occasions questions have been raised prior to 2:15 since the adoption of this provisional order in which ministers, for example, have sought the opportunity to make a statement to the House knowing that the statement would have some fundamental relationship to the question period which was about to take place. They have therefore sought the consent of the House or the discretion of the Chair, as the case may be—I am not aware of the details at the moment—to make that statement prior to the question period in the expectation, I am sure, that the Chair would guard a certain 45-minute question period following that. On some occasions the Chair has taken that discretion.

It seems to me, therefore, that this is not a single point of issue. It has at least the five elements I have just mentioned and probably several others that hon. members will want to consider. If we launch into a discussion of this matter I would certainly want it to cover all these points comprehensively before coming to a final decision about whether we can even operate on this basis at all or whether we have to go back to orders the way they were.

[Mr. Speaker.]

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 1,258, 1,467, 1,477, 1,484, 1,489 and 1,490.

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

[*Text*]

ROYAL VISIT

Question No. 1,258—**Mr. Lambert (Bellechasse):**

Was there any cost to Canada for the visit of Her Majesty in October 1977 and, if so, what was the cost for travel, receptions, etc.?

Hon. John Roberts (Secretary of State): During 1977, Canada was honoured by the visits of HRH The Prince of Wales (July 5-9, 1977) and Her Majesty the Queen and HRH The Duke of Edinburgh (October 14-19, 1977). The total cost of these visits amounted to $484,752 as at February 28, 1978. Separate expenditure records were not maintained for each visit as the planning and administrative functions were ongoing, and were applicable to both visits.

CANADA WORKS PROGRAM

Question No. 1,467—**Mr. Allard:**

1. Since the implementation of the Canada at Work Programme, did the government allocate money to the Constituency of Rimouski and, if so, in what amount?

2. For each project accepted, what was the (a) name of the project (b) amount allocated (c) year of acceptance (d) name of the municipality involved (e) number of jobs created?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. Yes, $1,198,000 under Canada Works Program phase I and $1,907,000 under Canada Works Program phase II.

2.

Canada Works Program 1977-78

Phase I

Project Name	Federal Contribution	Project Location	Jobs
(a)	(b)	(d)	(e)
Aménagement d'un Terrain Récréatif Multi-Fonctionnel	34,340	Rimouski-Est	10
Protégeons nos Biens	45,000	Les Hauteurs	9
"Une Main Secourable"	30,492	St-Charles-Garnier/Les Hauteurs	5
Rénovation Des Équipements et Terrain 1977	35,000	Rimouski	11
Troisième Âge Animation	35,000	Mont-Joli	5
Vivre une Expérience de Travail Normalisé	38,250	Mont-Joli, Ste-Flavie	
Programme Auto-Assistance Citoyens Émotionnellement Psychique	40,000	Mont-Joli	10
Val Neigette 1977	23,322	Ste-Blandine (Val Neigette)	7
Famille Plein Air	35,000	St-Donat	10
École des Mains Habiles	47,600	Mont-Joli	9
"Améliorons Notre Station Régionale"	35,000	Ste-Irène	6
La Radio de l'Étoile Filante	99,000	Rimouski	16
Embellissement Terrain de jeux et Loisirs de Sacré-Cœur	27,468	Rimouski	7
"Étude Familles et Logements"	30,000	Rimouski	5
"Dynamo"	35,000	St-Noël	6
Conseil Régional Environnement Est du Québec	47,600	Rimouski	9
Action Hadicap Embarque Alcyons	40,000	Mont-Joli	5
Aménagement du Cent Six Milles Carrés	110,000	St-Valérien, St-Narcisse	25
Aménagement et Rénovation	28,680	Ste-Angèle	12
L'Atelier de Reliure	68,000	Rimouski	
Développment Culturel	40,000	Rimouski	5
Construction d'un Centre Polyvalent	120,000	St-Gabriel	20
Le Développement Communautaire dans L'Unité de la Neigette	40,706	Trinité Des Monts	8
"L'Art de Chez-Nous"	22,050	Ste-Luce	5
Revalorisation du Patrimoine	30,492	St-Marcellin	5

Phase II

Project Name	Federal Contribution	Project Location	Jobs
(a)	(b)	(d)	(e)
Comité Dépannage Socio-Culturel	35,100	Price et trois Localités	6
Atelier de Production Vidéo	55,100	Rimouski	9
Atelier la Relève	72,200	Val Brillant	8
Entraide Saint-Octave et Padoue	40,700	St-Octove et Padoue	8
Couturière Pour le Troisième Âge	47,788	Mont-Joli et trois Localités	5
Gerjean	26,649	St-Moïse	7
Relance des Loisirs à Sayabec	33,281	Sayabec	7
Service Communautaire Municipal Ste-Jeanne d'Arc	38,800	Ste-Jeanne d'Arc	8
Nous Voulons Survivre	95,691	St-Gabriel et dix-huit Localités	14
Vie. Alimentation	38,100	Mont-Joli	7
Amis Joie	20,832	Trinité Des Monts	4
Centre Activités Communautaires	55,963	Mont-Joli	7
Handicapé c'est Qui?	50,000	Rimouski	7
Progrès Travail	90,175	Rimouski	10
Économie Régionale Bois XIX Siècle	23,100	Iuuummio/Lm	4
Aides de l'âge d'or	19,344	Les Hauteurs	4
Sports à Tous	43,800	Rimouski	6
Loisino	22,320	St-Noël	4
Office Régional du Tourisme de L'est du Québec	25,644	Rimouski	3
Étape Relais Pont Rouge	97,138	Trinité Des Monts	11
Initiative Localité Ste-Luce	11,380	Ste-Luce	5
Drogue-Secours	44,200	Rimouski	5
Mont-Joli '78	68,800	Mont-Joli	9
Le Temps D'une Saison	19,915	Rimouski	3
Protection Securité Pour Tous	43,318	St-Charles Garnier	11
Handicapés Physiques et Déficients Intellectuels Est Québec	56,700	Rimouski et Région	9
Aménagement des Lieux et Programme Pour Service de Loisirs	40,800	Ste-Luce	8
Atelier de Reliure	27,600	Rimouski	
Retour Aux Sources	30,200	St-Donat	4
Participation Familiale à L'apprentissage à L'handicapé	44,800	Rimouski	8
Développement Économique	27,600	Mont-Joli	5
Synthèse Historique Du Bas St-Laurent	30,200	Rimouski	6
Embellissons Notre Milieu	92,585	St-Cléophas	15
Artmico Relève Loisirs	47,477	St-Gabriel/Les Hauteurs	8
Bout D'Choux	22,500	Mont-Joli	4
Préservation du Patrimoine	28,800	St-Marcellin	7
Amitié Soleil	124,100	Rimouski et onze Localités	20
Animation Coopérative à Cooprix	25,200	Rimouski	3
Centre Mobile de Vente D'...:tisanat	35,532	Rimouski	7
Amélioration Cent Six Milles Carrés	53,418	St-Valérien	6
Plein-Air Scolaire	17,112	Rimouski	4
Technique—Art	38,070	Bic	7
Auto Assistance	14,222	Mont-Joli	
Radio Étoile Filante	15,200	Rimouski	
Centre Polyvalent	60,117	St-Gabriel	
Vivre une Expérience de Travail Normalisé	19,318	Mont-Joli, Ste-Flavie	7

Projects showing no jobs are extension of original projects.

A carryover of $60,000 from phase I to phase II made the revised phase II allocation of $1,967,000. The amount of projects approved in the Rimouski constituency is $1,970,889 therefore over by $3,889.

MR. IAN HOWARD

Question No. 1,477—**Mr. McKenzie:**

1. Is Mr. Ian Howard working in the office of the Minister of State (Fitness and Amateur Sport) and, if so (a) since what date (b) what is the title of his position (c) what is his classification in the Public Service (d) what was his salary range on joining the Minister and what range is he in now?

2. Has Mr. Howard worked "overtime" since he joined the Minister and, if so, has he been remunerated, at what rate and what total amount as of March 1, 1978?

3. What travel expenses of Mr. Howard's have been paid by the government up to March 1, 1978, exclusive of any travel he may have done in the company of the Minister?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): 1. Yes. (a) September 19, 1978. (b) Executive assistant. (c) On leave of absence from a position at the level of program manager 5. (d) (i) Salary range in previous position $22,695 to $25,473; (ii) Salary in present position not to exceed $29,450.

2. Yes, with no remuneration.

3. $2,568.22 since September 19, 1977. However, during the period of the assignment, Mr. Howard has received, in addition to this sum, $2,480 to cover accommodation and $1,402 in per diem allowances to compensate him for expenses incurred due to his absence from his home in Vancouver.

Order Paper Questions

CANADIAN ARMED FORCES

Question No. 1,484—**Mr. Oberle:**

1. Was General Walter Dabros and the Intelligence and Security Branch of the Canadian Armed Forces involved in ascertaining the voting patterns of Canadian Armed Forces personnel and their dependents in provincial or federal elections in the 1960s and 1970s and, if so (a) to what extent (b) who authorized such action?

2. Were numbers of Francophone personnel moved from the Province of Quebec as a result of one such study of the 1970 election results?

Hon. Barney Danson (Minister of National Defence): 1. In April, 1977 the Canadian armed forces intelligence and security directorate undertook a review of newspaper reports of the November, 1976 Quebec election to ascertain what impact, if any, the armed forces members may have had on the vote in ridings that included defence establishments. The review was inconclusive, and the project was abandoned. Brigadier General Dabros was not involved.

2. No.

SECURITY

Question No. 1,489—**Mr. Oberle:**

1. What are the formal duties of the Security Branch of the Department of Supply and Services?

2. Who is the present director of the Branch and what is his salary, including military pay or pensions?

3. What is the relationship of the domestic intelligence gathering activities of the Branch to (a) Colonel Robin Bourne or members of the Police and Security Planning and Analysis Group of the Solicitor General's Department (b) the Department of National Defence Intelligence and Security Branch (c) the Security Service of the RCMP?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. The formal duties of the security branch of the Department of Supply and Services are to manage an industrial security program for protection of classified defence work on behalf of Canadian, NATO and other governments in accordance with national regulations and international agreements, including protection or related data in departmental facilities and normal loss prevention activities. Apart from these security responsibilities, the branch also administers an emergency supply planning division. In so far as private guard companies are concerned, the security branch provides a contract quality control function for all private security guard contracts issued by the Department of Supply and Services in the national capital region.

2. S. M. Jenkyns; classification—pm 7; salary range—$27,900—$34,900 (under review)—no pension nor military pay.

3. The security branch of the Department of Supply and Services conducts no domestic intelligence gathering activities.

INTERDEPARTMENTAL SECURITY ADVISORY COMMITTEE

Question No. 1,490—**Mr. Oberle:**

Is the Director of the Department of Supply and Services Security Branch a member of the Interdepartmental Security Advisory Committee?

[Mrs. Campagnolo.]

Hon. Jean-Pierre Goyer (Minister of Supply and Services): It is not the policy of the government to divulge the composition of the Interdepartmental Security Advisory Committee.

[*English*]

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

Some hon. Members: Agreed.

* * *

[*Translation*]

MOTIONS FOR PAPERS

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

Mr. Speaker: Shall the notices of motions for production of papers be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

On the order: Government bills (Commons):

May 15, 1978—Second reading and reference to a committee of the whole of Bill C-56, an Act to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions—*The Minister of Finance.*

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, before we consider this bill I want to put an argument before you of a procedural nature concerning the relevance of this bill when we consider the income tax motion from which the bill arises. If now is not the proper time for my point of order, I could raise it at the appropriate time, as you advise.

Mr. Speaker: Order please. If it relates to proceedings at second reading stage I would think that the appropriate time would be now.

Mr. Stevens: Mr. Speaker, my point of order arises from Standing Order 60(11) which, as you know, reads as follows:

The adoption of any Ways and Means motion shall be an order to bring in a bill or bills based on the provisions of any such motion.

A number of rulings have been made with respect to this question of the similarity between ways and means motions and the provisions of subsequent Income Tax Act proposals. The question was dealt with at some length on December 18,

1974, as recorded in *Journals*, pages 224-6, on June 14, 15 and 16, as recorded in *Journals*, pages 706, 710 and in *Hansard* of 1975, on page 7638.

Mr. Speaker, I want to explain what we feel is the extent to which a bill arising from a ways and means motion may go under the provision that the bill must be based on any such motion. I would suggest that the various citations to which I have referred establish the following points. First, that "based on" did not mean "identical with"; minor variations are permissible if the essential nature of the taxation provision originally proposed is unchanged.

Second, the taxing power of the Crown is limited by the ways and means motion. Therefore, it is not an acceptable variation between the ways and means motion and the bill to increase the burden that will fall on any group at any time. It follows that moving a measure of tax relief from one year to another will increase the tax on taxpayers for the originally proposed year, and will in addition increase the total tax burden on some specific individuals who might have benefited from the tax proposal being left as it was in the motion.

● (1532)

Third, substantial changes in the ways and means motion ought to be made by the House.

Fourth, when the Chair decides that a substantial difference exists between the motion and the bill, the two must be brought into closer conformity with each other. This can be done by obtaining a new resolution amending the existing one or deleting the offensive provisions of the bill. We will be making a suggestion as to what would be the proper solution in this case. The guiding consideration I would suggest was given in a ruling by Mr. Speaker on December 18, 1974. I quote:

> I wish to repeat and emphasize however that the terms of the Ways and Means motion are a carefully prepared expression of the financial initiative of the Crown and frequent departures from them can only invite deterioration of that most important power.

I contend, Mr. Speaker, that the ways and means motion—and we are now considering the bill arising from it—proposed a level of taxation for a given year, that the variations I have outlined and will outline more fully significantly shift the burden of taxation for some individuals and result in a total taxation package significantly different from that originally proposed to the House.

It would have been impossible to predict from the motion the eventual provisions we now find in this bill. The bill is based on events which occurred after the budget was brought in and the motion was put down. It should be based instead on a different ways and means motion which properly reflects the change in the government's policy and approach.

My job in making this point of order was perhaps made easier today during question period when the Minister of Finance (Mr. Chrétien) stated, to paraphrase what he said: "I made changes in my proposal after my budget", referring to the type of Quebec proposal that we are now considering.

To be specific, the income tax motion which is paragraph (13) in the budgetary documents tabled by the minister of April 10, 1978 states:

> (13) That for the 1978 taxation year the tax otherwise payable by an individual resident in a prescribed province on December 31, 1978 be reduced by $100.

That is all the motion stated. The word "prescribed" is defined in the Income Tax Act as meaning prescribed as set out in regulations.

In the margin notes the paragraph is identified as an "Abatement for provincial sales tax reduction". In effect, the paragraph authorizes a reduction in federal personal income taxes of up to $100 per taxpayer in a prescribed province. I emphasize the words "prescribed province". Each prescribed province was expected to raise its provincial personal income taxes by the same amount. This was confirmed in our question period today. Each of the prescribed provinces was then expected to reduce its sales tax rates by the amount agreed upon earlier prior to the budget being introduced.

In reviewing the provisions of the bill before us, I would draw attention to clause 30 and clause 59. I would suggest that clause 30 in section 122.1(1) deals with essentially what was contemplated in the income tax motion, paragraph (13), to which I have referred. As I read it, it in effect gives life, if you like, to that provision in the bill that we have before us. I point out that that subsection deals with prescribed provinces. It deals with fiscal years ending December 31, 1978 and it deals with the $100 income tax amount; all are within the income tax motion No. (13).

Unfortunately, we then find there is a subsection (2) to section 122.1 which deals with a much different subject than is referred to in the motion itself. If I may read into the record the section, it states:

> (2) An individual (other than a trust) who resided on December 31, 1977 in a province (other than the Northwest Territories, the Yukon Territory or a province prescribed for the purposes of subsection (1) with which the Government of Canada did not, on April 10, 1978, have a tax collection agreement pursuant to Part III of the *Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977* shall deduct from the tax otherwise payable under this Part by him for the 1977 taxation year an amount equal to the lesser of
>
> (a) $85, and
>
> (b) the amount that would, but for this subsection, be the tax payable by him under this Part for the year.

In three important respects that subsection is not in accordance with the income tax motion. First, it deals with the 1977 taxation year, not the 1978 taxation year. Secondly, it deals with an amount of $85, not the $100 that is referred to in the income tax motion. Third, it deals with a province, not a prescribed province. Clearly in the original motion what was contemplated was only prescribed provinces.

The hard truth is that, as we read the motion and then the resulting legislation which is found in Bill C-56, there seems to have been a change in thinking. There seems to have been a change in thinking since April 10, certainly up to the date this legislation was drafted. The net result is that we find the relevant income tax amendments differ from the income tax

motion in at least two respects: the date of effectiveness and the range of application.

First, let me deal specifically with that date. While the motion states the measure applies to the 1978 taxation year, the act—and I have referred to this section, subsection 122.1(2)—states that the measure may apply to the 1977 taxation year. Clause 30(3) of Bill C-56 also states that subsection 122.1(2) applies to the 1977 taxation year. The motion became effective, as we know, on April 10, 1978. If it applies to the 1978 taxation year, its effect would appear in the federal accounts for the 1979 fiscal year, in short, the year we are now in. If, on the other hand, the measure applies to the 1977 taxation year, its effect should appear in the federal accounts for the 1978 fiscal year which just ended last March 31, or at least you would think that provision should have been made for some type of accrual in these 1978 fiscal figures. If the latter is the case, the budgetary accounts for the fiscal year 1978 would need to be retroactively adjusted to reflect the reduction in revenues and the increase in the budgetary deficit.

We are dealing with a very large amount of revenue as far as the federal government is concerned. Our finance minister has indicated that the personal income tax reduction in Quebec, which is really what is being affected by the clause I have referred to, namely, subsection 122.1(2), is $186 million. This reduction represents 1.4 per cent of the total federal personal income tax collections for the fiscal year 1978. The amount and timing of the tax reduction in Quebec is both of financial and economic significance. The change of the date from taxation year 1978 to taxation year 1977 represents a perceptible shift in federal budgetary policies.

● (1542)

Second, if I may deal with the general subject of the range we now find in Bill C-56 compared to what was stated in the income tax motion, I suggest that if the clauses as they now appear were accepted, it would mean that the Income Tax Act, through paragraph 13 of the motion would permit three quite different types of tax reductions. In short, out of the rather narrowly confined income tax motion, if we accept the motion that is now presented in Bill C-56 there are three types of tax reductions that would be included. We suggest that was never the intention of the income tax motion.

First, there would be a temporary transfer of tax revenues to eight provinces, which are the prescribed provinces, to provide for the general retail sales tax reduction which the minister referred to in his April 10 budget. Second, there would be a temporary transfer of tax revenues to Quebec to provide for partial financing of a total retail sales tax cut on specific goods and services. Incidentally, that was not announced in the budget. Third, direct payment of federal revenues to taxpayers in Quebec would be facilitated. Again that was not announced in the budget.

The fiscal effect of each of these measures is quite different. One is a general fiscal stimulus to increase consumption. Another is sectoral stimulus to aid particular industries. The third is localized general fiscal stimulus to raise purchasing power. Neither the sectoral stimulus nor the localized general stimulus was mentioned in the budget speech. They are quite different from the economic policies debated in the House and subsequently approved in the budget motion.

Further, section 122.1(1) of the Income Tax Act provides tax abatements to the eight prescribed provinces to finance their reduction of retail sales taxes. The abatement is worth up to $100 per taxpayer. Section 122.1(2) provides for that different payment to which I have referred, namely $85 per taxpayer or resident of Quebec. Not only a resident of Quebec but only a resident of Quebec on December 31, 1977 would be eligible for the tax rebate of $85.

As the motion provides for a tax reduction of $100 per taxpayer, section 122.1(2) provides for somewhat less than the amount designated by the motion. The remaining $15 per taxpayer is presumably intended to finance the federal contribution to the sectoral tax reductions in Quebec. However, this amount is not identified in the Income Tax Act amendments, and thus it is not clear under what authority this federal revenue will be transferred.

I would also draw Your Honour's attention to clause 30 of Bill C-56, page 35 of the bill. Subclause (4) reads:

> For the purposes of subsection 164(3), the portion of any overpayment that arose as a consequence of a deduction made by an individual pursuant to subsection (2) shall be deemed to have arisen on the day the portion is refunded or applied on other liability.

What this is contemplating is an actual pay-out from the consolidated revenue fund which will be authorized by the amendments we are now considering. Nothing like that was contemplated in the income tax motion to which I have referred. I would say on all counts the bill in its present form must be challenged as not being in conformity with the income tax motion as tabled on April 10.

That is my case, Mr. Speaker. I hope you will give it favourable consideration.

[*Translation*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, on several occasions I have had the privilege to rise on questions of procedure, that is on a point of order concerning legislation stemming from resolutions introduced by the Minister of Finance during presentation of the budget. I refer to 1971 when I had serious doubts about the contents and the congruity of the so-called legislation to amend the Income Tax Act. I believe that at the time I had pointed out 39 incompatibilities, if my memory serves me right, some minor some major, between the resolution and the legislation.

On one occasion Mr. Speaker Lamoureux ruled in my favour and the government had to table a new resolution, that is a new motion complying with the bill it had introduced. One might say that all we were doing then was to set tnings right. Well yes. But when there are procedural problems we should not go by trial and error and adopt a band-aid approach. Or else, on a point of order, we say: Let us forget it. That is not the way things are done, Mr. Speaker.

During the time when Mr. Lamoureux was in the Chair, I rose on points of order to set things straight with regard to bills arising from the budget. Even you, Sir, on one occasion did not rule in my favour because the argument I put did not concern a basic matter but a detail. I think it was about the excise tax on gas engines for boats. That was when Mr. Turner was minister of finance.

But every time we had a major point, and the point that was raised by my colleague for York-Simcoe (Mr. Stevens) is definitely a major one. It strikes at the heart of Bill C-56. True, it is a bill to amend the Income Tax Act and there are several points in it, no question about that, but he has already touched directly on a point, namely paragraph 13 of the motion introduced by the hon. minister. I will not read it, it is well known, and it is simply that the Minister of Finance (Mr. Chrétien) was proposing that every taxpayer in the prescribed provinces be entitled to a $100 allowance on his tax payable to the federal government for the year 1978. This would be for every taxpayer at December 31, 1978. That is all. You would have the explanation that the provinces themselves could then move up their contribution brackets by $100 to compensate. Why? Because the Minister of Finance said he had a draft agreement with eight out of nine provinces on the reduction under the Excise Tax Act.

However, the excise tax being exclusively of provincial jurisdiction, he was using a formula to bring the provinces to act in such and such a way in their field of jurisdiction. That is not a federal jurisdiction, but entirely and exclusively a provincial jurisdiction. For some provinces, Mr. Speaker, it was quite simply a case of interference because they do not have the financial strength to push back the federal government. I am talking about the Atlantic provinces and even the other average provinces, Manitoba and Saskatchewan.

Those provinces are not strong enough financially to turn down the federal government, except perhaps four provinces which could in effect discuss and negotiate with the federal government. The province of Alberta was not involved because it does not have any excise tax. As far as the province of Quebec is concerned, however, it did not agree. At the present time, Quebec is not one of those provinces coming under the fiscal arrangements legislation in any way. There was no agreement with Quebec—perhaps a hope of agreement. Later, however, we know there was disagreement. What do they come up with? A refund! But where is the authority for a refund under that legislation arising from the motion?

On budget night the Minister of Finance never said a word about a refund. Where would we find the authority to refund, Mr. Speaker, because it is not simply a matter of a deduction on the income tax return for the fiscal year 1977? No, because these returns have already been filed. Under the law, they must be completed and sent to the Minister of National Revenue by April 30. So we are looking at this moment, and it is this moment that matters, not the night the budget was tabled, because the reaction of the Prime Minister (Mr. Trudeau) and of the Minister of Finance only goes back to this week. Only this week, with the introduction of Bill C-56, have we heard about this proposal whereby the federal government itself will reimburse to Quebec taxpayers, as of December 1977, a sum ranging from $85 to $1. Because we must realize that the amount to be deducted is not merely $85, but the difference between $85 and, according to the bill, clause 30(2)(b), line 33, page 34, and I quote:

> the amount that would, but for this subsection, be the tax payable by him under this part for the year.

So a taxpayer who had only $40 to pay would be entitled to $40 in compensation. He does not get more than what he had to pay in income tax. Where does this formula come from, Mr. Speaker? Not in paragraph 13 of the ways and means motion. Not at all. No details there. Would the Minister of Finance dare at this time ask the House for the right to reimburse this amount for which he had not given notice? Although there was no mention of it in the budget speech, he can rise today and say: Well yes, this goes, anything goes. Mr. Speaker, I want to insist, as the previous speaker did, on the fact that each bill arising from a budget and the motions stemming from the presentation of a budget should comply in principle and in its major details with the motion. There is no question. That is the rule here. We have all the precedents. Mr. Speaker, I suggest you should rule on this matter in line with my proposal.

● (1552)

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I have a few brief comments to make on the point of order which has been argued by members of the official opposition. I might say that those arguments have been directed to the specifics of the legislation rather than to the procedure. It may be that the purpose of the intervention is to achieve by procedural tactics a further opportunity for members of the official opposition to understand the bill and finally decide what position they will take during the course of the debate. But that is an aside.

Mr. Knowles (Winnipeg North Centre): It would have been better if it had been left aside!

Mr. MacEachen: In the view of the hon. member for Winnipeg North Centre (Mr. Knowles), it would have been better if I had not said that members of the official opposition were stalling for time so that they could understand the bill. Obviously they do not understand it, based on the evidence of the questions which were put and answered during the question period today. It was obvious that the member for Oshawa-Whitby (Mr. Broadbent) did not understand the bill either; perhaps both parties over there want more time to determine exactly what they are against. Maybe if they did understand it they would change their views.

Nevertheless, with due respect to the hon. member for Winnipeg North Centre, the argument is that somehow the

ways and means motion to be adopted has to be a carbon copy of the bill which goes forward in the name of the Minister of Finance (Mr. Chrétien). That is the basic argument. Standing Order 60(11) reads as follows:

The adoption of any Ways and Means motion shall be an order to bring in a bill or bills based on the provisions of any such motion.

Of course, it depends upon the meaning one attaches to the word "based". Obviously the bill as brought in is founded four square upon the ways and means motion. The hon. member for York-Simcoe (Mr. Stevens) attempted to draw a distinction that payments were to be made in one case in 1978 and in the other case in 1977. Of course, the payments will be made in 1978 and are applicable in the tax year 1978 even though they may draw upon data which is provided in the taxation year 1977.

● (1602)

Mr. Gillies: Based upon the facts of the 1977 year.

Mr. MacEachen: That is exactly what I am telling the hon. member—based upon the data and information available in 1977 but payable in the taxation year 1978. So that even the substantive argument made by the hon. member is not accurate at all.

Mr. Stevens: You are not accurate.

Mr. Clark: You don't understand it, Allan.

Mr. MacEachen: The argument does not rest upon a point of substance. The argument rests upon the procedural fact that the adoption of any ways and means motion shall be in order to bring in a bill or bills based on the provisions of any such motion, and the bill obviously is based upon the provisions of the ways and means motion.

In addition to that, the Minister of Finance has succeeded in securing from His Excellency the Governor General a recommendation to the House of Commons providing for the appropriation of public revenue under the circumstances, in the manner and for the purposes set out in a measure entitled "An Act to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions."

Perhaps the hon. member is confusing what used to be the view, that the royal recommendation ought to contain, in a sense, all the items of the subsequent bill. Mr. Speaker Lamoureux disposed of that argument entirely by suggesting more than once that a single line recommendation, generally put, would authorize any number of provisions in any bill and, of course, what the royal recommendation does here is recommend to the House all that is contained, and all the purposes which are set forward, in the bill itself.

The precedents are not numerous on this particular issue, but there was a case which was dealt with, I believe, in 1973 which is dead on with this particular proposition brought forward by the opposition. It had reference to the oil charge bill and has all the elements of similarity with the present case.

[Mr. MacEachen.]

In summary, I am saying that the Minister of Finance has presented a ways and means motion which has been adopted by the House, constituting an order of the House authorizing him to bring in a bill or bills based upon the provisions of the ways and means motion. There is no suggestion that the bill must be a carbon copy of the ways and means motion. It is fully based upon the principles which have been incorporated in the ways and means motion.

Second, the Minister of Finance has satisfied the rules of the House by securing a recommendation from His Excellency which is cast in the broadest possible terms and which contains none of the details which have drawn the attention of the hon. members who have argued the point of order.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in case the point of my interjection in the opening sentences we just heard from the Deputy Prime Minister (Mr. MacEachen) was not clear, what I was trying to say was that I thought it was unfair to accuse the hon. member for York Simcoe (Mr. Stevens) and the hon. member for Edmonton West (Mr. Lambert) of using time on substance instead of on procedure. Sometimes those hon. members, like some of the rest of us, can confuse substance with procedure, but I felt today that they were arguing as to the procedural regularity of certain parts of Bill C-56.

It seems to me that the meaning of Standing Order 60(11) and of rulings which have been made from the Chair on this point are quite clear, namely, that a tax measure cannot depart substantially from what has been proposed in a ways and means resolution.

The ways and means resolution on this point is quite clear. It has been read several times already. It reads: "That for the 1978 taxation year the tax otherwise payable by an individual resident in a prescribed province on December 31, 1978 be reduced by $100". Clause 30 of Bill C-56 carries out the terms of that ways and means resolution in part in subclause (1), but in subclauses (2) and (3) something totally different is imported into the bill.

I think that if this were only a tax bill, Your Honour would have almost no option but to rule that there should be a new resolution to cover what is in subclauses (2) and (3) of clause 30. The Deputy Prime Minister sought to get around this by drawing attention to the recommendation of the Governor General which is printed opposite page one of the bill. The Deputy Prime Minister interprets that recommendation as an approval of everything that is in the bill. My submission is that the only reason a Governor General's recommendation was attached to this bill is that it is not only a tax bill but also an appropriation bill. Part III, which is entitled "Compensating payments", provides for money to be paid out of the consolidated revenue fund. I would say that if there had not been a Governor General's recommendation, Part III of the bill would in effect have been an appropriation bill for which there would have been no authority at all.

The Deputy Prime Minister says that a recommendation has been obtained in this case. Most tax bills do not have Governor

General's recommendations because they are based on proper ways and means resolutions. However, in this case the recommendation of the Governor General is specific and narrow. It recommends to the House the appropriation of public revenue in the circumstances, in the manner and for the purposes set out in this measure. As I say, that applies to the spending aspect of this bill, Part III, which is not a normal part of a tax bill at all. It is an appropriation bill, and I do not see how it can be argued that a Governor General's recommendation which covers the spending provisions in Part III gets away from the fact that an ordinary tax bill must have as its base a proper ways and means resolution. I agree with the Deputy Prime Minister that we do not expect every "t" to be crossed and every "i" to be dotted in ways and means resolutions, but there have been sufficient rulings in the past that, so far as a tax bill is concerned, it should be supported by a ways and means resolution.

I contend that subclauses (2) and (3) of clause 30 of the bill go beyond ways and means resolution No. 13, and that Your Honour should so find. I repeat myself by saying that I do not see how a Governor General's recommendation approving the expenditure portion of this bill can be taken as carte blanche for the government to make any other changes it wishes to make in the bill itself. If it had not been for the Governor General's recommendation I would have argued that Part III of the bill is completely out of order and that we would have to get that recommendation.

These things are in the hands of the government. We are talking about ways and means resolutions and about recommendations from the Governor General as though they were hard to get. We know they are not. The government can get them any time, but still there are the niceties of our rules and the procedural points that are laid down, and it has been clearly established that if the government is going to spend money, it has to have a recommendation from the Governor General. If the government is going to impose a tax—and this goes back to section 54 of the British North America Act—it has to have a ways and means resolution.

● (1612)

Therefore, I submit the points made by the hon. member for York-Simcoe and the hon. member for Edmonton West are valid. This bill is imperfect in the sense that subclauses (2) and (3) of clause 30 are not based on any ways and means resolution which has been presented to or passed by the House.

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, earlier I had a discussion with the hon. member for York-Simcoe (Mr. Stevens). As a way of exemplifying the situation, on April 10 the Minister of Finance (Mr. Chrétien) had a certain pot of X millions of dollars in mind. This pot was to be divided in a certain fashion. As a result of the changes and the division into two tax years, we now find a person who was resident in the province of Quebec as of December 31, 1977 will be entitled to an $85 rebate, whereas that person may have moved to the province of Ontario on January 15, 1978 and will receive a second advantage by way of the 3 per cent reduction in provincial sales tax for the six-month period following April 10. If that person is to benefit twice, once in 1977 and once in 1978, then someone else will lose if it is the same pot of money. That exemplifies the problem the government has as a result of dividing it into two tax years, which is different from the original motion.

Mr. Speaker: Order, please. The point raised by the hon. member for York-Simcoe (Mr. Stevens) of course is a serious one which deserves very serious consideration. The arguments which have been presented are similar to ones which were presented in the past when this difficulty arose—the relationship between the ways and means motion and the ultimate tax measure itself.

I want to examine the precedents, including the ones referred to by the hon. member for York-Simcoe and particularly the hon. member for Edmonton West (Mr. Lambert), and the more recent case referred to by the Deputy Prime Minister and President of Privy Council (Mr. MacEachen). I will endeavour to make a decision on this as soon as possible.

I know I ought not to anticipate this, but I doubt very much that the remainder of the time available this afternoon will be sufficient to cover all discussion which might take place. Therefore, in the meantime perhaps the matter can go forward this afternoon while I have this question under review. Of course, I will endeavour to bring a decision to the House as soon as possible.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I realize what business is called is at the discretion of the government. We are dealing with a matter which is quite fundamental to dealing with this bill in parliament. It is a very serious matter in that sense. It is regrettable that there may have been an error, or on the other hand, there may not have been. One way or the other, Your Honour has been put in the position of legitimately reserving judgment on a matter which is fundamental to the right of government to introduce a bill and proceed with it.

I respectfully suggest that what we all want to accomplish could be accomplished in another manner. For the balance of today and until Your Honour renders a judgment, the government could call the customs tariff bill. Earlier I indicated that we are prepared to proceed with that bill. The debate is under the general direction of the hon. member for Edmonton West (Mr. Lambert). We should not assume that we can start debating the bill in view of what happened in the House today. Respecting the government's position, we do not know whether the government will negotiate. I think the government indicated that it will negotiate. It is not fundamental to proceed in this manner, especially when there is other business which the House can properly deal with.

I do not want to hold the government up in terms of business. I am not suggesting that the House close down while

Your Honour considers this. On behalf of the official opposition we are prepared to proceed with the other government order today. I am referring to the customs matter. This will provide Your Honour with the required time to deal with this matter, to decide whether or not debate on the bill should commence, or whether there ought to be a new ways and means motion. My proposition is not unreasonable in the most unusual circumstances the House found itself in this afternoon.

Some hon. Members: Hear, hear!

Mr. MacEachen: Mr. Speaker, I appreciate the effort of the hon. member for Grenville-Carleton (Mr. Baker) to be helpful, but we are not faced with an unusual situation at all. Frequently points of order are raised in respect of matters before the House, and Your Honour requests some time to consider the points of order and render judgment later. In the meantime, usually we proceed with the business before the House. In this case, I believe it would be desirable to proceed, as was indicated earlier by the Prime Minister (Mr. Trudeau). If the speech of the Minister of Finance (Mr. Chrétien) is a long one, perhaps hon. members of the opposition will have a chance to make up their minds before they speak at eight o'clock.

Mr. Knowles (Winnipeg North Centre): This happens to be Wednesday. We do not sit at eight o'clock.

An hon. Member: You do not even realize that it is Wednesday.

Mr. MacEachen: Then hon. members opposite would have a chance to consider the matter until tomorrow.

Mr. Clark: Mr. Speaker, the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) should know that the position of my party is very clear, not only on second reading, which is the extent of the agreement in government caucus, but on the bill as it stands. We propose to oppose the bill as it now stands.

However, that is not the issue. I imagine it is entirely at Your Honour's discretion, but the issue is whether or not it is a wise precedent for parliament to begin consideration of a bill today which may not be properly before parliament. If that in fact is a dangerous course upon which we might be embarking, it would be in the interests of parliament, of orderly debate, and of providing the government with the time to speak with members of its caucus who are not prepared to support this matter on second reading to defer the bill. It would provide the government with time to arrive at a more complete agreement in support of the measure in the name of the hon. Minister of Finance (Mr. Chrétien).

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The discretion for the calling of business on the order paper under government orders is entirely that of the government. Certainly we are not making a new precedent by having a matter considered by the House while it is under review procedurally. Obviously it would not be desirable to become involved in several days of debate on a matter which might be reversed on procedural grounds, but it is certainly not a new practice or a new experience for us to allow the matter to go ahead while the Chair is reserving. That discretion is not one the Chair enjoys, to presume on the decision one way or another, until such time as I have had an oppotunity to examine the precedents and render a decision. Under the circumstances, I will attempt to render a decision as soon as I possibly can.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

Hon. Jean Chrétien (Minister of Finance) moved that Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, be read the second time and referred to committee of the whole.

He said: Mr. Speaker, before I commence my remarks, I should like to indicate that I am pleased with the decision to proceed at this time. A debate on this bill will be extremely useful because it has stirred up a lot of confusion and discussion. It is appropriate for everyone to speak his mind on this matter. The hon. Leader of the Opposition (Mr. Clark) was worried about the extent of support that this measure received in our caucus. In due course he will see that discussions occur among government members, and that the bill has been discussed in many forums. The position I will attempt to establish will assist opposition members in making up their minds. They do not seem to understand what we are talking about.

It was unbelievable to hear the hon. member for Oshawa-Whitby (Mr. Broadbent) talking about the tax proposition of October 1 when we are dealing with the April 10 budget. For that reason, and in order to facilitate the debate so that people will understand, I think I should make this speech. I will make it as factual as I can so that the people will be able to understand the issue a little bit better.

● (1622)

Bill C-56 implements the principal measures advanced in my budget of April 10. That budget was designed to provide a modest and responsible stimulus to give a lift to our economic recovery and to ease inflation. It was also designed to encourage structural adjustment in the Canadian economy, particularly in the fields of energy, transportation and research and development.

I will deal today with the specific measures of the budget, and discuss in some detail the proposal to contribute toward temporary reductions in provincial retail sales taxes. But I would like to speak first about the economic context of the

budget, a context of continuing adjustment and underlying improvement in the economic health of our country.

Since 1975 the challenge facing us all in Canada has been to pull our economy back into line as a trading nation, to restore our competitive position in the world. We have come a long way in this direction. We have some distance still to go. The ground we have lost is most evident in our current rate of unemployment. In this area, more than any other, we have had to live with damage for some time after we have made corrections elsewhere.

What are those corrections? We have brought our costs down to much more reasonable levels. Increases in our wage costs and unit labour costs are at or close to those in the United States. Demands for future increases are by and large responsible. Government expenditures are being held down. Federal spending has been kept within the growth rate of g.n.p. for two years, and we will continue to make whatever cuts are necessary to stay within that goal.

A series of target ranges has been established for increases in the money supply to ensure that monetary policy supports economic growth at declining rates of inflation.

Fiscal policy has followed the same goal. The tax burden on individuals and corporations has been eased, both indexing and through deep cuts in federal taxes.

Indexing of exemptions and brackets since 1974 means that personal income taxes this year are more than $5 billion below what they would have been in the absence of the indexing adjustments. Specific personal tax cuts totalling $2.9 billion have been introduced since 1974. Over the same period, the government has introduced tax cuts for business large and small totalling $1.6 billion.

The fast write-off for manufacturing and processing assets was made permanent. An investment tax credit of 5 per cent was introduced, and later increased in amount, extended in term and applied to research and development expenditures. Further incentives were introduced for frontier oil and gas exploration. The corporation tax was significantly simplified in important areas. A measure was introduced to reduce the impact of inflation on inventories. An employment tax credit was introduced.

Other measures were designed in particular to help smaller business operations in this country. I speak of increases in the profits taxed at reduced rates, the annual limit tripled to $150,000 and the cumulative limit increased to $750,000 from $400,000. I refer to the increased dividend tax credit, higher deductions for capital losses, preferred treatment of stock options and gains on venture investments, and the deferral of tax on replacement of business property.

The government will soon introduce new measures to help small business.

Because of these tax cuts and the weakness in the economy, the federal deficit has risen. As the recovery picks up and inflation recedes further, our cash requirements will come down. In the meantime, our borrowing program is manageable and fully within the capacity of the capital markets and the economy.

One of our basic adjustments in the past 18 months has been the depreciation of the Canadian dollar. In the last two weeks the dollar has regained ground and stabilized demonstrating that fundamental forces have reasserted themselves in the exchange market. Largely because of the dollar's adjustment, our trade and balance of payments picture is improving sharply. The improvement began last year when we almost tripled our trade surplus. It strengthened even further in the first quarter this year when the merchandise balance jumped to an annual rate of $5.6 billion, twice that of last year.

There are many recent signs of more growth with less inflation. Retail sales were up 4.3 per cent between January and February. In real terms, the sales in those two months were 6.1 per cent higher at an annual rate than in the fourth quarter of 1977. This suggests that the $100 tax cut early this year has helped boost consumer demand.

Employment continues to rise in Canada. The most promising part of this picture is a strong rebound in manufacturing jobs. They increased 4.2 per cent in the past six months.

We have corporate data now for the fourth quarter of 1977, showing an upswing in profitability and continued improvements in liquidity.

The working capital ratio in the last quarter almost reached its all time peak of 1973.

Because of the sales tax cut in last month's budget, the consumer price index is now 0.7 per cent lower than it would otherwise have been. The increase in the CPI for April was only 0.2 per cent, the lowest month-to-month increase since the fall of 1975.

An indicator of costs and prices used more and more in industrial countries is the CPI less the impact of food and energy. In Canada, the increase in that index has declined from 9.7 per cent in 1975, to 8.8 per cent in 1976 and to 7.3 per cent in 1977. The year-over-year rate to April was 5.7 per cent.

Data Resources Incorporated, a private research group, has calculated that output this year will grow by 0.4 per cent more than it would have in the absence of the sales tax reductions.

These are all clear indications of improving trends in the Canadian economy. The measures of this budget are already part of that story, and they will continue to support those improvements. Let me move now to a brief examination of those measures.

I have referred to the budget's contribution to structural change in the economy. I should mention that the incentives with respect to tertiary recovery and non-conventional oil are being put into effect by regulation, and do not appear in this bill. The same applies to the changes in capital cost allowance applying to major investments in railway transportation.

On the other hand, a third set of structural measures, those applying to research and development in Canada, do require legislative amendment and are set out in Bill C-56. They

provide a deduction equal to 50 per cent of current and capital expenditures incurred in a year on R and D which are in excess of a corporation's average annual R and D expenditures over a moving three-year base period. The deductions are to be available over a 10-year period, that is in computing income for the 1978 to 1988 taxation years.

● (1632)

Personal tax measures in this bill provide additional alternatives to holders of registered retirement savings plans, expand the exclusions from income where employees at remote work sites receive board and lodging from their employers, and extend the types of loans received by employees which may be excluded from income.

This bill will allow a person to receive retirement income from his RRSP in the form of a fixed-term annuity as well as a life annuity. To ensure that RRSPs are used to meet genuine retirement income needs, the bill provides that an annuity under an RRSP is not to commence before age 60 or after age 71. The fixed-term annuity purchased under an RRSP arrangement must provide a retirement income until the annuitant reaches age 90, with a special rule to extend the fixed term of the annuity in case of a younger, surviving spouse.

Another option will permit RRSP funds to be transferred to an entirely new investment vehicle—a registered retirement income fund—after the holder reaches age 60. Where this fund is chosen, annual payments will be made from the fund each year until the individual reaches age 90. However, unlike an annuity arrangement in which the amount of the annual payments is pre-determined, the annual payments out of an RRIF will grow over time. They will be based on the size of the fund and the age of the beneficiary year by year. The fund may be self-administered.

The bill includes two amendments of major importance to farmers. One of these permits shares of the capital stock of a family farm corporation to be transferred to a farmer's children without immediate tax on any capital gain at that time. The special rule will apply not only to a transfer on death, but also to one made before death by way of a sale or gift to the child.

The same treatment is extended to transfers to children who have an interest in a family farm partnership. The new rules will place the farmer who carries on business as a family farm corporation or a partnership on the same basis as unincorporated farms.

Further measures will ease the financing problems of many Canadian private corporations and will facilitate joint undertakings by groups of Canadian corporations. This will be achieved by reducing the scope of the special 25 per cent tax that applies on certain dividends received by Canadian-controlled private corporations.

Other amendments in this bill are necessary to ensure that the Income Tax Act deals appropriately with the division of property between spouses in light of changes in a number of provincial laws covering marital property. In a number of circumstances, these provincial changes would require certain gains to be taxable on transfers between spouses or former spouses. The amendments are designed to permit the division of property between spouses pursuant to the family law without an immediate tax on capital gains. Other important matters are dealt with in this bill, including a measure made necessary by the recent introduction of an income tax levied by the Northwest Territories.

[Mr. Chrétien.]

[*Translation*]

Mr. Speaker, as I said on April 10, the short-term action required at this stage of the recovery is a fast-acting nudge to growth, one that encourages consumer spending and one that offsets temporary factors which have been pushing up prices. I would like to take this opportunity to clarify some misunderstanding about the nature and purpose of the federal-provincial initiative to reduce temporarily provincial sales taxes.

First of all, it is important to put the federal proposal concerning a reduction of provincial sales taxes in the context of the historical evolution of fiscal relations between the two levels of government. Since the end of the Second World War, the federal share of over-all revenues levied by the public sector in Canada has declined steadily. Whereas in 1945 the federal government held about 70 per cent of government revenues, after transfers, that percentage gradually went to 50 per cent in the early 1960s and is now in the order of 40 per cent. The share of revenues of the provincial-municipal sector grew correspondingly.

Indeed, whereas in 1945 the provincial-municipal sector had only 30 per cent of total government revenues, it now has about 60 per cent. In short, the provincial-municipal sector actually holds a larger share of total government revenues than does the federal government. Most economists have agreed for some years that this degree of fiscal decentralization makes joint action necessary by the two levels of government in the area of economic and fiscal policy. Moreover, this requirement of our federal system was recognized unanimously by the recent conference of first ministers.

In this context it is essential to understand the growing importance given over the past several years to consultative mechanisms between the two senior levels of government, particularly to the conferences of ministers of finance. It is also in this context that the idea evolved for the federal proposal regarding provincial sales taxes. Given the high level of savings at present, it is generally accepted that a sales tax reduction is the most effective instrument for stimulating the economy. It has the advantage of providing a stimulus which has an immediate effect on prices, consumption, production and employment.

Several weeks ago, I suggested to provincial governments that we undertake joint action, through a reduction in the retail sales tax, to stimulate the economic recovery. I would like to emphasize that this offer was made in good faith and was discussed thoroughly with both ministers and officials of

all the provinces including Quebec. These discussions took place in the three weeks prior to my budget speech. During the discussions, the provinces had ample opportunity to make their own suggestions and proposals. British Columbia and Saskatchewan did request adjustments to meet their particular situations. These we accommodated.

No one suggested that the federal government was invading a field of provincial jurisdiction. The proposal was taken under consideration. The province of Quebec did not, in either my discussions with Mr. Parizeau or in discussions between officials, make any special requests or object to the proposal itself. Not until the federal budget was presented, all other provinces having agreed to the proposal, did Quebec decide to announce its selective cuts designed mainly to help the provincial economy.

What is now in dispute is not whether Mr. Parizeau's selective sales tax cuts are a good thing. I fully agree that they are good for Quebec. Indeed by removing sales tax on clothes and shoes, Mr. Parizeau is putting Quebec taxpayers in the same position as those living in the four Atlantic provinces where there has not been sales tax on these items. But in these provinces, the federal government does not pay for the revenue loss. The cost is assumed by the provincial governments.

I recognize that there is a need for special measures to be taken to promote the furniture, footwear, textile and clothing industries of Quebec. That is why the federal government has imposed heavy tariffs on the imports of such goods into Canada, and that is why, as Minister of Industry, Trade and Commerce, I was responsible for imposing quotas on imports into Canada of clothing, textiles and shoes. The result of these measures is that Canadians across the country pay more to buy these Quebec products than they would if imports were unlimited and if tariffs were lower. Canadians are prepared to pay this price because it is necessary for the economic well-being of one part of Canada, i.e. Quebec.

What is in dispute, therefore, is not whether the government of Quebec should take special measures to help Quebec industries, but rather whether these special measures should be financed primarily by the federal government in the context of general budgetary policies. For the federal government to do so would mean first to give Quebec a deal which, through the fault of Mr. Parizeau, was not offered to the other provinces at the time of the budget discussions. More important, even if it were possible to offer a system of selective tax cuts to all provinces, the results would be detrimental to the economic unity of the country.

The Atlantic provinces and western Canada, with little or no manufacturing industry, would undoubtedly be uninterested in schemes of benefit mainly to Quebec and Ontario. Ontario and Quebec could conceivably engage in a series of moves of a protectionist nature—financed by federal funds—which would make a mockery of the economic common market which is an essential element of Canadian federalism. This would be harmful to all Canadians including Quebeckers.

Mr. Speaker, because Quebec sells 20 per cent of its manufactured products to Ontario, while Ontario sells only 11 per cent of its manufactured products to Quebec, any type of protectionist competition between the two would hurt Quebec more than Ontario. That is why what looks like a clever move to use federal money in a special way to protect Quebec industries would not be of benefit to the people of Quebec if the province of Ontario were to ask the federal government for a comparable deal for Ontario industries.

Therefore, in the long-term interests of the people of Quebec, I must insist that the federal proposal apply in the same way to all provinces. We cannot encourage a reduction in provincial sales taxes financed by federal money that would lead consumers to purchase certain products as opposed to others, unless of course there was agreement among all governments. This was the case for alcoholic beverages, tobacco and amusements. Other products no doubt could have been the object of such agreements if they had been suggested at the appropriate time.

Thus, because the Quebec action was so late, and because the federal government could not be party to bilateral agreements representing discriminatory measures impeding the free flow of goods between provinces, I advised Mr. Parizeau that he cannot expect to obtain the full financial assistance available under the national plan which was aimed at all Canadian consumers and all sectors of the economy. I offered to pay the cost of the first 2 per cent for six months of Mr. Parizeau's selective tax cuts.

● (1642)

In addition, and these are concessions I made after my first proposal, I offered to finance totally a 2 per cent cut across the board for six months of sales tax on all other goods and services sold in Quebec. The value of this offer to Quebeckers would have been $226 million. Mr. Parizeau refused this offer of the federal government. It is clear to me that the separatist government in Quebec does not want to have any part of a deal with the federal government because it does not want federalism to work. How else can one explain his failure to make any suggestions until after the budget. However, because the federal government does not want to penalize the people of Quebec for the actions of the separatist government of Quebec, I am introducing amendments in this bill to permit the return of $186 million to taxpayers in Quebec.

Some hon. Members: Hear, hear!

Mr. Chrétien: We will be reducing the income taxes of Quebec taxpayers, thereby vacating an income tax field temporarily, by an amount of $186 million. In order to ensure that taxpayers in Quebec enjoy the full value of the federal offer and are put on the same footing as other Canadians who pay

sales taxes, each Quebec taxpayer will receive a rebate on 1977 federal personal income tax. The federal government is doing this to provide Quebec residents with compensation to bear the cost of the sales tax on all items for which the tax has not been reduced by two points for six months by the Quebec government. The $40 million we have offered to the Quebec government for a two-point reduction over six months on the selected items is worth up to $15 per taxpayer. This leaves about $186 million—or up to $85 per Quebec taxpayer—outstanding from the federal offer. Thus, the amount of the rebate for each Quebec taxpayer will be $85 or the amount of federal income tax payable, whichever is less.

Once the bill has been passed, Revenue Canada will process rebates from the computer record of Quebec taxpayers who filed returns on their 1977 income. Rebates will be sent out later this year while the retail sales tax cuts still are in effect in the other provinces. Of course, if to straighten things out, this reimbursement to the Quebec taxpayers could be geared to a tax increase which the Quebec government might decide to impose then I am prepared to discuss it.

Mr. Speaker, I have been discussing the matter with the provinces since March 23. On that day I called Mr. Parizeau and Mr. McKeough on the telephone to find out what they thought of the proposal. We had already discussed it previously in October and January. Then, on Friday, March 24, I discussed the matter again with Mr. Parizeau on the telephone and since he himself had problems with the federal government, he asked me to help him settle them. I immediately called my officials in an effort to help him in another area; it was quite a difficult situation for Quebec since it was the end of the fiscal year. These things do not come out but they happen just the same, Mr. Speaker.

On Monday, March 27, my deputy minister, Mr. Shoyama, contacted all the provincial deputy ministers, except Mr. Collins from Alberta who was not available. He explained the proposal to them and they discussed their intentions in general terms. No one can say that all the deputy ministers were not informed. On Tuesday, March 28, I got in touch with every single minister of finance and on Wednesday 29th, I went West where I met the minister of finance of British Columbia, Mr. Wolfe, Mr. Smishek and Mr. Craik. On that very day I spoke on the telephone with the minister of finance of Alberta. When I came back to Ottawa, I spoke again on several occasions with Mr. Parizeau and Mr. McKeough. Several times I put a call through which sometimes was not even returned. It does not really matter; I am a patient and very humble man.

I still kept on trying in an effort to get a consensus. On Saturday, April 1 and on Sunday, April 2, the officials of all the provinces were called and told: Come and see us here in Ottawa; there will be a meeting on Monday, April 3. All of them, including Quebec and Alberta, sent representatives. The proposal was discussed, hypothetically, all day; changes were made to accommodate the requests made by some of the provinces; telephone conversations went on throughout the week.

When, at the request of the ministers of finance of British Columbia and Saskatchewan I made certain changes, I myself took the initiative of calling the other ministers of finance to tell them: Those provinces would like such and such a solution; do you agree with it? They answered: We see no objection to it. If you want to do that for thoses provinces, go ahead, Mr. Chrétien. Throughout that debate, that is, during almost three weeks of intensive consultations, at no time did the province of Quebec mention selective cuts. At no time did they make suggestions, either Mr. Parizeau himself or the officials. Mr. Speaker, what I did was quite simply try to be a little innovative because, as I said at the beginning of my speech, the taxation base of the federal government is constantly shrinking. The possibility of the central government influencing the economy is being reduced accordingly. And it is in that spirit following the conference of the first ministers, who were urging consultation, that I took a big chance to try and reflect the spirit of the first ministers' conference.

I took the initiative at the very great risk of being blamed in this House—and I was blamed in this House—for having talked about the budget with people who are not members of the Canadian cabinet. Mr. Speaker, I took that chance which could have been fatal, but I wanted to try to be innovative and convince the provinces to do in their jurisdictions, with my help, what could be best. I acted in extremely good faith. What I am proposing at this time, Mr. Speaker, is quite simple. I do not want to penalize Quebec residents who pay taxes at the federal and provincial levels because the government of Quebec did not want to follow me as another provincial government might have taken in good faith an extremely important initiative. On top of that, in all my conversations with the ministers of finance, Mr. Speaker, I did not talk only about the sales tax. I consulted them on the monetary and fiscal policy of the government. I consulted them on the effect of the Canadian dollar on their economies, on the effect of the fall of the Canadian dollar on exports, on the effect of their internal financing because very often, having borrowed on the U.S. market, they must pay in U.S. dollars and that adds to their budgetary burden.

I did that in trying to develop a new mechanism which is essential in this country. If I made a mistake, Mr. Speaker, it is in believing in federalism, in believing that it was possible to speak in good faith with finance ministers and try in speaking to the finance ministers to develop a consensus beyond partisan considerations. I knew full well, Mr. Speaker, that there were only two governments at this time with the same political stripes as mine and that I was taking political risks but when you believe in an institution such as Canada you take chances to try and develop an acceptable economic policy, and instead of relying exclusively on the constitution as is so easy to do, we

have tried to take that into consideration. I could have acted arbitrarily and made the offer here in the House during my budget speech. Then the pressure would have been on the provincial finance ministers. All economists, commentators were saying: the sales tax should be cut. The C.D. Howe Research Institute, the Chamber of Commerce, all people analysing the economic situation since October, realizing that demand had declined too much in Canada, were suggesting a sales tax cut. Unfortunately, Mr. Speaker, because of the constitution, even though I believe that we would be entitled to get involved with the sales tax if we wanted to, we have not occupied this tax room because it comes under provincial jurisdiction.

I took it upon myself to ask the provinces to do this, and I did not only consult them just before the budget. We started to discuss this in October, Mr. Speaker, at the finance ministers' conference. If I have been guilty of anything, Mr. Speaker, it is of having believed in Canada, of having believed the Quebec government when it said that it had been elected to be a good government and to provide sound management, that it would behave like a government still within confederation and not like a government that wanted to get out of it. If I have been guilty of anything, Mr. Speaker, it is of having talked with Mr. Parizeau for the first time in Canadian history before the tabling of a budget, not only about the sales tax, but also about the fiscal and monetary policy and about the policy of the Bank of Canada. Mr. Parizeau, Mr. McKeough and myself spent four hours one evening in Montreal discussing all this. And at no time was there any mention of a selective cut because it is fairly obvious that if we wanted to get into selective cuts, at that time—

● (1652)

[*English*]

It was evident when we discussed that. Everyone should realize this has been done before. Ontario paid from its own pocket. Two years ago the province of Ontario decided to stimulate the automobile industry. The minister of finance of that province decided within his own jurisdiction to reduce his own sales tax on cars from 6 per cent to zero for a period of time.

An hon. Member: He did it right.

Mr. Chrétien: He did it. He was very keen to convince everyone in Canada that it was the thing to do following his own experience—

An hon. Member: And you bungled it!

Mr. Chrétien: —to do it across the board.

An hon. Member: And he did it right.

Mr. Chrétien: I thought it was a good move. If someone is to be blamed because I played with the cards on the table by deciding to be novel and try to find a mechanism to help Canada solve its economic problems, then, if I am guilty of that, I will plead guilty. I will not apologize to anyone.

Some hon. Members: Hear, hear!

Mr. Chrétien: When I hear so many accusations in this House that I am doing that just to try to separate the country even more—

An hon. Member: That is what you have done.

Mr. Chrétien: I think it is unbelievable that hon. members are making that kind of accusation. As I have said, we were acting in good faith.

I will meet the provincial ministers of finance next month. We are trying to arrange a meeting. I know it will be embarrassing for them and for us because we tried something. It was very difficult because the ministers from the west were uneasy about it; they do not have a big manufacturing base. I told them that as the maritimes could not afford to be part of the scheme the federal government would be paying 100 per cent as it applied to the maritimes. I went to Alberta and explained to its minister of finance that since I was moving into an area where that province does not pay any taxes, Alberta would not be part of this scheme. It was not a proposition that would apply equally across the land. For example, the maritimes treasuries would pay nothing. The provinces which manufacture goods and the others which can afford to do so would pay one-third of the cost. Alberta was not to be part of it. I remember they were not completely happy but they behaved in a responsible way before the budget and up to the budget, after everyone had agreed.

I would like to deal with a touchy problem concerning what was said by the western premiers after that. I believe I have to speak about it. The B.C. government decided to move the date of their budget in order to be able to produce exactly the same tax cut the same day as I. I presume they had discussions in their cabinet because no budget is proposed without approval of the cabinet. In Manitoba they did exactly the same thing. I had occasion to meet the premier of Manitoba. He was in Ottawa and I invited him to come and talk with me. We discussed this problem and other problems for almost two hours. It was useful for me and useful for him. After the fact, after it had been explained to them that their cabinets, except for Alberta, had approved it, I find it a bit incredible that they should say we forced them.

Mr. Hnatyshyn: Are you calling them liars?

Mr. Chrétien: No, I do not say they are liars. They said they agreed with the substance, but they did not like the procedures and so on that we were following. If they did not want to be a part of it, it would have been very easy for them to call me—

An hon. Member: What?

Mr. Chrétien: —any day before and say "We are not going to agree". I would have advised my colleagues that there were

no takers and I would have done something less valuable than that.

An hon. Member: Too bad.

Mr. Chrétien: I wanted to explain that point.

We are having problems at this moment, I do not deny it. We are trying to be fair. We do not want to penalize the taxpayers in Quebec because Mr. Parizeau wants a confrontation with me. It is not I who wants a confrontation with him. I said, and I repeat, that if he had said "I will go along with the other provinces", I would have praised him because he had been able to look at the national economy and the Quebec economy as a man who could look at problems as a minister of finance should look at them, in a non-partisan way.

● (1702)

Let us talk about the facts. I am talking about what happened. I am not surprised that the National Assembly does not like my proposition. What I am surprised at is that the opposition, even in the Quebec Assembly, make no suggestions as to how to solve this question. They just blame the government. At no point since the beginning of this debate have we received any suggestion on how to resolve this.

The Quebec government just want me to send them a cheque. The Prime Minister (Mr. Trudeau) explained that very carefully today. The reason Quebec will have to raise their taxes is because they collect their own taxes. It is as simple as that. We made room in Ontario and in the other provinces. On the same day as my budget, or the day after, they introduced an increase in their income tax equal to my decrease in income tax. That is exactly what happened.

I was amazed to hear the Leader of the New Democratic Party talk about the budget of October. It is not that. If he will read the bill, he will understand. They have raised their taxes. Now that I have made room in Quebec, they can tax their own taxpayers.

[*Translation*]

All Quebec premiers have said it was essential for Quebec to raise its own taxes. Yet, in this case, I collect for the other provinces the income tax they increased since my budget. In fact, it is the federal government that collects it for them. As concerns the province of Quebec, the only way to transfer funds exactly as for the other provinces, is to leave some tax room.

If the Quebec government wants to raise taxes, let it do it! Since 1954, they have been asking to raise their own taxes, and I made it easier for them through this tax cut. Obviously, the taxpayers will think that this tax cut is due to the generosity of the federal government. We are generous, but not any more than we are towards the other provinces.

The only difference is that in the other provinces, as the finance ministers wanted to share with the Canadian government the economic and political credit for the sales tax cuts, no mention was made either in the debates or in the press that we had actually reduced our taxes while they had increased theirs. In the province of Quebec, every taxpayer gets an $85 tax cut, which is the amount of the difference.

If the Quebec government wants to negotiate with me, I am waiting for their proposals. I cannot send them a cheque directly, as I do not do that for the other provinces. It is easy to understand. Each time I send a cheque, I consider it as an expense. To avoid any increase in government spending, since everybody complains about the level of spending, we decided to leave some tax room in Ontario, Manitoba, Saskatchewan, British Columbia and the maritimes. It is as simple as that. We do the same thing for the province of Quebec. But as they do not agree about tax collection in Quebec, they choose not to collect the taxes we cut. They would like me to send them the money directly. In so doing, I would increase my expenditures and the members of the opposition who are asking me to do this are those who complain about our spending. If I leave some tax room, I do not spend anything, I just reduce my revenue.

[*English*]

The tax is very important. If I had decided just to pay by cheque, the increase in the expenditures of the federal government would have been more than $800 million. Everyone would have said that the Minister of Finance is increasing his expenditures, while in fact it would have just been a matter of transferring cash to the provinces to reduce their taxes.

In order to be imaginative and to do what I wanted to do without creating the false impression that we are spending money—and the ministers of finance agreed with me—I said we would reduce our taxes and they could increase their taxes. As we are collecting taxes, nobody has noticed what is happening. The federal tax in Ontario and elsewhere has been reduced by $100. The legislatures of Ontario, Manitoba, Saskatchewan, British Columbia and the maritimes have introduced legislation increasing their income tax accordingly. However, as we collected it, nobody noticed.

We do not have an agreement with Quebec to collect their taxes. I offered that at the time of the negotiations, but we never came to an agreement with Mr. Parizeau. He did not respond before the budget. Then after the budget he said, and has been saying since that time, "Send me a cheque". That is the only proposition he has made. I told him that we have to be fair to everybody. We have to make tax rules for Quebec like everywhere else. Because the system is different in terms of collections, he does not want us to have credit for reducing our income tax in Quebec. He wants to take the credit for what he will do if he raises the taxes we have vacated.

There was no problem in the other provinces. I did not take credit for cutting taxes in my budget because the provinces were generous enough to let me share in the benefit of cutting sales tax. Nobody else talked about the income tax mechanism. The problem is that the mechanism does not exist in the same way in Quebec.

I cannot understand the Quebec government not wanting to raise their taxes to collect the amount I am vacating. In 1954

Mr. Duplessis said that it was fundamental to the autonomy of Quebec. You cannot have it both ways. Either you sign a collection agreement with the federal government or you do not. We have not had any counter-offer. They have merely tried to force me to send them a cheque. I am not sending a cheque to the other provinces in which I have vacated the tax field. Of course, it is a difficult situation.

Because I believe in our institutions and in the good faith of those who are elected across this land, regardless of political stripe, I did this. Perhaps I was too generous in believing that in economic and fiscal matters I could deal in good faith with everybody. Unfortunately, it is not possible. However, I will keep trying—

Some hon. Members: Hear, hear!

Mr. Chrétien: —because I believe one of the problems in this land is that we are destroying a very necessary instrument, the national government. That is extremely important. At this moment, I am not comfortable as Minister of Finance of this country. I will not be partisan or political in the sense of raising the problem in Quebec.

I compared the books of the province of Newfoundland with the books of the province of Alberta, both of which have Conservative governments, and it made me extremely uncomfortable. The highest sales tax in the land is in Newfoundland. There is no sales tax in Alberta. The highest tax on gasoline is in Newfoundland. There is none in Alberta. Most of the taxes that exist in Newfoundland do not exist in Alberta. That is good for Alberta. However, in a country like Canada, is it not normal to have a federal government strong enough to help those who are poor with the money of those who are rich?

Some hon. Members: Hear, hear!

Mr. Chrétien: I came to this House 15 years ago. Some people outside this place say that I have moved to the right. I do not mind when they say that. I try to do what is right. However, when I came to this House it was because I believed in distribution. There was no medicare. All sorts of programs were lacking. I have been associated with many of the programs which were initiated by Mr. Pearson and by the present Prime Minister. This week, if I am not mistaken—I speak from memory—the OECD stated that this year the level of income per capita in Canada is above that of the United States.

• (1712)

Mr. Stevens: Read the whole report.

Mr. Chrétien: We are surpassed only by Switzerland and Sweden. Bearing in mind the kind of land in which we live, with its provinces running 4,000 miles from coast to coast and another 4,000 miles from Windsor to the North Pole, and considering what we have managed to achieve in the last 110 years, I am proud to be a Canadian.

Some hon. Members: Hear, hear!

Mr. Chrétien: I am proud to try to find ways to keep our country as it is and to bridge the gap between the rich and the poor. If I did not risk my skin, I would be at rest with my conscience—

Some hon. Members: Oh, oh!

Mr. Chrétien: Members opposite can laugh. For years I have been a member of this House and I have devoted six years, one month, three days and two hours to trying to solve the problems of the weakest in our society, the Eskimo and the Indian.

Mr. Paproski: Who is laughing?

An hon. Member: We are all Canadians.

The Acting Speaker (Mr. Turner): The Minister of Finance has the floor. This is going to be a long debate and we shall all have our turn.

Mr. Chrétien: I have done it because I believe this country can offer something that is different. One of the proudest moments in my life was when one day I took the taxpayers' money to help an Eskimo print the first book in the Eskimo language ever printed in the world. We believed it was important that the smallest minority in this land should keep its language and its culture for generations to come.

I can take a lot of abuse from the opposition. I do not mind. But I will do my duty as I believe is right. It is to try to find a new formula in order to achieve greater equality in this nation. Perhaps we shall have to change the constitution. The Prime Minister has spoken often on that subject. I will just tell the House that I think we are on a dangerous course at this moment.

Some hon. Members: Hear, hear!

Mr. Stevens: You put us there!

Mr. Chrétien: Some people are willing to make any compromise but I am not. This measure is a just measure. We are not penalizing the people of Quebec at all. We are not discriminating against other provinces. Members over there can introduce all the nuances they like, but basically this measure is sound. I have talked with the ministers of finance of the land, excluding Mr. Parizeau, and I have talked with my colleagues. They are uncomfortable with it, but—

Some hon. Members: Oh, oh!

Mr. Chrétien: I tried before. I talked to them. I will meet them again. I will try to carry out this duty. As Minister of Finance I must try to bring about, in conjunction with the provinces, an economic policy. That is an avenue which has to be explored. Of course, it has given me some problems, but not problems I am afraid of. I can face problems and difficulties. What I am concerned about are sensible solutions.

I should like to compensate the people of Quebec. I do not want them to lose. If the Quebec government wants to raise its

income tax, it can do that. But basically we have to realize that with Canada as it is, the weakening of federal institutions being *à la mode*, the result may be that Canada will not have to hold a referendum to split up. You will have *de facto* separation. I will try to bring about policies which will produce the maximum economic growth with the maximum distribution from east to west. We have to be careful about all these things. I will carry on as long as I have the support of the Prime Minister and of my colleagues. It is very important to try to bring about justice in this country.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Could I ask the Minister of Finance a question? On three occasions in the course of his speech he said Quebec could always increase its income tax and take up the room the federal government has provided. In order to clarify this matter, would the hon. gentleman explain clause 30 of the bill? How could this be done in view of the fact that the taxable income dealt with in reference to the tax is for the taxation year 1977 for Quebec and 1978 for the other provinces? How could the Quebec government move into that field when the tax has already been paid?

Mr. Chrétien: I will have other occasions at the committee stage to explain this point but perhaps it is worthy of explanation at this moment. The problem is that this year for the first two months, January and February, we have cut the income tax for the fiscal year 1978 by $100. Everyone knows about it. It was for the first two months. If I choose to apply this reduction to the same fiscal year—1978—making a further credit of $85 available to the Quebec taxpayers, what would happen? It would mean that the taxpayers in Quebec who already have received an exemption of $100 this year would not receive anything. So I would be affecting in a negative way the people who would be paying least taxes.

Suppose that in 1978 they were paying $100 in taxes. We have already said to them that for January and February they will pay no tax at all. If I give another tax credit in 1978 they will not qualify to receive it. That is why I decided to look at the situation for 1977 which, even though it may not be perfect, is an attempt to protect as much as possible the taxpayers who are at the lower end of the scale. This is the reason I am doing that. If hon. members over there have a better suggestion to guarantee that result, I am willing to look into it. I am not stubborn about it. I have just given an explanation for my actions; it is a technical explanation.

There is another thing, too. The other provinces have increased their taxes already and we have effectively decreased our taxes for them since the night of the budget by collecting them for them. Because of the time of the year at which we have now arrived we will have to wait until October to bring about a reduction for the taxpayers in Quebec. As to the problem of those who pay only $100, we can give them a credit for the whole year of 1979 and they would receive the cash in the spring. I do not think this is fair to them.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, having listened to the Minister of Finance (Mr. Chrétien) in his introductory remarks to Bill C-56, I think there is a fundamental misunderstanding by this government as to what an agreement means.

• (1722)

In his remarks the Minister of Finance took us through those trying times when he tried to negotiate with various provinces. But the important thing he omitted to tell us is why he chose on April 10 to go ahead with his budget knowing that he had no agreement with such a key province as Quebec. The Prime Minister (Mr. Trudeau) has indicated that he feels there is no rush for an election now. Presumably he felt that way on April 10, so why was there a rush for a budget? Why could one or two more weeks not have been taken in the earnest hope that there could have been an understanding arrived at, not just with eight or nine provinces but with all ten provinces in the country.

I believe that the minister clearly demonstrates that there is no understanding on his side of the House as to how to negotiate, bearing in mind the sensitivities of other levels of government. If the government made a mistake on April 10 by going ahead rashly and bringing in a proposal which was subsequently shown to be clearly unacceptable to the government and, presumably, to the members of the National Assembly of Quebec, why did the federal government then hasten to bring in Bill C-56, again to create the consternation we are now living with in this country? What was the rush? Why first reading on May 15 and second reading debate beginning on May 17?

In what has happened on the government side we can see that the government feels there are three distinct divisions in Canada. There is Alberta, which is treated, in a sense, as the outcast. It gets no benefit whatsoever as a result either of the budgetary measures announced or of the provisions now written into Bill C-56. There are the eight provinces which do receive the benefit of the initially announced budget of April 10. Finally there is Quebec, which seems to be treated in a unique fashion. Quebec residents—certainly those resident in Quebec as of December 31, 1977—will be geeting a tax credit of up to $85 simply because they are residents of Quebec. We know that Caesar divided Gaul into three. Our emperor has divided Canada into three. Is this the way the Minister of Industry, Trade and Commerce (Mr. Horner) wins big for Alberta?

To support Bill C-56 would be to condone government incompetence. To facilitate passage of this legislation would be to aid and abet a Minister of Finance who is the most inept minister to hold that office in living memory.

Any member of this House who chooses to vote for Bill C-56 will contribute to divisive forces in this country and will seriously undermine a satisfactory working relationship between our federal and provincial levels of government. As it has been presented to us, this legislation contains insidious provisions which were not contained in the minister's budgetary statement of April 10. Indeed, they were never even thought of as of that date. These provisions, to which I will

refer shortly, are so odious that we in the official opposition ought not, must not and will not vote at second reading to support them in their present form.

What other Minister of Finance or Prime Minister in Canadian history has ever been so inept? Within a six-week period the minister has taken an essentially good idea and mishandled it to the point where at least the majority of the nine provinces with which he had agreement now feel they have been double-crossed, while the tenth, as reflected in the Quebec National Assembly, which has voted unanimously, rejects the federal government's offer of $186 million to go to the residents of the province of Quebec. This government, frankly, cannot even give money away without causing dissension.

For example, when the Minister of Industry, Trade and Commerce was at a football game in Edmonton he was booed when he attempted to present a $1 million cheque to the Commonwealth Games people there. Now we have the spectacle of every member in a provincial legislature, Liberal, Union Nationale, Creditiste or what-have-you, voting unanimously to condemn the Trudeau-Chrétien approach with respect to giving funds to individual residents of Quebec.

Let there be no mistake, their opposition is a fundamental opposition. The federal government is wantonly trying to circumvent provincial jurisdiction in an approach which is designed to blackmail a provincial government into submission. That is hardly the recipe for federal-provincial relations. It is hardly the approach to ensuring national unity. The Minister of Finance has spoken about being proud to be a Canadian. I am proud to be a Canadian, and I believe the time has come when the divisive forces this government is letting loose should be ended so that we can all continue to be proud Canadians.

Some hon. Members: Hear, hear!

Mr. Stevens: I was somewhat surprised that in his remarks the minister reiterated many of the things he said on budget night. He attempted to rationalize his record, but in that context perhaps we should put a few things on the record.

Since taking office in September of last year the record of this Minister of Finance has been one of a continuous series of errors. The plunge of the dollar was accelerated by the minister's lack of comprehension of the magnitude of the problem, with the result that we lost twice as much in foreign exchange reserves as was needed, and now we end up seeking credit to the extent of some $7 billion from not only our own chartered banks but also from foreign banks and other lending institutions around the world.

Hon. members will recall that the minister took the concept of a $700 million income tax cut in his October 20 statement and dropped it in as a $100 per person tax credit to be felt in January and February, but in fact it went virtually unnoticed by most Canadians. We lost, in effect, $700 million in revenue, with virtually no fiscal stimulant to show for it. It was a maximum loss, speaking fiscally, for a minimum gain.

The minister stole the concept of an employment tax credit from this party and from others. He threw it into his October 20 statement but, unfortunately, he threw it in without knowing what he was talking about. For weeks we watched the government wince and agonize over what legislation it should put in place. Hon. members will recall that eventually a bill was introduced and passed, with our acquiescence, within one day; but then we found that it took the government such a long period of time to put the measure into operation that there was little benefit for the unemployed during the recent wintry months.

• (1732)

Perhaps the easiest thing for me to do in attempting to rebut some of the statements made by the Minister of Finance, concerning the desirable things he claims he has done in his budgets is simply to refer the House and the minister to the last two forecasts put out by Wood Gundy in Toronto. That firm forecasts regularly on a quarterly basis what it anticipates to be the Canadian economic growth in coming years. In October last year they put out a forecast, as well as one in April. It is sad reading. We received a comparison of what Wood Gundy felt would be the Canadian economic situation as of last October, and currently how they feel their forecasts have measured up. By coincidence, those months happen to be the months the Minister of Finance has been tending shop in Canada.

For example, last October Wood Gundy felt that in 1978 the unemployment level in Canada would be 8 per cent. Currently they are indicating that it will be 8.6 per cent. They feel that in 1979 our unemployment level will rise to 9.1 per cent. Only last October they anticipated that it would be 7.8 per cent. Last October they felt the real growth for 1978 would be 4 per cent. Now they have marked that down to 3.8 per cent. More importantly, they anticipated the growth in Canada in 1979 would be 4.1 per cent. Now they see it to be only 3.2 per cent. On all counts they see their October forecasts will not be met, and that our inflation levels in Canada will be higher in 1978 and 1979.

Page 3 of the Wood Gundy report indicates that 1979 will be an even slower year than 1978. Even assuming that the recent sales tax cuts are extended indefinitely, they are now forecasting a 3.8 per cent real growth this year, compared to 4 per cent in their earlier forecast. Also they are forecasting a 3.2 per cent real growth in 1979, compared to 4.1 per cent in their October forecast. Also Wood Gundy have indicated that their figures will be accompanied by an unemployment rate rising to over 9 per cent.

Do I have to say any more to show how inadequate the minister has been in respect of the budgets he has brought in? Not only are the forecasters downgrading the real growth and upgrading inflation and unemployment levels in this country, but we find the government has been systematically underestimating its expenditures and overestimating its revenues. The result is the $11.5 billion deficit we are now living with. Over

20 per cent of the government's total spending ends up in the form of debt.

The provisions of Bill C-56 relating to provincial sales tax reductions are poorly conceived, drafted and explained. I should like to make one thing clear. Bill C-56 is an all-inclusive bill. It gives legislative effect to various measures which were announced in the budget. Many of these measures are welcome. Certainly we in this party welcome them. We supported those measures in the budget debate, and we will continue to support them. Let there be no doubt: these measures are already in effect. They are in place.

In this respect, I should like to refer to page 60 of the budget speech presented by the Minister of Finance on April 10. The effective date for various budgetary measures appears on that page. The reason I dwell on this is that I noticed during question period today that the government is insinuating that if there is any extended debate on Bill C-56, certain budgetary measures will not become the law of the land. That is just not true. That has been spelled out in the minister's budgetary document.

I should like to make the record clear. For example, special allowances to permit deduction from taxable income of 50 per cent of the costs of increases in research and development activity became effective on January 1, 1978. The federal income tax rate reductions in the Northwest Territories to facilitate introduction of a territorial income tax with no tax increase for individuals or corporations became effective on January 1, 1978. Costs of machinery, equipment and other facilities for enhanced oil recovery systems became eligible to earn depletion allowances of $1 for each $2 on April 10, 1978. The limit on the deduction of depletion earned on certain expenditures on non-conventional oil projects increased to 50 per cent of total profit as of April 10, 1978.

Taxfree rollover provisions apply to incorporated family farms as of April 10, 1978. Plans established to upgrade heavy oil manufacturing and processing facilities were effective on April 10, 1978, budget night. Additional capital cost allowances provided on depreciable railway system assets acquired by railways before 1983 were effective on April 10, 1978. As far as the registered retirement savings plan provisions are concerned, according to the minister a special provision will allow RRSP owners reaching age 71 after April 10, 1978 to make use of the new options proposed.

Let there be absolutely no clouding of the issue. Those measures are in place. They are the law of the land. The passage or non-passage of Bill C-56 is immaterial to those provisions being felt by all Canadians. As we debate Bill C-56, I suggest we look at it for what it is. Not only will we be asked to judge whether the government has mishandled a basically good idea, that is, a provincial sales tax reduction concept, but whether they have mishandled it to a point where it is totally unacceptable in its present form as found in Bill C-56.

I should like to review exactly what the government has done in respect of this matter. As has been indicated, the idea was borrowed from one or more provincial governments. It was felt to be a good idea. The government never explained why it chose to go the provincial sales tax route as opposed to the federal sales tax route which could be used as a device to increase the buying power of Canadians. It never explained that because there were political advantages open to the governement which were not open if the federal sales tax approach was followed.

Unfortunately, a federal sales tax of 12 per cent on most items has been left intact. It is one of the most outdated taxes of any industrialized nation in the world. It is inflationary, regressive, and it hits the poor more than any other sector. Unfortunately, the minister did not choose the federal tax, which is entirely within his domain, in order to do whatever he felt was necessary in the form of an incentive to Canadians.

Today the Minister of Finance indicated that intensive negotiations with the provinces of Canada have taken place for three weeks. We understand that certain provinces asked for flexibility. They said, in effect, "If we go along with the provincial sales tax approach, will you give us some flexibility—that is, if we find, as in the case of Manitoba, we would like to divert some funds to some type of job creation in our province as opposed to exclusively lowering our sale tax?" For reasons that are not totally explained by the government it chose to be rigid and said no to Manitoba.

● (1742)

The government negotiated with the provinces on the basis of one agreement for everybody, and that one agreement would exclude Alberta. It would include nine prescribed provinces, and in effect the agreement would work very simply. The government would give up $100 of its tax revenue; that is very clear in Bill C-56 when we look at clause 30. The government would give up $100 of its tax revenue, and that was anticipated to be taken up. The difference was to be taken up, in the case of the eight prescribed provinces, by those provinces adopting companion legislation to increase provincial personal income taxes by $100.

As far as the income tax returns of the residents of the eight prescribed provinces are concerned, one can see that this was a rather simple thing. The federal government would give a credit of $100 and the provincial tax would go up by $100, so the tax simply shifted from being a federal tax to being a provincial tax. That put the provinces into a sufficient revenue position to reduce provincial sales taxes under the agreement this government had with the provinces.

If there was an overrun as far as provincial sales tax expenditure was concerned—that is, in addition to the actual tax revenue the federal government had given to the provinces—the provinces would be getting a consolidated revenue payment. On the other hand, if there was a deficiency it would be reversed and the federal government would get money back. That would be the case when an excess payment had been made in terms of aggregate personal income tax revenue given up by the federal government. In short, that was the working agreement.

The minister confused the issue today when he wrapped himself in the flag and started to talk about equalization

problems, poor provinces and rich provinces. We all understand that to be the case, but we do have a provincial equalization agreement in this country. This is an entirely different matter. The significant thing is that we now have a situation in which, rather than having nine provinces accepting the approach the government outlined, we have only eight. The ninth province, being Quebec, said it did not like the terms laid down by the federal government and wanted the flexibility of reducing provincial sales tax in the form it had in mind.

Frankly, that has been a wise move. First of all, the sales tax was to be reduced by 100 per cent on certain specific items, and the specific items referred to are those that are sluggish in the province of Quebec. That is a smart move. It is a smart move to reduce the tax by 100 per cent rather than a few percentage points. The people understand a 100 per cent reduction much more than they would understand a reduction of from 6 per cent to 3 per cent, or whatever the case may be. Zeroing in on particularly sluggish industries was a good idea, and making this a program for a year was also a good idea. Clearly a one-year time frame did not suit this government, which was anticipating a spring or, certainly, an early fall election.

We are now faced with this problem of what to do when the minister brings in a budget without having an agreement with all the provinces, and subsequently finds he cannot make a satisfactory agreement so brings in Bill C-56, which really by-passes the government of the province of Quebec. It in effect puts into place an $85 payment for any resident of Quebec who lived there on December 31, 1977, providing he pays taxes. What an absolute affront to any provincial government. This in effect is saying that if the province does not join with the bilateral agreement this government will unilaterally go ahead and the province is on its own. If it wishes to increase its taxes, that is its business, but this government is going to make this credit available to its residents whether or not the province likes it.

It is most unfortunate in the context of how this deal has been put together that the government has been so insensitive. Realizing it made a mistake on budget night, surely the government should have hesitated before bringing in Bill C-56 until it had negotiated a more satisfactory arrangement with the province of Quebec.

If this government is now willing to listen to proposals from Quebec, why was it not willing to listen to those proposals before bringing in Bill C-56? Why are we faced with a piece of legislation that is so obviously not to the liking of not only the government of Quebec but of all members of the National Assembly of that province? This is why we feel we must oppose this bill at second reading. How can any member of this House support in principle legislation such as Bill C-56, when he knows it will be so divisive in the country if it ever becomes the law of the land?

If it becomes the law of the land will not the residents of Alberta be taking the right position in saying they should be included? If the government is shifting from an essentially sales tax related type of revenue sharing scheme to an income tax credit arrangement for at least one province, why should the province of Alberta not also be included? Certainly if I were a resident of Alberta I would find most objectionable the fact that, by being a resident of that province, I am deemed to have more wealth than those in other areas of the country and should receive absolutely no benefit. If I were a resident of Quebec I would be getting an income tax credit, or at least if I lived in that province as of December 31, 1977 and paid income tax. Surely the government has created another problem here, setting a precedent by what it has done for Quebec. It will be very difficult for this government to deny the residents of Alberta the same accommodation.

What this means is that more revenue will have to be found to be given back to the citizens of Alberta in order to allow them some equity in relation to what has taken place in Quebec. A colleague of mine suggests they do not care about Alberta. Certainly if one were to read Bill C-56 one would see that not only do they not care about Alberta, they are indifferent to that province.

An hon. Member: Read the bill.

Mr. Stevens: Some of those seals in the back rows on the Liberal side suggest we should read the bill. Clearly they have not read it or they would not be making such a comment.

This is the nub of the problem. Bill C-56 is an indication of the incompetent and inept handling of an arrangement by the federal government involving ten provinces that would have resulted in a provincial sales tax reduction for nine of those provinces. There is nothing wrong with the idea, but this government basically blew it.

• (1752)

In response to a question put earlier the minister said, "If you have a better system, we'll look at it." That seems to be his attitude. He is so over his head in this portfolio that he demonstrates it by seeking help constantly—"Tell me what to do." You cannot run an economy, Mr. Speaker, as this Minister of Finance is attempting to do on a touch and feel system. There has to be a change, or the forecast figures that I put on the record today will be still bleaker come September and October of this year. This country cannot stand the type of economic conditions it is being thrust into by an incompetent government such as we have had for over ten years.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, given the importance of a budget debate, I wonder if this House would be in agreement at this point to calling it six o'clock.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Agreed and so ordered. It being six o'clock p.m., the House stands adjourned until tomorrow at two o'clock p.m., pursuant to Standing Order 2(1).

At six o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, May 18, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

CONDEMNATION OF U.S.S.R. TRIAL AND SENTENCE OF YURI ORLOV—MOTION UNDER S.O. 43

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a motion which I trust will receive the unanimous agreement of the House. I ask leave, on a matter of urgent and pressing necessity, to move a motion under Standing Order 43 which concerns the case of Yuri Orlov, the Russian physicist who has been tried and convicted in the Soviet Union for the so-called crime of forming a group to monitor Russia's human rights performance against the pledges made in the Helsinki agreement. I therefore move, seconded by the Deputy Prime Minister (Mr. MacEachen):

That this House deplores the trial and extremely severe sentence given Yuri Orlov by the Soviet Union for his activities with the Moscow-Helsinki group, activities which in Canada would be perfectly acceptable.

Mr. Speaker: Order, please. Presentation of such a motion for debate, pursuant to Standing Order 43, can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

* * *

AGRICULTURE

BEEF STABILIZATION PAYMENT—MOTION UNDER S.O. 43

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. We were advised some months ago that a stabilization payment would be made to beef producers who marketed cattle for slaughter in the first quarter of 1977, the producers realizing that the Minister of Agriculture probably intended that this payment would be sent out during an election campaign. Now that there is no immediate election coming, I move, seconded by the hon. member for Elgin (Mr. Wise):

That the Minister of Agriculture immediately announce the amount of the payment to be made and make provisions to get this payment into the producers' hands as soon as possible, because we are now well past the first quarter of 1978.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VETERANS AFFAIRS

CALL FOR REVIEW OF 48 PER CENT RULE ON WIDOWS' PENSIONS—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43, and seconded by the hon. member for Sault Ste. Marie (Mr. Symes), I move:

That this House warmly welcomes last week's announcement concerning an increase in the basic rate of the war disability pension and now calls on the Minister of Veterans Affairs to expedite his review of the 48 per cent rule that applies to the pensions of the widows of veterans, it being the view of this House that where the veterans' disability pension was below 48 per cent there should be a prorata pension for his widow as a matter of right.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

CANADA COUNCIL

GRANT TO FACTORY THEATRE LAB OF TORONTO—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgent necessity concerning a matter I have raised several times recently in the House, namely, the giving of Canada Council grants by the Department of the Secretary of State to some very peculiar organizations. I refer specifically to a grant in the amount of $60,000 given to the Factory Theatre Lab of

Toronto which has produced a play entitled "Winter Offensive".

I hope, Mr. Speaker, when I give the words of this motion they will not be offensive to anyone, because they are quoted from *Hansard*. I move, seconded by the hon. member for Central Nova (Mr. MacKay):

Whereas the Secretary of State has made the shocking admission in an answer to my order paper question No. 1,168 that this play includes scenes showing a character smearing his face with human excrement, a wounded man's insides spilling out on the floor, and references to the "insatiable sexual urges and sadistic drives of Mrs. Adolf Eichmann", that the House deplores the minister's refusal to furnish full information to members of parliament on the decision-making process used by the Canada Council for the spending of public funds, and the House demands an immediate parliamentary investigation of the Canada Council.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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FEDERAL-PROVINCIAL RELATIONS

EQUALITY OF PROVINCES IN CONFEDERATION—MOTION UNDER S.O. 43

Mr. Jake Epp (Provencher): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the terms of Standing Order 43. In light of the serious consequences the discussion on taxation has to the unity of this country, considering the federal government has grievously undermined equity and fairness by not bargaining in good faith with the provinces of Canada, and considering the Prime Minister (Mr. Trudeau) is further balkanizing this country by speaking of the Canadian common market as though Canada were some loose conglomeration of sovereign nation states instead of one coherent sovereign entity, I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That this House affirm that Canada is a federal state comprising of a national government for all Canadians, and ten equal provincial partners.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN WHEAT BOARD

SHIPMENT OF GRAIN THROUGH CHURCHILL, MAN.—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Now that grain shipments through Churchill and Prince Rupert have fallen even further behind, and in view of the fact that CIDA grain shipments are under the control of the Canadian Wheat Board and the port of Churchill is capable of handling an additional five million bushels of grain this season, I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That the government take immediate action to direct the Canadian Wheat Board to ship at least a minimum of five million bushels of CIDA grain through the port of Churchill this season.

Mr. Speaker: Presentation of such a motion for debate would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

FINANCE

SALES TAX—EFFECT ON PROVINCES OF DIFFERENT TREATMENT

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the Prime Minister. Yesterday the Prime Minister stated that the same deal on tax room was being offered to all the provinces. I still question that, but the point I want to clarify now is this: will the Prime Minister not concede that the effect of this proposal will be that individuals in the province of Quebec will be affected in a much different way than individuals in the provinces which have agreed to an across-the-board reduction in sales tax, and that that effect will be a sort of reverse means test so that in the province of Quebec only those individuals who have an income high enough to pay income tax will benefit, whereas in the other provinces all purchasers of goods and services will benefit?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, with respect, the hon. lady is confusing two things: the federal action and the provincial response. In so far as the federal action is concerned, it is the same in all provinces which accepted the scheme and it is the same in Quebec. We are cutting taxes and making room so the provinces can increase their income tax. So, from our point of view it is the same in all provinces.

Obviously, what the provinces are delivering is different. Eight of the provinces have said, "Yes, we will agree. We will cut the sales tax across-the-board three points." One province has said, "No, we will not agree. We will cut them in the way we want." So to the extent that they have cut them differently, the hon. lady is right. Mr. Parizeau, the same minister who was so ardently supported by her colleagues on the other side, is responsible for this type of reverse discrimination.

• (1417)

Miss MacDonald (Kingston and the Islands): The Prime Minister is once again using sophistry to cover the discrimination he practices against individuals in different parts of this country. Given that last night the House leader of the Liberal party in the national assembly, Gérard D. Lévesque, said over national radio, "No budget should have been tabled or no final proposal should have been tabled in the House of Commons until the government had made sure that all provincial governments were accepting the plan", will the Prime Minister explain why the federal government did not postpone bringing in its budget until after the budget of the province of Quebec had been brought down and the position of that government had been made clear so that we might have avoided this whole sorry mess?

Mr. Trudeau: Mr. Speaker, I am disappointed in the comments of the hon. lady because she is usually intelligent and would not escape an answer by saying it is sophistry. If she feels that my reasoning is wrong, surely she should follow up by a supplementary. Even if it is not written for her, she should be able to think up one and demonstrate by a question why my answer was not correct. I still maintain that her complaint is one which results from the behaviour of the province of Quebec. As far as the federal government is concerned, we behaved in the same way with regard to all provinces.

In so far as the suggestion that we should have retarded the budget—

Mr. Malone: It was retarded.

Mr. Trudeau: The hon. member says we should have retarded the date of the budget. Under substantial pressure, for which the opposition took credit, we announced a budget date. This date was announced some two or three weeks in advance. Until the very eve of the budget the federal minister was consulting with all the provincial finance ministers. There were complaints, even by the New Democratic Party, that there had been too much consultation because there had been a leak, and as a result of this leak the Leader of the New Democratic Party—

Mr. Broadbent: Sophistry again.

Mr. Trudeau: Take it easy. This is what he said.

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, they do not like to be reminded of their inconsequential actions. However, in this very House the Leader of the New Democratic Party moved that there had been a budget leak and that somehow we should be responsible. The leak came as a result of consultations. What we are now hearing is that we should have retarded the budget. Can you see the Minister of Finance getting up at eight o'clock on the Monday night of the budget to say, "Well, Mr. Parizeau, after three weeks, has not given me an answer, so we will have the budget some other day"? I doubt whether we would have had the support of the hon. lady if we had done that.

Miss MacDonald (Kingston and the Islands): What the Prime Minister is now saying, really, is that a provincial government is being denied the right to make a decision in a field of provincial jurisdiction if that decision does not happen to conform to the dictates of the federal government.

I would like to put my final supplementary to the Minister of Finance. Will the Minister of Finance explain how he proposes to transfer to the province of Quebec the $40 million of tax room which is not being rebated to individual income taxpayers in that province? Will that transfer be by means of a cheque, a method which he rejected yesterday for the other $186 million, or will he perhaps be proceeding to deliver it to Mr. Parizeau in a brown paper bag?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I would like to reply to the previous questions. I think that Mr. Parizeau came 48 hours later with a precise proposition that was completely different and unacceptable to the federal government and the finance ministers of this country who had accepted my proposition. I have not tried to blackmail them at all. I made a proposition. I said I would withdraw from the income tax field for them to come in. Mr. Parizeau, of course, did not want to come in. He would like me to send him a cheque.

However, in Quebec they have to collect their own money. He does not want now to collect his own income tax. I am reducing my tax and in Quebec I can only reduce it by rebating the tax to the taxpayers in Quebec. However, if Mr. Parizeau, because they have been collecting their own tax since 1954, wants to have the money, he can raise the difference. We said in a letter to Mr. Parizeau at the time of the counterproposal that for the part of the sales tax that he has conformed with the plan, we were willing to do so.

• (1422)

[*Translation*]

SALES TAX—INQUIRY WHETHER GOVERNMENT READY TO ACCEPT QUEBEC'S PROPOSAL

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to put a question to the Minister of Finance.

Considering that it is now obvious that implementing the reimbursement policy announced this week for Quebec would cost at least $3 million to the Canadian taxpayers and, considering that it has been announced in the Canadian press that another textile plant will be closed in Quebec, would the Minister of Finance and this government be now prepared to accept the sales tax policy presented by the Quebec legislature?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not see any relation between that problem and a textile plant closing in Quebec. In reply to the question which the hon. member is asking me, I will tell him that Mr. Parizeau

stated today that he will have to spend money to collect his taxes. This is the argument which we have been putting forward since 1954. The fact that Quebec has its own revenue department compels them to pay for the duplication of that service. To avoid that, they should abolish their national revenue department and we would collect their income tax as we do for the other provinces and we are prepared to make them that proposal.

Mr. Grafftey: Mr. Speaker, I should like to put a supplementary question. It is obvious that the policy announced by the Quebec government will help the textile industry.

[*English*]

SALES TAX—REQUEST FOR WITHDRAWAL OF BILL C-56

Mr. Heward Grafftey (Brome-Missisquoi): My supplementary question is directed to the Prime Minister. Considering that during the last three days, especially since yesterday in spite of what the Prime Minister said in this House then, Canadians and provincial leaders from coast to coast have felt we now have one set of policies for Quebec and another for the rest of Canada, and considering that yesterday it was proven that the minister of finance for the province of Quebec objected clearly last March to accepting the proposals of the budget, for national unity as well as for economic reasons will the government now take Bill C-56 off the order paper and convene a federal-provincial meeting immediately to rectify this situation once and for all?

Right Hon. P. E. Trudeau (Prime Minister): I would be interested in knowing why the hon. member says it is proven that Mr. Parizeau rejected this scheme, when he had repeatedly stated that he had not decided one way or another. Why would the hon. member smuggle that word in?

SALES TAX CUTS—EFFECT ON INDUSTRY

Mr. Edward Broadbent (Oshawa-Whitby): It is clear the Prime Minister's miasma is bothering him today, considering that yesterday he said in the House:

In the case of Quebec the sales tax has been cut in a different manner which seems to destroy the idea of a national common market and which seems to favour only jobs in the province of Quebec.

Is the Prime Minister aware that in almost all the sectors from which the Quebec sales tax has been removed, more goods are produced by other countries or by other provinces than are produced by Quebec?

Right Hon. P. E. Trudeau (Prime Minister): The point I was making is made by the Parti Québécois itself and by its members. I have a letter here from one of the members supporting the PQ. This is the propaganda they are sending around. They are bragging about the way in which they cut taxes. Rather than do it as the other provinces did it, they did it in a way which would encourage Quebec industries, not Canadian industry.

• (1427)

[*Translation*]

Since the Quebec government wishes to encourage Quebec industries . . . we made this decision with the interests of Quebec and Quebeckers in mind, in order to protect our industries and consumers in the sectors where the needs of the people are greatest.

[*English*]

This may be a virtuous position for one who believes in provincial autonomy and even more in separation; but, once again, what the federal minister tried to do was put together a scheme which would apply across the country and which would not call for each province to protect its own industries as much as it could. That is why the scheme put forward by Mr. Parizeau was not put forward, as the federal minister says, during the discussions, because he knew full well that if he had said, "I will do this for four industries which are helpful to Quebeckers", Mr. McKeough of Ontario would have said, "I will have a selective tax cut, too, on things which are produced essentially in Ontario".

An hon. Member: Automobiles?

Mr. Trudeau: Automobiles; and British Columbia would have said, "We will do the same thing for industries which produce essentially in British Columbia". Hon. members opposite should understand that this would have been contrary to the interests of the whole nation, where the tax should apply equally to everyone.

Mr. Clark: Use your federal sales tax.

Mr. Trudeau: Once again, hon. members opposite think that Mr. Parizeau was right. If they think he was right, our answer is, why did he not make that suggestion when the discussions were going on directly for three weeks? The reason he did not was that he wanted to have a better deal for himself after the others had locked themselves in. I am surprised that hon. members opposite cannot yet understand this.

Mr. Clark: Why did you fall into the trap?

Mr. Broadbent: Mr. Speaker, I hope we on this side of the House are given equal time to reply to these speeches. I would ask the Prime Minister to answer the question. This is the first time I have ever heard him quoting a Parti Québécois source to support his argument.

Would the Prime Minister answer the question: it was put in straightforward terms. Is he aware that in most of the sectors where the Quebec government has cut the tax, the goods sold in that province are either produced in greater numbers outside Quebec in other provinces or in other countries and, if that is so, does that not make a complete mockery of the argument the Prime Minister has made in this House with whatever source of evidence, PQ or otherwise, he has used to support his argument?

Mr. Trudeau: No, Mr. Speaker, it does not. I recognize that some goods more than others are imported into Quebec, and I realize that Quebec could not conceivably cut the tax only on

things which are produced only in Quebec. That is not the way this country operates. Quebec could have not selected, but it is clear that the intention was to select those areas which would help Quebec in particular.

Mr. Broadbent: It helps Ontario more.

Mr. Trudeau: I am admitting that they could not select those goods which are produced only in Quebec any more than, obviously, the maritimes could select goods which are produced only in the maritimes, because there are very few goods manufactured in the maritimes. However, it should be obvious even to hon. members opposite—and I refer to the letter I was quoting and, indeed, to Mr. Parizeau's own arguments—that they tried to select those industries which would help Quebeckers rather than the Canadian common market.

Mr. Broadbent: Mr. Speaker, the absurdity of the Prime Minister's arguments is revealing. For example, of all the cars purchased in Ontario, only one-fifth are produced in that province. I ask the Prime Minister to check with his colleague the Minister of Finance and get him to produce for his benefit, and then to table for all members of the House, an assessment which has been done by the federal Department of Finance on Mr. Parizeau's proposals. When he does that, will he make a statement on the fact that that assessment done by the federal Department of Finance reaches the conclusion, both in terms of equity and of job creation on a national basis, that Mr. Parizeau's proposal was better than that presented by the Government of Canada?

Mr. Trudeau: Mr. Speaker, I cannot agree with the premises of the question and, obviously, neither could the treasurer of Ontario. When he cut the tax on automobiles in the province of Ontario a year or two ago, he was obviously trying to help the auto industry in Ontario. The hon. member should know a little bit about that. He was not saying, "I am not going to cut the tax on automobiles because we also import"—

● (1432)

Some hon. Members: Oh, oh!

Mr. Trudeau: Listen to the answer and maybe you will understand it. He was not saying, "I am not going to cut the tax on automobiles because we import automobiles in Ontario". He was saying, "This is my way of helping the automobile industry in Ontario". He was not trying to help the Japanese or the Swedes; he was trying to help the Ontario automobile producers. I think the hon. member should make a study of that, and he might understand it.

[*Translation*]

TRANSPORT

TRANSFER OF CERTAIN WHARVES ALONG ST. LAWRENCE RIVER—GOVERNMENT POSITION

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is for the Minister of Transport.

In view of the fact that the Minister of Finance indicated yesterday in his very elaborate speech that his administrative decisions always take into account the fact that Quebec is still part of Confederation, and I fully agree with that, could the Minister of Transport advise the House whether the negotiations between Ottawa and Quebec City concerning the transfer of certain wharves along the St. Lawrence River have progressed over the last months, or whether they have bogged down because of the discussions on the notorious sales tax issue? If negotiations are still going on, could the minister indicate what stage they have reached and whether we can at last expect to find a solution to this problem?

[*English*]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I can say that very little progress is being made, but this is certainly not related to any recent event: it has been the state of affairs for some time. In the meantime, however, we have spent money on the improvement of a variety of wharves within our jurisdiction for the benefit of the areas concerned.

[*Translation*]

Mr. Lambert (Bellechasse): I would like to ask a supplementary question, Mr. Speaker.

I thank the minister for his answer. I know that some communication wharves have been improved. My supplementary question is this: considering that residents of Île aux Grues, which is located in the riding of Bellechasse, the most beautiful in Canada, are faced with a difficult situation because of a lack of communications with the main land and that there seems to be problems in negotiating an agreement on the improvements to be made to the wharf of Île aux Grues, would the minister tell the House whether or not his officials are really working hard to resolve this problem as quickly as possible? I suggest that in doing so he would help eliminate problems elsewhere in the province of Quebec because, all told, the entire province is conscious of this situation.

[*English*]

Mr. Lang: I will certainly ask my officials for a report on that particular case.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I have a supplementary question. In view of the fact that the Department of Public Works—I see that the minister has left the House. I will wait to ask him my question on some other occasion.

Oral Questions

[*English*]

FINANCE

SALES TAX—REASON FOR NOT ACCEPTING MANITOBA'S PROPOSAL TO CREATE JOBS

Mr. Jake Epp (Provencher): Mr. Speaker, my question is directed to the Minister of Finance. Notwithstanding the fact that Manitoba is now bound and committed to going along with the sales tax proposal, could the minister explain why he, according to his own statements in the House yesterday, was willing to accept counterproposals from British Columbia and Saskatchewan and to discuss these proposals with other provinces, while he rules out the Manitoba proposal of applying part of the so-called tax room for job creation?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it is very simple. I had talked with all the ministers about the concept that we were discussing and I had their views. In fact, the last minister to whom I talked was the minister of finance of Manitoba when I came back from my trip out west. After the discussions I had with the other ministers I realized that the proposal, if applied, would not have been a successful one and I said to them that it was outside the proposition I was making, which was to stimulate the economy through the sales tax, which is not what Manitoba's proposal would accomplish.

Mr. Epp: Mr. Speaker, I have a straightforward question for the minister. Did the minister, in fact, take the Manitoba proposal on tax room regarding job creation to the other provinces for consultation, or did he reject the Manitoba proposal out of hand, without any consultation?

Mr. Chrétien: Mr. Speaker, my attempt was to induce all the provinces to agree to cut sales taxes altogether. Of course, the proposition for job creation was outside the mandate I had to discuss with the provinces. I discussed its pros and cons with the ministers, and I told the Manitoba minister on the spot that I did not think his proposal was relevant to the proposition I was making and I could not accept it. I was already well aware of the views of the ministers on other aspects which had been ruled unacceptable.

Mr. Clark: Double-standard.

* * *

NATIONAL REVENUE

POLITICAL ACTIVITIES OF CHARITABLE ORGANIZATIONS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to direct my question to the Minister of National Health and Welfare in her capacity as Acting Minister of National Revenue. Yesterday, in the Standing Committee on Finance, Trade and Economic Affairs, the Minister of National Revenue issued a statement supposedly clarifying the government's position on the withdrawn circular on regulations regarding political activities of charitable organizations. But the minister has only confounded and confused the issue.

[Mr. Lambert (Bellechasse).]

I ask the acting minister whether it is the government's position that if a registered charitable organization in Canada, such as one of the churches, engages in a peaceful demonstration which is a political activity, as is their democratic right, that church or organization, under those circumstances, would be in violation of the regulations and would have its tax status withdrawn.

Hon. Monique Bégin (Acting Minister of National Revenue): Mr. Speaker, we do not yet know if that specific type of activity would be assessed as conforming to the law or as outside the act. I hope the hon. member is not trying to play one minister against another because one of them sits in the other place and the other is a member of the House. I will want to see the record of the committee discussions which took place. What I said in the House is that circular 78-3 was withdrawn and is being studied to define what democratic political activities are permitted under the Income Tax Act.

Mr. McGrath: Mr. Speaker, unfortunately, I do not have the right to question in the House the Minister of National Revenue; I only have the acting minister. I am not trying to put words in her mouth; I merely want to ask her if it is the government's position, as stated yesterday in the committee by the Minister of National Revenue and the Deputy Minister of National Revenue, that if a charitable organization such as a church engages in peaceful demonstrations on Parliament Hill, at Queen's Park or at Quebec City, for any cause such as pro-life, anti-abortion or capital punishment, this activity would be designated as a political activity and it would lose its tax exempt status.

If that is the position of the government as stated by the minister, I ask the acting minister, on behalf of all reasonable Canadians, whether that ridiculous regulation will be withdrawn forthwith.

[*Translation*]

Miss Bégin: I will attempt to answer in French this time, Mr. Speaker. Circular 78-3 has been withdrawn to give the parties involved a chance to make an in-depth study of political activities which will be acceptable with respect to charitable donations under the Income Tax Act. The hon. member is now referring to a discussion between members of a House committee, between the minister and his deputy minister where people were evidently examining certain types of activities. That is now under study and it is not up to me to answer now in the House. The moment the new circular is ready, it will be tabled and circulated as are other circulars of the Department of National Revenue.

● (1442)

[*English*]

Mr. McGrath: Mr. Speaker, the regulations in the circular may have been withdrawn, but as the minister himself stated, the intent obviously has not been withdrawn. I quote from the statement the minister made yesterday in the committee. He said:

—we have to draw the line somewhere and that it has been drawn at highly organized attempts to influence a government for a purpose "particular to the organization".

I ask the Minister of National Health and Welfare, if that is the policy of the government, will the government review that policy with a view to withdrawing it, or at least issue further clarification so that churches and legitimate organizations which enjoy tax exemption as charitable organizations will know where they stand?

Miss Bégin: Mr. Speaker, I was not present at that committee meeting yesterday, and for the third time I would ask that I be given an opportunity to read the minister's remarks. Then perhaps I will be able to answer the question.

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TRANSPORT

BARRINGTON, N.S.—SONIC BOOMS CAUSED BY JET OVERFLIGHTS

Miss Coline Campbell (South Western Nova): Mr. Speaker, my question is directed to the Minister of Transport. Have the minister's officials made him aware of the fact that people in the Barrington area of Nova Scotia are still experiencing severe shockwaves or sonic booms due to Concorde flights, and that an increase in supersonic flights to John F. Kennedy airport is being contemplated? If that is the case, is the minister prepared to discuss the situation with his counterpart in the United States, with a view to alleviating the problem in South Western Nova?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am aware of the problem and, indeed, my officials have examined the problem of sonic booms. At our request, the flightways of the Concorde have been moved a number of miles farther away from the coastal area. That, however, has not stopped the problem. In addition, it appears that some of the booms may be caused by a source other than the Concorde, and we are not exactly sure what that is. We have on its way, thanks to a loan from the American authorities, some sensitive equipment which may help us track the source of the particular booms still being experienced.

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SUPPLY AND SERVICES

CRITERIA USED IN CALLING FOR TENDERS

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is to the Minister of Supply and Services: concerns the questionable tendering practices of this government. The Canadian Association of Data Processing Service Organizations has charged that more than $2 million in government contracts was awarded to a Quebec-based computer firm, not because it submitted the lowest bid but, rather, in the words of the Minister of Supply and Services, because of "socio economic considerations."

In view of this, I would ask the minister why arbitrary criteria such as "socio economic considerations" have replaced the bidding procedure as the determining factor in awarding government contracts for computer-related work.

[*Translation*]

Hon. Jean-Pierre Goyer (Minister of Supply and Services): Mr. Speaker, the hon. member starts off with an unfounded premise. In fact, the contracts were awarded after public calls for tenders were issued, either to the firm in question or to other firms across Canada. As for the contract mentioned in the Ottawa *Citizen* article, I want to reassure the hon. member that in this case three companies submitted the same bid, that they were all highly qualified to carry out the contract, and that in the end it was decided to award the contract to IST, a Quebec firm.

It is normal that we should try to even out government purchases in the country. I have sometimes tried to favour the western provinces, sometimes the maritimes, and in this particular case I favoured a Quebec firm. One must recall that in 1977-78, 78 per cent of the electronic data processing contracts were awarded to Ontario companies. I think it is fair and just that we should try to give other companies a reasonable share of the market when they are qualified, and that is what happened.

[*English*]

Mr. McKenzie: Mr. Speaker, in view of the fact that computer firms spend between $20,000 and $60,000 on their bids on government tenders, and in view of the fact that "socio economic considerations", which is apparently a new terminology for "patronage", seem to have compelled the minister to grant the contracts to the Quebec firm despite lower bids from other firms, will the minister be kind enough to advise the non-Quebec firms to refrain from bidding, thus saving them a lot of money, since they stand no chance of being successful in their bids?

Mr. Speaker: The hon. member for Yorkton-Melville.

* * *

CONSUMER AFFAIRS

DISTRIBUTION OF POTENTIALLY DANGEROUS FEEDING BOTTLES

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is to the Minister of Consumer and Corporate Affairs. I ask the minister whether he is aware that a gift pack which is given out by most hospitals to new mothers when they leave hospital contains a glass bottle which the three companies that produce the bottle say is potentially dangerous because it is made of regular glass and tends to fragment when heated or sterilized or has warm formula put in it, thus being dangerous in that the infant might be consuming glass on drinking the formula or milk? Is the minister aware of that and, if so, what is he going to do about it?

I am aware, Mr. Speaker, that the hazardous products branch yesterday, acting on information which we originally gave them, sent a telex to each of the companies expressing concern. I would like to know if the minister is going to do more than just express concern, because this may be a serious health hazard for infants.

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, we are aware of this situation. The information we now have indicates that these bottles should not be re-used. Our department will be working with the manufacturers of these bottles and other feeding systems to ensure that the hazards are clearly declared on the package and that other measures are taken to prevent their misuse.

Mr. Nystrom: Mr. Speaker, I have with me a letter from Ross Laboratories which reads in part:

They are designed to be used only once and then should be discarded.

They are made of regular glass which has a low resistance to heat shock.

From our survey, we found that many mothers and some hospitals use these bottles more than once. I ask the minister whether he will go further and ban this gift pack altogether from hospitals.

Mr. Allmand: Mr. Speaker, the hon. member is correct; the bottles should be used only once. But whether we should go as far as banning the gift packs has not been considered. However, we will look into that question.

Mr. Nystrom: Mr. Speaker, I wonder if the Minister of Consumer and Corporate Affairs would consult his colleague, the Minister of National Health and Welfare, about the nutritional value of the other contents of the gift pack and ask whether she thinks it is wise that hospitals should be promoting baby foods such as this, which is really junk food, rather than promoting babies being fed in the natural way, which is breast feeding.

Mr. Allmand: Mr. Speaker, I am not in a position to make a judgment about the nutritional value of the pack in comparison with breast feeding, but I would be pleased to consult my hon. colleague about this.

* * *

FISHERIES

LICENSING OF FREEZER TRAWLERS ON ATLANTIC COAST

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct a question to the Minister of Fisheries and the Environment. In view of the fact that the Minister of Fisheries has now backed down from his arbitrary regulations as they apply to the scallop fishermen of Nova Scotia, and in view of the fact that a golden opportunity now exists in Atlantic Canada for catching under-utilized species such as silver hake, capelin, squid, offshore mackerel and grenadier, as stated by the processors of some 16 major companies in Nova Scotia, where they say they are convinced of the viability of freezer trawlers which they are prepared to lease or buy without Ottawa's assistance, is the minister prepared to listen to the voice of the people within the industry and permit the licensing of a limited number of freezer trawlers as a start toward establishing a new segment of the fishing industry in Atlantic Canada?

[Mr. Nystrom.]

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, the consultation which took place between the offshore and the inshore fishermen at which they expressed readiness to look at a new regime for the Georges Bank should not be seen as a back down, but should simply be seen as an improvement and an acceptance on the part of the Bay of Fundy fleet to keep the catch level where it was in the past and not to keep increasing it.

I will be looking at the recommendations of the fishermen, and if they are acceptable I will, of course, approve them, because it is my constant approach that the fishermen themselves should have a strong voice in regulating their own fishery.

As for the point made by the hon. member, I would remind him that I do not have on my desk applications for freezer trawler licences which do not contain clauses which would allow these vessels to have access to cod, flounder or redfish. If it is only for silver hake, round-nosed grenadier and the underutilized species, my door is open.

● (1452)

Mr. Crouse: A supplementary question, Mr. Speaker. In light of the charges that have been made about lack of consultation among the minister, the provincial ministers and the industry, would the minister agree to consult the representatives of the major processors in Nova Scotia so that he will at least be informed of their views as they apply to establishing a new industry in Atlantic Canada?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, the very day last week when the hon. member was participating in a special debate on the absence of consultation was the day that the offshore committee on groundfish in the Atlantic, which would cover the type of subject the hon. member talks about, was meeting. If my memory serves me correctly, it met for two days in Halifax. The provinces, the industry, the fishermen and the departments of fisheries are fully represented on that committee.

* * *

INDIAN AFFAIRS

FISH LAKE, B.C.—CONTRACT WITH TOOSEY INDIAN BAND

Mr. Jack Pearsall (Coast Chilcotin): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development, but in his absence I will direct it to his parliamentary secretary. I have been advised that a contract entered into by the Department of Indian Affairs and Northern Development and the Toosey Indian Band in the Chilcotin part of my riding has fallen through.

Mr. Speaker, I ask the parliamentary secretary if he can explain to me why the Fish Lake complex has been delayed for many months, when the Toosey Indian council met with me and Indian Affairs officials here in Ottawa and to my knowledge a bona fide contract was agreed to.

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, it is true that the Minister of Indian Affairs and Northern Development agreed to transfer the complex of buildings at Fish Lake and gave the band the assurance it would be done very quickly. On looking into it, however, and on proceeding with the transfer we came across some legal complexities that took a great deal of time to work out. In addition, it was necessary to negotiate an agreement between two departments.

I apologize to the hon. member and, through him, to the band for the delay. It was not in keeping with the undertaking given two or three months ago, and we will make every effort to have things completed by June 1.

* * *

FINANCE

SALES TAX—NEWFOUNDLAND PROPOSALS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the Minister of Finance. The minister has said that he consulted the provinces before April 10 on his sales tax scheme, before he took his swan dive, in the sense that he sought information or advice from the provinces on that scheme.

As it relates to the province of Newfoundland, did the minister of finance of that province suggest that the reduction should be for a longer period than six months on the sales tax, and how long did it take the minister to think about that and reject the advice?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the ministers of finance made all kinds of suggestions during the negotiations and the minister of finance of Newfoundland, along with others, suggested the possibility of extending the period. Of course, as we pay the whole amount in the case of the maritimes, they would have preferred that the cut be in effect for more than six months. On the other hand, other ministers had to contribute. Besides, under the circumstances, the federal treasury could not apply this measure for more than six months.

[*English*]

Mr. Crosbie: A supplementary question, Mr. Speaker. Is the minister saying that because the four Atlantic provinces were offered 100 per cent compensation by the federal government, anything they had to suggest or say was not taken into consideration? Is that the kind of consultation there is with the economically depressed provinces in this country, that any views they have are to be ignored because they are not making their own contribution? Is that the kind of consultation that went on?

Mr. Chrétien: Mr. Speaker, that is absolutely not what we said. They made the suggestion. I have looked into that. I have only to cite the minister of finance of Ontario who was asked the same question after the budget and said he was not willing to go for more than six months. For one reason, he could not afford it.

SALES TAX—STATEMENT OF QUEBEC MINISTER OF FINANCE ON ACCEPTANCE OF PROPOSALS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Finance. The minister will have noted news reports from Quebec by Canadian Press which quote Mr. Parizeau as saying:

> I repeat that I never accepted the Chrétien plan for sales taxes; that he knew of it at that time and that he was told so again not on the eve but the very afternoon that he tabled his plan in the House.

Is it the position of the Government of Canada that Mr. Parizeau, in making that statement was, if I may employ this phrase, "deliberately misleading" the National Assembly?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think if he said he has not accepted the plan, of course he has not accepted the plan. He said, "I will give you the answer after the budget" and he gave me the answer 48 hours later. What I have said is that he never rejected or accepted definitively the plans before the budget. In fact, he said so himself when he said to me—and I put it in my speech—that I was to receive an answer from him in the next few days. If he had already given me the answer, why would he have asked for two more days before replying?

Mr. Clark: A supplementary question, Mr. Speaker. Coming back to the mistake on the part of the minister which caused this problem, why did the Minister of Finance proceed with a proposal that involved the movement of the Government of Canada into the jurisdiction of the province of Quebec without the agreement of the province of Quebec to that interference?

Mr. Chrétien: Mr. Speaker, what we always said and always affirmed is that we were to cut our income tax and vacate the field so that the provincial government could move in. Mr. Parizeau did not want to say yes or no before that. He knew what was happening in other provinces. I had to proceed with my budget. The eight other ministers whom I consulted were in agreement with that scheme and had the approval of their cabinets. Mr. Parizeau did not want to go ahead. But I had a budget and I had to proceed with it, and that is exactly what I did.

Mr. Clark: A final supplementary question. Does the minister not recognize that he could have avoided all this difficulty, all this disruption in the nation, all this discord in the Liberal party in the province of Quebec, had he simply taken the precaution of ensuring that before the Government of Canada

acted on a means to invade a provincial jurisdiction, it had the absolute, firm and concrete agreement of all the provinces?

Mr. Chrétien: Mr. Speaker, I gave enough notice to the government of Quebec of our plans. We were not interfering in provincial fields; we were offering them compensation. We have the right to do what we want with our taxes, because that is our jurisdiction. What we are doing is reducing the taxes in Quebec at this time; we are reducing the income tax in Quebec as we have in other provinces. If Mr. Parizeau wants to get the money back, he can raise his taxes, as all the other treasurers did and as I did when I introduced my budget.

* * *

TRANSPORT

SLOW MOVEMENT OF GRAIN THROUGH VANCOUVER AND PRINCE RUPERT, B.C.

Mr. Arnold Malone (Battle River): Mr. Speaker, my question is for the Minister of Transport. I should like to ask him if he would reverse his position of blaming the shipping companies for the slowdown in the movement of grain from the port of Vancouver and the port of Prince Rupert, in view of the fact that J.S. MacInnes, president of the Vancouver-based North Pacific Shipping Company, says there is clearly poor communication between ships coming from China and that the fault lies in the fact that there is not enough grain in the grain elevators at those ports.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, once again the hon. member made a false statement in his opening remarks. I did not say that it was the ships and only the ships, but I did indicate that part of our problem with the delay on the west coast was the delay in ship arrivals during December and into January. I have the evidence of the Canadian Wheat Board's telegram in that regard.

Subsequent to that time, the fact that we had a record program, a very, very full program under way meant that it would be very difficult to catch up in the short period of time. In addition to that, we had great difficulties on the prairies with snowfalls, particularly as far as Canadian Pacific lines were concerned. We had some bridge outages which interfered with ordinary performance and stopped us catching up faster.

Mr. Malone: A supplementary question, Mr. Speaker. If the minister is taking the position that the fault is not with the ships, how can he justify the 13 ships that are waiting, costing some $4,000 per day in demurrage charges, and the fact that berths in the ports of Vancouver and Prince Rupert are one-third empty and lack of certain grades of grain for shipment is causing this? What steps is the minister taking to rectify the movement of grain from the prairies to the ports so that these ships can be filled?

Mr. Lang: Mr. Speaker, any precise figure on demurrage is completely imaginary; the hon. member knows that. The position I am taking is that without doubt the Canadian Wheat Board is doing the best job possible to encourage the right kind of grain to be in Vancouver at the time the ships arrive.

The railways have been trying to put additional railway cars into the movement. I am not satisfied with their performance in total, but I recognize they are under severe pressure. This year, for instance, there is a great movement of potash; the usual movement of cars from potash to grain may not occur, so our difficulties will continue. It is important to recognize that this is all happening in the face of moving probably a record volume of grain out of the country in the course of this year.

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POINT OF ORDER

MR. STEVENS—BILL C-56

Mr. Speaker: Order, please. Yesterday the hon. member for York-Simcoe, by way of a point of order, raised a concern about the relationship between the present Bill C-56 and the ways and means motion which preceded it. We have given the matter very careful and extensive study. I regret at the moment that I am unable to finalize the ruling on the point of order. It has raised a number of considerations.

● (1502)

I do not think there is much difficulty in the relationship between the ways and means motion and the measure, since the measure does not propose a tax increase but a tax reduction, and the question is whether a ways and means motion is in fact required. Therefore, the whole general relationship between the two has brought into focus a matter which requires considerable study. We are doing that. I want to assure the House that we worked at it all morning. However, it will require more time before we can finalize it. I will try to do it as expeditiously as possible. If I do not do it later this day I would indicate as soon as possible to the House when I will do it, probably by tomorrow at noon.

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. Could I ask the government House leader the usual business question? Perhaps I may preface it with this remark. The Prime Minister (Mr. Trudeau) in his press conference last week indicated that it was his expectation that parliament would be adjourning, or this part of the parliamentary session would end, on June 30. This was either his expectation or his hope. I assume that he was not just speaking for himself but on behalf of the government. Given that situation, and given the legislative program which is at least potentially before us on the order paper, is the minister in a position, on behalf of the government, to indicate to us if that expectation is to be met? Specifically, what pieces of legisla-

tion would the government like to see cleared from the House by June 30 which was the Prime Minister's expected date?

While he is on his feet and answering the question, could he deal with the veterans legislation promised in the speech of the hon. Minister of Veterans Affairs (Mr. MacDonald) which we have undertaken to deal with expeditiously, and would it be possible for him to designate next Tuesday as an allotted day in accordance with our understanding?

Mr. MacEachen: Mr. Speaker, yes, I will designate Tuesday next as an opposition day.

In reply to the questions raised by the hon. member for Grenville-Carleton (Mr. Baker), I would say it is certainly my objective to have this session adjourned or prorogued by the end of June, not later than that. As the hon. member knows, there are a great number of bills on the order paper. Even an optimist like myself would hardly hope that the House would deal with them all before the end of June. Certainly I would want to deal with the income tax bill and the customs tariff bill, both emanating from the budget. There are some bills in committee to which I attach priority; the bill to provide additional funds for the Export Development Corporation is important. The bill relating to language of trial is important. Of course I have my eye on Bill C-28, relating to the Public Service Staff Relations Act. Whether it is realistic to suggest it could be completed in all its stages before the end of June is a matter of question. That is another bill to which I attach considerable priority.

I can add other bills. But these are among the bills with which I would like to have dealt. However, it would all depend on how long the House will take dealing with the income tax bill and the customs tariff bill, and as well there is the considerable number of allotted days which have to be dealt with before the end of June.

Mr. Baker (Grenville-Carleton): Mr. Speaker, the minister knows that there are a certain number of opposition or allotted days which are provided by standing order. There is nothing very much we can do with that. If we subtract them from the total number of parliamentary days available up to the end of June, it leaves less than 20 government days. It is useless for us to talk about a long list of legislation on the order paper.

Maybe the government House leader would like to approach it from the point of view of the bills that are not essential. I do not know. But given that expectation by the Prime Minister,—and he may not be able to do it today,—of June 30, I think the government House leader owes the House a definite statement on what legislation is considered essential by June 30 if the House is to meet the Prime Minister's date of expectation.

If there is any new legislation to go on the order paper, aside from the Bank Act which appears there today and which is an extensive piece of legislation which I do not think could be dealt with reasonably by that time, I think we should know that. If there is none, what legislation precisely does the government have to have? It would be nice to have a definite answer to that question at this time since the Prime Minister has expressed a definite desire on behalf of the government, I presume, to be out by June 30.

Mr. MacEachen: Mr. Speaker, I believe the request made by the hon. member is an understandable and justified one. I have attempted to provide my list at this stage which contains the budget bills, the language of trial and the Export Development Corporation bills. I have mentioned the difficulties we would experience in trying to get Bill C-28 before the House, to which I attach considerable priority. There is a measure relating to the veterans pension which has to be brought in and which, I understand, would be passed quickly. I may have another measure relating to social welfare that might be passed quickly, also in conjunction with the disability pension. That would be a matter for consultation with party representatives. That is my list.

There may be other measures that will come in. When they do, I will have to come to the House and say, "This is an item I would like to get through before the end of June." Certainly the objective is to terminate the session by the end of June. I understand the difficulties, but I cannot go beyond what I have said today, which is a reasonably candid explanation of where I think I am going.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I confirm what is already realized, that any attempt to proceed with Bill C-28 would play havoc with any adjournment by the end of June. May I thank the minister for his assurance that the bill regarding the basic rate of the war disability pension will be introduced. So far as we are concerned we stand by our earlier commitment to deal with that bill very quickly.

I have one other question which is a repetition of a question asked a week or so ago: will there be a bill to establish the department of fisheries and oceans separate from the Department of the Environment before the end of June?

Mr. MacEachen: Mr. Speaker, there very well may be, but I cannot be absolutely certain today. I believe that if we get an understanding to do it quickly it may be possible for me to bring in that bill. There has been a severance within the department and a general agreement on the creation of a single department of fisheries which has been partially achieved by order in council. I believe the final touch has to be provided through legislation. I will try to get a definite answer for the hon. member, and tell him as soon as possible.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, perhaps we could have consultation on these matters very soon.

• (1512)

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, on the point of order, I should like to say that as far as our party is concerned, we have always felt that we should co-operate as much as possible with the government in the introduction and adoption of priority bills.

We have also repeatedly expressed the opinion that we should plan our sessions, set both the starting and closing dates, in order to enable the members, which I think is quite legitimate, to spend some time with their families throughout the year. We have suggested it in the past and I do so again: we should try as much as possible to plan our work so that it fits in with the school year.

To my mind, the government should make an effort towards that aim and parties could agree amongst themselves about programming our work for the session in that way. Mr. Speaker, I take this opportunity to bring up again a very interesting suggestion that would spare us a considerable waste of time in our work, that is, that general elections be held on a set date. I draw the attention of the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) on that point, so that we might study it very seriously in every party. We are all here to manage as best we can the business of this country, and the suspense that always accompanies the possibility of a general election always plays havoc with the normal course of our work. I feel that we should, like intelligent people, reflect on those two matters: namely, a set date for general elections, and set dates for our sessions. If we could agree on them like intelligent people, we would give the country, I am sure, a more efficient administration, and the people would be very pleased with our decisions.

ROUTINE PROCEEDINGS

[*Translation*]

BANKS AND BANKING LAW REVISION ACT, 1978

MEASURE RESPECTING BANKING

Hon. Jean Chrétien (Minister of Finance) moved for leave to introduce Bill C-57, to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof.

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

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 467, 1,304 and 1,469.

[Mr. Lambert (Bellechasse).]

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

[*Text*]

QUEBEC ELECTRONICIANS ASSOCIATION

Question No. 467—**Mr. Schellenberger:**

1. Has the government awarded financial assistance to the Quebec Electronicians Association in the past ten years and, if so (a) in which years were funds awarded (b) for what reason (c) what was the amount awarded in each year (d) to whom was the money paid (e) under what programme was the money awarded and what is the criteria for eligibility?

2. Is the government presently involved in allocating funds to the Quebec Electronicians Association and, if so (a) for what reason (b) in what amount?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Communications, Industry, Trade and Commerce, Labour and Science and Technology as follows: no.

ARSENIC POLLUTION

Question No. 1,304—**Mr. Leggatt:**

Are steps being taken by the Department of Fisheries and the Environment and/or the Department of National Health and Welfare to mitigate the problem concerning the effects of arsenic pollution on human hearing and, if so, what are such steps?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of National Health and Welfare is concerned: the Department of National Health and Welfare does not consider the effect of arsenic pollution on human hearing to be of such significance as to warrant an investigation at the present time. In so far as the Department of Fisheries and the Environment is concerned: no.

NEW HORIZONS PROGRAM

Question No. 1,469—**Mr. Allard:**

1. Since the implementation of the New Horizons Programme, did the government allocate money to the Constituency of Rimouski and, if so, in what amount?

2. For each project accepted, what was the (a) name of the project (b) amount allocated (c) year of acceptance (d) name of the municipality involved (e) number of jobs created?

Hon. Monique Bégin (Minister of National Health and Welfare): Yes.

List of New Horizons Projects
Approved in the Constituency of Rimouski, Quebec

Project No.	Name of Organization	$ Amount
1972-1973		
	Nil	
1973-1974		
4-00314	Les Retraités à l'Action, Rimouski	$ 15,317
386	Le groupe des Aînés de St-Anaclet, St-Anaclet	1,226
481	Confort et Détente à l'Âge d'Or, Sayabec	3,873
502	Club d'Âge d'Or, Ste-Angèle de Mérici	1,075
	Total	$21,491

List of New Horizons Projects
Approved in the Constituency of Rimouski, Quebec

Project No.	Name of Organization	$ Amount
1974-1975		
4-00655	Club de l'Âge d'Or du Bic, Bic	$ 5,200
885	"Les loisirs, les bons amis", St-François-Xavier-les-Hauteurs	1,856
892	Club de l'Âge d'Or St-Yves, Rimouski Est	4,400
992	Les Blés d'Or de la Météo, St-Octave-de-Métis	2,858
1005	Les Dynamiques du Foyer de Rimouski, Rimouski Ouest	3,118
1350	Club de l'Âge d'Or "La belle Équipe", St-Donat	3,594
1360	Conseil Régional de l'Âge d'Or, Rimouski	3,044
1401	Club "Âge d'Or" St-Cléophas, St-Cléophas	2,175
	Total	$26,245
1975-1976		
4-01082	Les Aînés de Ste-Odile, Rimouski	$ 8,475
1121	Club de l'Âge d'Or "du Bonheur", St-Noël	3,040
1222	L'Âge d'Or de Luceville, Luceville	4,615
1433	Club de l'Âge d'Or, Sayabec	4,582
1437	Club de l'Âge d'Or, St-Valérien	4,785
1545	Club d'Âge d'Or St-Gabriel, St-Gabriel	5,175
1558	Club de l'Âge d'Or de Ste-Angèle de Mérici, Ste-Angèle de Mérici	1,019
1564	Les Personnes du Troisième Âge, Mont-Joli	2,202
1620	Cercle d'Âge d'Or de l'Amitié, Rimouski	6,154
	Total	$40,047
1976-1977		
4-01653	Le Club de l'Âge d'Or de Price Enrg., Price	$ 1,732
1669	L'Association de l'Âge d'Or de la Paroisse de St-Rémi de Métis Inc., Price	2,935
1703	Club de l'Âge d'Or St-Moïse, St-Moïse	4,464
1836	L'Âge d'Or de Pointe-aux-Pères, Pointe-aux-Pères	4,699
1841	Club de l'Âge d'Or St-Pierre-du-Lac, Val-Brillant	5,899
1978	Le Club de l'Âge d'Or, La Rédemption	3,494
2046	Âge d'Or de Ste-Irène, Ste-Irène	4,357
2108	Les Vrais Amis, Rimouski	4,069
2157	Les Blés d'Or de la Métis, St-Octave de Métis	2,199
2287	Club de l'Âge d'Or, Rimouski	6,373
2311	Le Club de l'Âge d'Or de St-Charles-Garnier, St-Charles-Garnier	7,318
	Total	$47,539
1977-1978		
4-02387	L'Âge d'Or de Luceville, Luceville	$ 4,297
2482	Club de l'Âge d'Or de Sainte-Agnès, Rimouski	8,160
2555	Le "Club de l'Amitié" Ste-Blandine, Ste-Blandine	8,015
2560	Club de l'Âge d'Or St-Germain de Rimouski Inc., Rimouski	5,400
2595	Club de l'Âge d'Or de Les Hauteurs, Les Hauteurs	2,920
2636	Le Club de l'Âge d'Or de Bic, Bic	1,360
2686	L'Association de l'Âge d'Or de la paroisse St-Rémi de Métis Inc., Price	9,405
2695	Aînés de Ste-Odile, Rimouski	5,958
2699	Club Âge d'Or "La belle Équipe", St-Donat	2,622
2804	Club de l'Âge d'Or, St-Gabriel	5,843
	Total	$53,980

[*English*]

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

POINT OF ORDER

MR. ELZINGA—DELAY IN ANSWERING QUESTION NO. 423

Mr. Peter Elzinga (Pembina): Mr. Speaker, I rise on a point of order with regard to a question I have on the order paper, No. 423. It has been on throughout this entire session and was on the order paper in the previous session. I wonder if I might get a commitment to have an answer.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Wednesday, May 17, consideration of the motion of Mr. Chrétien that Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, be read the second time and referred to committee of the whole.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the budget bill that we are debating in the House today emanates, as all members know, from the budget presented to the House about a month ago. The central purpose of the budget, according to the Minister of Finance (Mr. Chrétien), was to do something about the deplorable circumstance in which we as a people find ourselves, almost half way through 1978, with more than one million unemployed. Therefore the central purpose was to generate employment. The central provision of the bill is to do this by means of a sales tax cut at the provincial level, provided by the provinces, which in turn are to be reimbursed by the federal government.

At the time this budget was introduced our response was that, at best, this was a gimmick designed by the Liberal Party of Canada to get it through an anticipated soon-to-be-held federal election. The gimmick was to provide short run tax cuts for a six month period as a means of influencing voters to vote for the Liberal party. The voters certainly were not taken in. When the Liberals read the results of the Gallup poll, the election was cancelled.

What has emerged from the budget, quite apart from its significant failure to come to grips with the problem, is that the provision to stimulate the economy and generate jobs has not only turned out to be a failure, if and when it runs its full course, but has been a major instrument in the creation of national disunity. The proposal before us, and the way it has been interpreted by the government which brought it forward, has created untold damage in the country.

By a series of misguided and arrogant strokes, the federal Liberals have managed to turn virtually everyone in this country against Ottawa on this particular measure. This is not only because of the way they treated the provincial government but also the people of the province of Quebec with regard to this measure.

Lined up against the federal government are not simply opposition members of the House of Commons. One normally anticipates that on a budgetary matter. The opposition parties are strongly united in opposition to the measure that is at the

core of this bill. In addition, there are the editorial writers, without exception, of French Canada and English Canada, the premiers of the provinces, and Liberal backbenchers. In the province of Quebec all parties in the National Assembly are expressing disagreement with this measure and, in particular, with this government's plan to implement it.

At the very time the appeal of the premier of the province of Quebec for independence had begun to wane in that province, the Liberal party at the federal level, the self proclaimed saviours of the country and, in their view, the only experts capable of dealing with the question of national unity, came to the rescue of Mr. Lévesque. They have provided him with the strongest possible evidence in support of his general contention that the federal system does not work for Quebeckers, that provincial rights and jurisdictional authority are always, in the crunch, trampled upon by the federalists in Ottawa.

● (1522)

To use the words of one of the most distinguished citizens in the land, and I sincerely believe this, Mr. Claude Ryan, the leader of the opposition party in Quebec, this measure is a "dangerous" precedent. These are not the words of a newspaper normally opposed to the Liberal party, or of an opposition member. With this measure, particularly in the light of the means used to bring it into being, and the attitude taken by the Prime Minister (Mr. Trudeau) and by the Minister of Finance, we find blackmail replacing co-operative federalism. The tragedy is that this sad sequence of events might have been and, indeed, should have been avoided.

The quagmire in which we find ourselves at present is not inherent in the federal system, as every member of the House knows. It is, I regret to say, however, inherent in the cynical, expedient and, above all, arrogant attitude of the federal Liberal Party of Canada. The Liberal Party of Canada, particularly the leadership of its Quebec wing, combines two totally unacceptable attitudes in terms of national politics in a federal system. One is an almost congenital incapacity to admit they are wrong. That is serious in politics, and it can be monstrously serious at a time when the unity of the country is at stake.

The leadership of the Liberal Party of Canada has an arrogant streak; it is this which is causing us so much trouble. Combined with that is what I think can only be described as a pathological incapacity to find any virtue in the current government of Quebec. I make these points because they are central to the difficulty we face right now in terms of the legislation before us. On the one hand there is arrogance, and on the other there is an attitude toward the Parti Québécois which says that even if a member of the PQ is eating breakfast he must be doing it incorrectly. That is not the attitude which can hold the country together.

Mr. Blouin: How naïve can you be?

Mr. Broadbent: A Liberal member says I am very naïve. If he is satisfied with the leadership the Prime Minister is providing his caucus, he himself is naïve.

[Mr. Broadbent.]

In coming to grips with this issue I shall cite chapter and verse for the statement I have just made. I shall do so by dealing with two aspects of the bill. One is the aspect of co-operation. On the whole, a flexible and co-operative attitude was taken toward the other provinces in connection with this matter. I give the Minister of Finance credit for that. I give him credit for saying, as federal Minister of Finance when he is preparing a national budget in a federal state, that it does make sense to consult the premiers. I do not agree entirely with the partisan attitude which has been taken by some of the provincial leaders in response to the minister's approach. I want to give credit to the federal minister for his approach in developing the budget on this basis. In my view he demonstrated a reasonableness and an acceptance of reality vis-à-vis all the provinces—with the exception of Quebec.

Ontario liked the sales tax proposal, basically for the obvious reason that this was the province which suggested it. The reason Ontario suggested it was because it knew the plan would boost industry and produce more jobs—that throughout Canada, following these tax cuts, people would purchase goods made in Ontario. There is nothing wrong with that. I am simply saying this was the self-evident reason for supporting the proposal.

What about Atlantic Canada? The federal government recognized that there was little manufacturing in that region, that the per capita income was lower there than in the rest of Canada, and that its unemployment levels have, unfortunately, always been higher than elsewhere in the country. In these circumstances, it made the proper response. Special consideration was given to Atlantic Canada; the federal government offered to pick up the whole cost of the tax reduction in those provinces. Very appropriate!

Both Saskatchewan and British Columbia wanted an extension of time during which the cut would be applied. Once again the federal government showed a responsive attitude and introduced a flexible element in the legislation to take into account that request.

Alberta receives no benefit from this measure because right now it is the richest province in terms of per capita income. To the credit of that province its representatives graciously said they would go along with the scheme, nevertheless. So going through the list we find an attitude of flexibility on the part of the minister toward English-speaking Canada, which is commendable. But when it comes to Quebec, the record of flexibility goes out the window. The minister is shaking his head over there. Though he cannot reply at this point in the debate he will have an opportunity to speak later. If he wishes to ask a question at the end of my speech I shall be delighted to deal with it.

Consider the minister's words. He said, with regard to British Columbia and Saskatchewan, as reported in *Hansard* for April 13, "I even made adjustments to meet particular situations in British Columbia and Saskatchewan." On April 14 he said, with relation to provinces outside Quebec, "I changed my formula." Later, he told us, "I even made some adjustments to accommodate them." As reported at page 4501

of *Hansard*, the minister told us he made changes to suit the special cases of Saskatchewan and British Columbia.

● (1532)

However, when the minister, the Prime Minister, the Minister of State for Urban Affairs (Mr. Ouellet), and the Hon. Marc Lalonde, whose ministry I happen to forget—

An hon. Member: Federal-provincial relations.

Mr. Broadbent: —ironically enough, federal-provincial relations—when their charming, flexible thoughts turn to the province of Quebec and to the government of that province, flexibility goes out the window, and intolerance, inflexibility, and almost blind hatred fill their place. At this time in our history that is a tragedy. It is demonstrated by the kinds of phrases used by the minister and others in this House. At page 4504 of *Hansard* the Minister of Finance is reported to have said about Mr. Parizeau, the Quebec minister of finance—and let us note the contrast in language and tone between the quotations he has used to describe his relationship to other governments—the following:

> . . . he has to live with his own decision, just as I have to live with my own decision.

Unfortunately that same attitude of inflexibility is carried over not only in the thoughts and actions of the Minister of Finance but also in the thoughts and actions of all senior ministers, including the Prime Minister of Canada.

[*Translation*]

Mr. Speaker, the Prime Minister and the Minister of Finance have stated that they proposed the same policy to all provinces. That is not true. The Minister of Finance did not threaten to crush the other provinces with a unilateral decision were they to refuse his sales tax reduction. He threatened the province of Quebec only. Threatening and blackmailing a province in such a way is unacceptable. In that sense, that act of the Liberal government is the most serious in ten years. It is the first time the threats of the Prime Minister go so far in threatening a province and it is ironic that he should pretend to be the great champion of national unity and then take such steps against the province of Quebec and not only against the government of Quebec.

Had the minister of finance of Ontario proposed a similar selective cut, I am sure that the federal Minister of Finance would have accepted. There is no doubt about it in my mind. But the same idea coming from Mr. Parizeau is unacceptable. I think the Minister of Finance knows it as well as I do. The selective sales tax cut in Quebec does not benefit Quebec alone, far from it. Ontario also derives enormous advantages from it. I will explain that in a few minutes. I think the current crisis we are in is due to the blind intolerance of the great federal Liberal tenors about everything the present government of Quebec does. To my mind, it is a certain fact.

[*English*]

If we are going to reject the response of the Quebec government, it seems to me that we have to do so in this, the federal legislature of Canada, on the ground that it is unacceptable in principle to the thrust of this legislation. The Minister of Finance himself has indicated, as I tried to show in my earlier comments, a flexible attitude toward the other provinces. I want once again to emphasize that a flexible attitude is commendable in a major financial measure, but it is only when we come to Quebec that we do not find that flexibility. The test for us in assessing this measure is whether what Mr. Parizeau and the prime minister of the province of Quebec propose is compatible or not compatible with this federal legislation in principle and, if it is compatible but simply departs in some detail, then we should accept it because we have accepted the right of almost every other province to depart in some detail from the central principle of the legislation.

What has the province of Quebec said? First, it has asked for a transfer to it of the financial equivalent of what it would have got if it had accepted the original tax proposal of the federal government.

Second, the Quebec government has offered a complete tax reduction in five sectors of its economy, shoes, textiles, clothing, furniture, and hotel bills, and for what reason? The reason is that this is very important not only for the province of Quebec but for all other provinces. In this proposal the Quebec government is on exactly the same ground and in exactly the same constitutional position as any other province.

Mr. Parizeau and the prime minister of the province of Quebec have said that they are taking this position because it accords with their interpretation of the existing federal constitution, and on that they are dead right. They are not mistaken.

They are not acting as separatists. They are acting as good federalists, so to speak. An hon. member opposite shakes his head. He will have to convince this House that what the Quebec government is doing in this regard is contrary to the principle of federalism. Ironically in this context of Canadian history, it is the separatist government of the Parti Quebecois in Quebec which is being federalist, and the Liberal Party of Canada which is causing a separatist tendency in the province of Quebec. What Mr. Parizeau has said is that a tax area like this is within provincial jurisdiction and therefore the priorities in terms of its application should be up to a particular province to decide.

Saskatchewan could have done the same thing if it had wanted to. Ontario could have done it a different way if it had wanted to. Surely that is the point and, speaking for my party, I say that that is exactly the position we take. If I understand the position of the official opposition, that is exactly the position it is taking too. The government of the province of Quebec has said that constitutionally it should have the right to set the priorities in jurisdictions where it has authority under the federal system. The Quebec government has argued that its proposal would create more jobs. If I understand it, that is exactly the argument of the Quebec government.

An hon. Member: And you believe that?

Mr. Broadbent: A Liberal backbencher says he does not believe that or, at least, someone does not believe that. I ask him to check with the Minister of Finance who can get for him a study—which has not yet been published—by the Department of Finance which shows that Mr. Parizeau's proposal is right and that the federal proposal is wrong in terms of job creation.

I think I have answered the question I am about to raise rhetorically. If what the government of Quebec is doing is within its constitutional authority, and if it is saying that the provincial tax area in the sales tax field is exclusively the prerogative of the province and that therefore the province should have the right to decide whether it should apply to shoes—or cabbages, for that matter—the Quebec government is on faultless ground as a federalist. Its argument cannot be rejected. And if on a pragmatic basis the Quebec government reaches the practical conclusion that it can create more jobs in its own domain by removing taxes in the sectors it chooses, then I ask, in God's name, what really is wrong with accepting the idea of the Quebec government, and what really is wrong with being as flexible toward the government of the province of Quebec, the opposition in the province of Quebec, and the people of the province of Quebec, as the federal government has been toward every other Canadian?

Some hon. Members: Hear, hear!

● (1542)

Mr. Broadbent: Indeed, a case could be made by the province of Quebec for asking for the full compensation that Atlantic Canada got. That has not even been raised. Normally, in DREE projects, in financial assistance for the development of industry, and in a whole range of transfer payment programs, the province of Quebec received not only exactly what the provinces of Ontario and British Columbia have, but something more, for the obvious reasons that in the province of Quebec per capita incomes are lower, unemployment is higher, human advantages and possibilities at this point in our economic development are less than they are in the wealthy provinces, and normally Quebec is linked with Atlantic Canada. So the province of Quebec has not, as they might have had a legitimate case to do, applied for precisely the same special consideration that Atlantic Canada got. All they want is to get the same benefits as the people in British Columbia, the same flexibility as the people in Saskatchewan, the same rights as the people in Ontario, and we think they ought to have precisely that.

Some hon. Members: Hear, hear!

Mr. Broadbent: At this point I want to put on the record some statistical information, because the heart of the government's case against the province of Quebec is that the proposal they made was one that was aimed at creating jobs in the province of Quebec to their exclusive benefit. In my question to the Prime Minister earlier today I quoted statements he had made. On numerous occasions in the past two weeks the Minister of Finance has said the same thing. They have talked about balkanizing Canada, that that is what would have happened had they accepted the proposal made by the province of Quebec. The proposal made by Quebec was one that was going to create jobs for Quebeckers only, to the exclusion of other Canadians, they said. Well, the best that one can say about that argument is that it is rubbish. The Minister of Finance and the Prime Minister should know that it is rubbish.

I want to put on the record some statistics drawn from 1975 about the impact that the Quebec proposal would have had in terms of stimulating different parts of this country. The source for these figures is Statistics Canada and the industry itself. The reality is that if you look at the shoe sector in the province of Quebec you find that in Quebec in 1975 some 54 per cent of the provincial market was serviced by foreign imports, that is, imports not from other provinces but from other countries. Of the remaining percentage, 22 per cent was produced by Quebec producers, but 23 per cent was produced in Ontario. In short, more jobs would be created in the shoe industry in Ontario than in the shoe industry in Quebec.

Second, if you look at furniture and other sectors selected by the Quebec government, what do you find? First of all, of the Quebec consumption in 1975 in the furniture sector, 12 per cent came from foreign sources outside of Canada, but of the remaining part of the market, 30 per cent was produced in Quebec and 44 per cent was produced you know where, in the province of Ontario. So once again the Parizeau proposal will produce more jobs in Ontario than in Quebec. Some balkanization!

The third sector—and we could not get, for statistical purposes, a separation of clothing from textiles because our figures both from Stats Canada and from the industry were combined—shows the following figures for 1975: 65 per cent of the Quebec market was serviced by foreign imports; 24 per cent by producers in the province of Quebec; and for the first time in this series only, 14 per cent by the province of Ontario. For the first time, more producers in Quebec would have been aided by the special tax cut than producers in Ontario.

The point I want to make is that the federal government's entire case in substance has to rest on the claim that what the province of Quebec was doing was to meet their own needs, to create jobs for Quebeckers only, and that this was going to balkanize Canada. First of all, we say that the province, whether it is Quebec or any other province in this country, should have the right to make that decision as to where to apply the sales tax.

Some hon. Members: Hear, hear!

Mr. Broadbent: Second, we say that hard economic analysis of the consequence of the Quebec government's proposal shows that it does not offer a disproportionate advantage to the province of Quebec but is spread to other provinces, particularly to the province of Ontario. I say, with all due modesty, that the Prime Minister would recognize inherently that the gov-

ernment's case has to collapse in substance. I come full course in the point I am trying to make.

If the Government of Canada had shown flexibility in the details of its arrangements with the other provinces, if it could adjust the time frame for Saskatchewan and British Columbia, if it could adjust the amount of money for Atlantic Canada—all of which flexibility makes immense sense—why could it not show the same flexibility to the province of Quebec? Similarly if you look at the substance of the proposal in terms of its economic impact, if the effect of the proposal is not simply to create jobs in Quebec but to create jobs all over Canada, I say: why in God's name could the Government of Canada not accept it for that reason?

I come inescapably to the conclusion, which I asserted earlier in my comments, that the only reason the federal Liberal party has not accepted the proposal made by the province of Quebec is that it happens to be the Parti Québécois. It happens to be a government for which the federal government has a pathological hatred and in which it can see no good whatsoever. I repeat to the Minister of Finance what I said earlier in French: I have not the slightest doubt that if the same proposal had been made by D'Arcy McKeough instead of by a man named Parizeau, the federal Liberals would have accepted it within five minutes.

Some hon. Members: Hear, hear!

Mr. Broadbent: In concluding, I say in all seriousness that in my experience—and I have only been here ten years—this legislation is potentially the most harmful for federal-provincial relations that I have seen. It is coming at a time in our history which is particularly dangerous in terms of the unity of this country. I hope still that the pressure which has mounted within this country in the province of Quebec and beyond shows the unanimity among French and English-speaking Canadians in Quebec and out of Quebec in opposition to the federal Liberal leadership. This kind of united opposition could cause the federal Liberal leadership to think for once that perhaps they are wrong, that perhaps other Canadians have an insight into this measure which they do not have, that we too are good federalists, that Claude Ryan is a good federalist, that you can have a federalist in Quebec and a federalist outside of Quebec in this chamber, a federalist who is not a politician, who can say he differs with the Liberals, and yet is not a separatist.

• (1552)

If this virtually unanimous opinion in French-speaking and English-speaking Canada, apart from the federal cabinet, can have any impact, I hope that at least it will cause the Minister of Finance and the Prime Minister—both of whom said yesterday at certain points that they would be prepared still to negotiate, be prepared still to think about some counter proposals coming from the province of Quebec—to act on that basic decent impulse. If they do reach the conclusion that what has been just for the other provinces is just for the province of Quebec as well, and that the essence of what Quebec is proposing in this instance coincides with the essence of this bill, perhaps we can get this matter resolved and go on with other more important matters, particularly matters of the economy that are of central concern to Canadians wherever they may live.

To this end, Mr. Speaker, and to give the government some time to think about this, I would like to move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

> That all the words after the word "That" be deleted and that the following words be substituted therefor:
>
> "Bill C-56 be not now read a second time, but that it be read a second time this day one month hence."

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, before you take note of the motion and put it to the House, since the hon. member said to me in his speech that he would allow me a question, I wish to direct one to him which might shed some light on his speech.

[*English*]

I would like, Mr. Speaker, to commend the hon. member for the very positive remarks he made when he stated that I have tried to do something novel and flexible. I would like to ask him two questions, with the consent of the House.

Mr. Deputy Speaker: Does the House give its consent?

Some hon. Members: Agreed.

Mr. Chrétien: How can the hon. member say that I am not flexible enough to Quebec when it was them that came to me with their proposition, 48 hours after the others had accepted the proposition that we agreed on? The second question I have for the hon. member is, how can he say that I am not flexible when, after receiving the proposition of Mr. Parizeau, I called my counterparts in the provinces and asked them if in their judgment I could accept the proposition put by Quebec, and they said no? How can the hon. member square that with a lack of flexibility?

Mr. Broadbent: I do not quite understand the second question.

Mr. Chrétien: The second question was, how can the hon. member say I am not flexible enough when, after receiving the proposition from Mr. Parizeau, I called some ministers of finance of the provinces that were part of the deal—

Mr. Crosbie: Some; some.

Mr. Chrétien: Some, yes. And I asked them whether I could accept the proposition of Mr. Parizeau. I called three ministers of finance and all three of them said that I could not accept the proposition because it would betray the agreement that was made among all of us.

Mr. Broadbent: Mr. Speaker, I would be very happy to answer both of those questions because, if I understand them correctly, rather than confirming the minister's own view that

he is flexible, it seems to me that the questions confirm my side of the argument. However, I will try to state the reasons why I have reached that conclusion.

On the first point the minister asked, if I understood him correctly, how can the Quebec government seem to be flexible if they did not give a final answer until two days after the budget, and then it was a negative one. Well, surely, on a very complex measure like this when the government of Quebec believes—and constitutionally it is absolutely right—that this tax area is within provincial jurisdictional authority, and the province of Quebec almost above all others in our history has been very sensitive—and I would have thought that the minister would know that—to having control of areas within its jurisdiction, obviously it had to think, perhaps longer than the other provinces.

The minister is shaking his head, but they perhaps took longer in reaching a conclusion because they wanted to come up with a counter proposal that they thought, in terms of their priorities, was more reasonable. So, I turn it around to the minister. We have passed federal legislation where some parties have come later than others. If the minister was flexible, he would have looked at the essence of the Quebec government's proposal, not at its timing—whether it was two days later or whatever—and then decided whether it was good or bad. I do not accept the minister's implied argument there. If he was flexible he would have accepted it.

The second question was that he went back to the other ministers and asked them.

An hon. Member: Some.

Mr. Broadbent: He said some. I would like him to put it on the record as to which ones, but to me it is not relevant. They were all, within the federal constitution, autonomous within their domain. They had the right to accept or reject the federal government's proposal. As the minister knows, perhaps better than the rest of us because he dealt with it, he made flexible, different proposals to different provinces and they decided to accept. Why they did not think it agreeable to accept the Quebec government's alternative, I do not know. That is their decision. I say to the minister with all due respect, quite literally, it is none of their business. It has everything to do with the federal government's decision as it regards the government of the province of Quebec.

● (1602)

[*Translation*]

Mr. Deputy Speaker: Before recognizing the hon. member for Bellechasse (Mr. Lambert), I must put to the House the amendment moved by the hon. member for Oshawa-Whitby (Mr. Broadbent).

[*English*]

It is moved by Mr. Broadbent, seconded by Mr. Knowles (Winnipeg North Centre):

That all the words after the word "That" be deleted and that the following words be substituted therefor:

[Mr. Broadbent.]

"Bill C-56 be not now read a second time, but that it be read a second time this day one month hence."

● (1612)

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, when I am free to do so, I take pleasure in reading the official report of the proceedings of this House in the early days of confederation, and I must say I am impressed by their seriousness. I trust that the generations to come will take as much pleasure in reading our proceedings as I have when I read those of a century ago.

Mr. Speaker, even though the Minister of Finance (Mr. Chrétien) has gone out for a few moments, I would like to congratulate him for the courage he demonstrated yesterday throughout his speech when he introduced his bill on second reading. I do not agree with all his points of view; however I must say he showed a lot of courage in arguing for his bill which is far from satisfying everybody, but at least he showed courage. He tried to convince hon. members of the House of the merits of this legislation. Mr. Speaker, it is always annoying for a member of the House to be required to take a position on an omnibus bill. We have seen that before, a bill containing many provisions, some good, some not so good and some quite bad. In order to accept the good ones, you have to accept the bad ones too. This is not really an omnibus bill; rather I would say semi-omnibus because it does have good points, but there is one which I am greatly dissatisfied with.

The bill before us today is not just a simple economic measure. Politically, it is the most consequential bill we have had since the beginning of the session, and perhaps even in the last few sessions. Of course the economic measures it contains are important and they should be debated. But any economic impact this bill might have is relegated to the background by he flagrant injustice Quebec will have to bear if this piece of legislation is passed. We of the Social Credit Party of Canada have always emphasized the significance of positive criticism in parliament. That is what I would like to continue to do with my colleagues. We should not let partisanship blind us to the point where we cannot see the good aspects of certain pieces of legislation. We should recognize that Bill C-56 does contain some good measures. Although not many, there are at least two which I would like to mention.

The one which pleases me most is the amendment dealing with capital gain exemption for farm corporations. My colleagues and I have long since been insisting on the need for such a measure. The government is finally introducing the necessary amendment, and I am sure that if it is adopted it will serve to protect our family farm corporations, a formula which is very popular these days.

I wanted also to comment on the political aspect of this bill. I am referring of course to the stand which the province of Quebec as a whole has taken against the federal Liberal party.

The motions which were adopted on two occasions by the Quebec National Assembly bear witness to this. I shall refrain from involving all government members in the House, for it appears that some of them have the courage of their convictions and the guts to oppose the centralizing option advocated by the Minister of Finance. During the debate on his budget speech, I indicated to the House how concerned I was about a possible confrontation on the sales tax issue. I was certainly worried about this. I even stated, as reported in *Hansard* on page 4526:

—and this is the cause of the present confrontation. It worries me so much that I warned today that we should proceed carefully and sensibly, if we want to avoid constitutional crisis.

I spoke about the same worries yesterday, Mr. Speaker, during the question period when I put some questions to the right hon. Prime Minister (Mr. Trudeau) whose answers showed that he was fully aware of the seriousness of the situation. But, Mr. Speaker, one month later we are still faced with this problem of the sales tax. We are very close indeed to getting into the worst constitutional crisis of our history and I would like to see us avoid it, as I believe we can still do. I am not saying this lightly. I am convinced that if a solution is not negotiated at the government level, the concept of Quebec sovereignty will make much more progress than it has since the Parti Québécois came to power. The situation is serious.

Mr. Michel Roy of *Le Devoir* gave the following summary of the situation in an editorial, and I quote:

... by working only to maintain their prestige and save their honour, they (Mr. Chrétien and his colleagues) are undermining federalism and serving the interests of the government they think they are fighting.

It is worth thinking over. And again last Tuesday the Minister of Finance accused the opposition, and I quote, from page 5451 of *Hansard:*

I am surprised that a national party wants to save the neck of the Parti Québécois.

You have to be very shortsighted to talk like that. The Minister of Finance should get rid of the beam in his own eyes before looking for the mote in the eyes of those members who do not agree with him.

The reactions of some Quebec editorialists to the solution proposed by the Minister of Finance are worthy of being analysed. It is necessary to recall that Mr. Roy of *Le Devoir* and Mr. Adam of *La Presse* are not known to be independentists. However, Mr. Adam talks of politically questionable solutions and aggressive fiscal measures. He is not afraid to saddle the federal government with the full responsibility for this serious conflict. Mr. Roy of *Le Devoir* talks about an unsatisfactory, unfair and regressive solution. According to him, and I quote:

By losing its temper as it did, the central government has violated the letter as well as the spirit of federalism.

And all this because of what Mr. Roy calls:

... a fine case of stubbornness and wounded pride.

Mr. Speaker, the government is trying to trip us up by introducing its solution to the sales tax problem within a bill which contains, as I said already, some measures everybody in this House would like to see passed. But the government will not fool me, no more than it will succeed in misleading the people. I will take a stand on this legislation, I will even oppose this legislation so long as the solution proposed to the sales tax problem is not changed. The people are not taken in and will realize that the government itself has to bear the shame and the odium of the situation. For its bad solution the government deserves to be blamed by all Canadians.

Mr. Speaker, the reasons why I am opposed to that solution are very clear. Lately, the government has intervened in an area of taxation which unquestionably is of provincial jurisdiction. The right of the provinces to arrange their sales taxes according to their own needs and their priorities is a sacred right enshrined in the British North America Act. The infringement of the federal government in this provincial area is pure and simple provocation. That the government in its precarious position with the Canadian electorate should try to scare people, to use every means it can, that I can understand, but that it should do so to the detriment of the people of a province and their elected government and even so with glaring disrespect for the constitution of this country, that is of the lowest possible level of petty politics.

Mr. Speaker, I am not accustomed to using such words when speaking in this House but since the problem is extremely serious, I feel obligated to use expressions that are likely to to strike the will and the mind of those in charge, those who also have the responsibility of using all the means available to save our democracy. We love democracy but we must love it enough to take all the means necessary to save it, to preserve it but also to be able to live it.

Mr. Speaker, the contempt that the government seems to have for the Canadian constitution and the people of Quebec also affects the underprivileged. How could one interpret differently the proposed tax reimbursement to Quebec taxpayers? The formula proposed by the government penalizes those on low income and those who do not pay any or hardly any taxes. And in that respect I want to say that yesterday during the question period the right hon. Prime Minister (Mr. Trudeau) told opposition members several times that they did not understand the problem.

If we really do not understand the problem and the right hon. Prime Minister and his Minister of Finance (Mr. Chrétien) are the only two people in Canada who can, it means that it is a problem which is not within everyone's grasp. So if it is such a serious problem, it is our duty to work at it for as long as it takes to understand it. We must do everything we can to understand it. Personally, if the right hon. Prime Minister and the Minister of Finance can convince me and make me see the problem the way they do I will be honest enough to say so and

then I will join them. If it is a matter of time, let us take the time needed, the situation is very serious.

Mr. Speaker, have you ever seen a measure which, to my mind, is so unfair and discriminatory? I must admit that even coming from a government which is the servant of large financial interests—this is nothing new, everyone knows it—that surprises me. The very idea of a sales tax cut is that it should benefit everyone since everyone is a consumer. That is the way it should be. On the other hand, a tax cut benefits only those who pay taxes and the right hon. Prime Minister once again said so today.

Mr. Speaker, where is justice for senior citizens, for people on welfare and for all other underprivileged Canadians? As they do not pay taxes they will not benefit from any tax credit. They have been ignored by the government. It is a sad way to progress towards a just society. But what is insulting here is that the government assumes that the people are idiots. It is hoping that this false generosity will turn public opinion in their favour. Not only does it hope to influence the voters in its favour but it hopes to do it with that paltry $85, and that is the maximum since many people will have much less depending on the taxes they paid.

Mr. Speaker, I object to that solution for another reason relating to the very principle of democracy. As I have just said the National Assembly has, on two occasions, unanimously objected to the federal government interference in its tax jurisdiction and to the proposals made by the Minister of Finance (Mr. Chrétien). I am thinking of the new leader of the provincial Liberal party which held its convention recently, in April I think, and that was well covered by the CBC. I am thinking of the comments made by the Secretary of State (Mr. Roberts) in this House last May 11 while I was not here. I did not have the opportunity to comment on them but it seems from his remarks that that Crown corporation is free to air truths and half-truths, lies and political covention of their choice and so on. I repeat, I do not agree with that method and I am anxious to know the decision of the Chair following the motion I proposed here in this House last May 8.

Mr. Speaker, the National Assembly represents the people of Quebec as legitimately as we represent here in Ottawa the people of Canada. When a sovereign assembly unanimously decides something it does so one behalf of all the people. It does not matter if the government is short-sighted, blind or deaf. What matters is that these people, who are elected by the population, have adopted a resolution requesting that members of parliament, especially those who represent ridings in the province of Quebec, oppose this measure.

I did not have to wait for this resolution to know that my party and I must oppose this measure, especially clauses 30 and 59. Mr. Speaker, I would not want the House to think that I object to the entire bill, because there are also good measures and good provisions in this piece of legislation. However, the fact that all parties and all affiliations in the National Assembly voted unanimously in favour of the motion gives added dimension to the matter. The federal government has succeeded where the PQ government has always failed: forming a common front in the National Assembly against the central government. The fact that the concept of Quebec's sovereignty might earn new credentials because of this crisis is nothing to brag about: the federal government will have been the major force behind it. We should reflect very seriously about this.

● (1622)

It is easy to understand that a government can make mistakes. It can always be forgiven if it has the courage to admit it and tries to make up for its mistakes. However, a government that refuses to admit its mistakes and tries to blame others for them no longer deserves the confidence of the population. This government is on the road to political suicide and I shall certainly not be the one to stop it unless it wants to drag the whole population in its wake. In this case, I am responsible towards the population and I will fight with all my energy to protect all Canadians.

Mr. Speaker, I cannot put into words everything that is now going on in my mind. To fight effectively against this government, I want to remain in this House as long as necessary so that we may get to the bottom of this issue and find a solution likely to bring harmony to our country instead of division.

However, I admit that I am indignant, revolted and disgusted at this unfair, partisan and offensive attitude towards the whole population of Quebec. Mr. Speaker, this bill is a logical result of an improper tax system that we should no longer tolerate. Instead of helping small wage earners, the economic policy of the present government only widens the gap between the rich and the poor.

Yesterday, I was happy to hear the Minister of Finance say that he gave 15 years of his life to try to narrow this gap between the rich and the poor. I believe he is sincere, but he will certainly never attain his purpose with such formulas. Mr. Speaker, the minister also told the House that he had never been able to understand the theories of social credit. On two occasions, he replied to my questions on this subject. Yet, I am convinced that the economic situation in our country would be better than it is now if he had understood them.

This bill is the outcome of an irresponsible and excessive position taken by the federal government both in political and economic matters, as can be seen in a part of the bill. This bill is the outcome of a series of blunders which have ruined the Canadian economy in the past 15 years. Fifteen years ago, Canada was the second wealthiest country in the world. Today, we see our position is constantly declining. Qualified engineers are needed to build a strong bridge. So, we need good politicians to run the country in a sensible manner. For ten years the government has followed the advice of economists who based that advice on orthodox theories which are

obsolete and no longer meet our present needs. Mr. Speaker, the complete removal of the provincial sales tax is somewhat close to the Social Credit theory that governments should set up a system of compensated discount. Had we set up such a system, which is under federal jurisdiction, we would not have this conflict between governments about the retail sales tax.

Our position is that governments should initiate a compensated discount system to encourage the consumption of Canadian goods and, at the same time, increase the production of Canadian industries, which would create jobs for Canadians on the labour market. So, the number of unemployed would decrease. This compensated discount system is essentially oriented towards the poor within our society. The $186 million of the Minister of Finance will certainly penalize the poor and fail to boost the production of Canadian goods.

Mr. Speaker, why does the Minister of Finance still refuse to negotiate the transfer of this money directly from government to government? If the federal government has funds to give the provinces, that is fine, but it should respect provincial jurisdictions. The sales tax area falls under provincial jurisdiction, and if the federal government wants to foster Canadian unity and set the economy in motion again, it should respect the authority of the provinces, of all the provinces, not only that of Quebec, and stop infringing all the time on their jurisdictions. This bill would have been a lot more useful if the minister had introduced a series of measures aimed at stimulating the economy.

Mr. Speaker, I see time is running out, I shall shorten my comments. I would like to say this: federal-provincial conferences have been going on for many years. Spokesmen for the provincial and the federal governments have certainly always shown a great desire to co-operate. But the same issue always pops up: the rights and the responsibilities of the federal government, the rights and the responsibilities of the provincial governments. The federal government keeps on saying that it is unable to yield any source of income to the provinces because it does not have sufficient income to face its responsibilities, its obligations, and likewise with the provinces. I have attended some conferences where I heard premiers express their desire to co-operate, but say that, in view of their responsibilities towards the people of their province, their government was not in a position to yield any more fiscal rights to the federal government, as they themselves did not have enough. Conferences always end on the same note, premiers or finance ministers return home faced with the same problems, and the same holds true for the federal government. Which means, Mr. Speaker, that the problem is one of money, of dollars, and it will never be solved as long as the federal government, which under the constitution holds the authority to legislate on monetary matters, will be dominated by financial interests, by a monopoly which through legislation can cash the credit of the nation. When we borrow money, be it from Germany, New York or Italy, the Canadian government enters into financial agreements which are based on the credit of Canadians.

Mr. Speaker, your own work represents a credit. The hon. member for Rivière-du-Loup-Témiscouata (Mr. Gendron), who sits in front of me, creates a credit by his own work. All our activities put together constitute a credit. When industrialists produce the goods needed by the population and when farmers produce milk, butter, cheese, vegetables, all these things, they are actually creating credit. And when the government borrows abroad, it is all that credit that it is incurring in our name. That is why I suggest that the solution is not solely to be found at conferences. The solution has to do with the fact that the Canadian government and the Canadian parliament is not assuming its responsibilities in this matter.

I said earlier that our disputes are due to the fact that we do not have enough revenues to meet our responsibilities in each of the provinces and in parliament. Therefore, because of our disagreements and a lack of money, the solution is to use the means at our disposal and which rightly belong to us to cash in on our own credit at lower interest rates than those we are now paying. Mr. Speaker, why borrow from Germans, Italians, Americans at 10, 12, 15 per cent interest rates, when we could borrow from ourselves in Canada at much lower interest rates? I see that the hon. member for Brome-Missisquoi (Mr. Grafftey) finds this funny. I guess he has never been in need of money, but those who have been and are still short of money and have to go to finance companies to borrow at 20 and 30 per cent interest rates find it less funny, and you can be sure that those people understand what we are saying. So, it is the same with a government as with an individual.

When one borrows at nonsensical interest rates, no wonder, you end up creating uneasiness and discord in a country. That is the cause of our problems. The best proof is that a sum of $186 million has been keeping us busy in this House for the past two months and is the cause of all our wrangling. Yet this money that we so badly need comes neither from heaven nor hell. It was invented by men. It was created somewhere. And the government and all of us together should look fully into this serious problem of the creation of money which causes trouble even for the most intelligent people. It cannot be said that the Prime Minister is not inteligent. He is extremely intelligent and he knows the problem, but he is not able to find a solution to it.

I have already said this in the House, and I repeat it for the benefit of government members. Their responsibilities may be greater than ours, only the future will tell. Their responsibilities in caucus are not only to discuss sales tax and those $186 million, but also to suggest solutions to the Prime Minister and to the Minister of Finance. It is not only a matter of nationalism, it is a matter of plain common sense, not only for today but for the years to come. I believe that if only they took the trouble to heed the suggestions I want to put forward very seriously, and being completely free from any financial hin-

drance that may exist, I am convinced that I would have helped effectively to improve the social climate, the economic conditions and the political issues in this country. I am in favour, for my part, of a new constitution, a constitution in which not only the responsibilities and rights of the various levels of government will be clearly defined, their sources of revenues to meet their obligations, so that we will stop wasting so much time in useless conferences that do not solve anything.

So, Mr. Speaker, in taking part in the debate on Bill C-56, I wanted to put forward very positive ideas and, hopefully, work with all my colleagues in this House to create a greater harmony in this country, so that Canadians in eastern, central and western Canada can be proud of having equal opportunities all across this country and we are no longer led to believe that a part of the country is giving handouts to the other out of sheer kindness. Are we living in the same country or not? If we are living in the same country, our responsibility at the national level is to provide good administration for everyone and not have part of the people believe that one part of the country is doing the other favours out of generosity.

Mr. Speaker, perhaps my words will be judged as coming from a man who has not much confidence at this point precisely because of the situation created by that issue we are now discussing and because of the $186 million, but $186 million is not much compared with the whole future of a people and a country. Let us disregard that $186 million barrier and build a real constitution, so that we may have a real prosperous country in which all Canadians today and tomorrow will be proud to live.

● (1632)

[*English*]

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, in the six years in which I have been in the House I have risen to speak on many occasions, but never have I felt as much desire to speak out as I do today. I have never felt so strongly about an issue. I have never listened so attentively to all the arguments which have been presented by members of the opposition, and by others outside this House, on the subject of this bill, Bill C-56. I have never on any issue been as convinced as I am today of the wisdom of the Minister of Finance (Mr. Chrétien) in his objective, in his method, and in the presentation of the bill before us. With all my English logic I have listened to the arguments presented. I can say, frankly and honestly, that I do not understand them. I have looked at the emotional side. Perhaps I am not very emotional, but I have tried to look at the subject from an emotional point of view to see whether I could better understand the extraordinary attitude and point of view which have been put forward in opposition to the bill.

I find it extraordinary we should be discussing today what Canada is all about. We are seeking to determine, in this argument on the provincial sales tax measure, what kind of Canada we want for the future. I hope we will never write a constitution which would make it impossible to carry on a dialogue between the provincial and federal levels of government.

When the minister presented this bill to the House he clearly outlined his objective in making the proposals he did. Economists throughout the country had almost unanimously agreed that the best way to stimulate the economy was to reduce provincial sales taxes across the land to provide immediate stimulus to purchasing which would, hopefully, result in increased investment, increased manufacturing, and greater employment opportunities.

● (1642)

The minister was faced with the obvious problem that provincial sales tax is under provincial jurisdiction. He has acknowledged this right from the start. The method he proposed—and really the only method available to him—was to use federal taxes as a compensation if the provincial governments were willing to accept the scheme he proposed.

After three weeks of argument the minister obtained the agreement of nine of the ten finance ministers. A couple of them decided to make alternative proposals in forms which were acceptable to the federal minister. During those three weeks the Quebec minister of finance never said a word. He did not say, "Mr. Chrétien, this is provincial jurisdiction; stay out; do not touch". He kept his mouth shut because he was playing games. One could consider our Minister of Finance perhaps a little naive because he thought intelligence might override these emotional game considerations.

The timing is what I find difficult to understand. The federal budget was brought down on April 10. The Quebec provincial budget was brought down on April 18. We have talked a lot about what was understood regarding how moneys were going to be raised and how the transfer was going to be made.

In the budget of Mr. Parizeau of April 18, at the bottom of page 22 he acknowledges—and it is printed—that the method of transfer would be by a reduction in federal taxes paid by the taxpayers. I do not know how long it takes to print a document such as the document I have in my hand, but I would suggest that such a document was put together even before the federal budget of April 10. I am not inclined to believe that there was any misunderstanding whatsoever in the mind of the Quebec Minister of Finance prior to the presentation of the federal budget on April 10.

On April 12 the Quebec Minister of Finance made a counter proposal. On April 21 the federal Minister of Finance suggested a different form for his original proposal. This, incidentally, should certainly answer one of the points raised by the hon. member for Oshawa-Whitby (Mr. Broadbent) when he spoke of the differences between Quebec and the maritime provinces. The counter proposal of the federal Minister of Finance was to provide an opportunity for Quebec to be treated in the same way as the maritimes. The federal minister was prepared, if Quebec was willing, to cut 2 per cent from the sales tax on the remainder of products to which sales tax was still applicable.

He was prepared to go along with the same proposition he made to the ministers of finance of the maritime provinces.

The minister of finance of the province of Quebec, Mr. Parizeau, insisted that the full value of the budget offer be provided toward the cost of the selective cut which he had chosen to make in Quebec. I suggest that, as it stands right now, that is exactly what is being done. By vacating an amount of $85 per taxpayer in the federal field the federal minister makes it possible for Quebec to occupy the field in the same amount—or a varying amount, if it so wishes—so that it can be compensated fully for the provincial sales tax cuts instituted. No one in the province of Quebec would suffer.

There is one point upon which I want to dwell. Many speakers have spoken about the so-called unfairness of the deduction of federal tax from the incomes of those who pay taxes. It has been said that this is not fair to the poor who do not pay taxes, or to old people. With all the logic I could muster I have tried to understand this point, but one thing I do understand is that a sales tax cut is applicable to all those who make purchases. Poor people make smaller purchases than rich people do, so by its very nature a sales tax cut aids those who have money much more than it aids those who do not. What this has to do with the transfer of tax field from the federal level to the provincial level I do not understand.

We are saying that in eight of the provinces where the scheme is applicable we are taking $100 out of one pocket and putting $100 into the other pocket. In those eight provinces where the federal government collects provincial taxes, the individual who pays taxes is not even aware that there has been a transaction.

The province of Quebec is the only province which has decided to collect its own provincial taxes. That is its right, but that costs the people of Quebec many millions of dollars. I am told the cost is $120 million. That is what the people of Quebec are paying so that the Quebec provincial government can exercise its right. However, because the Quebec government chooses to exercise that right, there is no simple solution for Quebec by which the federal government can, as it is doing in the other eight provinces, take $100 out of one pocket and put $100 into another pocket. The money must first be given to the taxpayer. In the case of Quebec the amount is $85 for the simple reason that the federal government has already agreed to reimburse two percentage points of the eight percentage points that have been eliminated from the sales tax on shoes, furniture, and clothing.

So we give the taxpayer $85, and we say to the Quebec minister of finance, "You have chosen to tax your people yourself. Now you can make a choice. You can choose to tax them the same $85". The Quebec government can choose to tax the people of Quebec on some sliding scale in order to bring in the same amount, or it can choose not to tax them, if it wishes. However, it is the Quebec government's field, and it is Quebec's decision.

There has been so much misunderstanding that I want to refer briefly—as did the hon. member for Bellechasse (Mr. Lambert)—to an editorial which appeared in *Le Devoir* on Tuesday of last week.

• (1652)

It has been called the confrontation between the two ministers of finance, and I suppose that one cannot deny that it is an emotional confrontation. I do not know why we should be surprised.

In one case we have the federal Minister of Finance who believes in a Canada with ten provinces joined together willingly, and in the other case we have the Quebec minister of finance whose avowed intention is to destroy the country as we know it today, and whose avowed intention is to separate. So it should be no surprise to anyone that, no matter what the Canadian Minister of Finance proposes, it is going to be rejected by the Quebec minister of finance. He has no reason for reaching an agreement, and I might suggest that if anybody has sat for weeks and weeks on end across the table at a bargaining session between employer and union one would know right away whether one is going to reach an agreement or whether one is entering into an exercise in futility where the intention is not to reach an agreement.

I suggest that under the present circumstances the objective of the Quebec minister of finance is not to reach an agreement, and there is no way in which he is going to reach an agreement because, if he did, he would be illustrating that federalism works, which he has no intention of doing.

Some hon. Members: Hear, hear!

Mr. Herbert: The article in *Le Devoir* to which I referred mentions the intervention of the Canadian Minister of Finance in a provincial jurisdiction. That is admitted. I suggest that the day that a federal minister of finance is not able to sit down with his provincial counterparts to try to reach an agreement, we might as well call it quits, give up on Canada, and start carving it up right away. He did just that, and I suggest that three weeks is a long enough time for anyone to say, "I do not like what you are doing. I am not going to accept what you are doing. Go away and don't talk to me."

It should be remembered—and I think the point has to be raised—that this federal Liberal government was dealing with ten provinces of which only two have Liberal governments. So the federal Minister of Finance had to deal with Conservative, right-wing ministers of finance, and also with socialist, left-wing ministers of finance. But these gentlemen—and I call them gentlemen advisedly—were willing to sit down, and whilst they might not have been very happy, whilst they might not have liked the deal that was being suggested, they were willing to discuss it and come to an agreement. I suggest that despite the proposal afterwards of four ministers from the west, even those four provinces, Alberta included, were willing to come to an agreement.

To suggest that the Canadian Minister of Finance, after having presented his budget and after seeing the action of the Quebec minister of finance, should play into the Parizeau track and hand over to the Quebec government the balance of

the funds allocated for specific purposes, seems to me to ignore the fact completely that there are ten provinces in Canada and that an agreement was already reached with nine.

In the new constitution, which we will obviously be discussing soon, we should consider very carefully to what degree we want to allow the power of veto to prevent any further agreement or any further change. As I have mentioned before, the extreme is if that provincial power of veto is to extend to the province of Prince Edward Island, and I am not at the moment criticizing that province for any other reason than to say that it is a province that has a population smaller than the constituency which I represent. I think we have to think very carefully about our attitude toward a constitution that will completely stymie any future progress. I suggest that if we believe that we must at all times have the full agreement of the ten provinces, then we are in effect saying that at no time are we going to be able to have any future agreements between the provincial and federal governments.

Even the point about the distribution of the funds to the Quebec federal taxpayer being inequitable I find difficult to swallow, for the simple reason that the 2.4 million taxpayers in the province of Quebec cover almost all the families in Quebec. I suggest also that the $85 which will go to every taxpayer is far more beneficial to those who are only paying $100 or $200 in federal sales taxes than would be the total of either the 8 per cent on furniture, shoes and clothing, or the 2 per cent across the board on the total purchases at that period of time.

What I am suggesting is that $85 for every taxpayer is a fairer distribution than either the 8 per cent formula or the 2 per cent formula initially proposed by the Minister of Finance. Again I find it difficult to follow the logic of the argument that even if this $85 per taxpayer is of benefit—and it is not intended to be a benefit—that it is inequitable.

I have one last point to make, and I see it is nearly five o'clock, Mr. Speaker.

If the minister of finance of the province of Quebec is not prepared to deal his hand while Quebec is still part of Canada, then how is he going to deal with Canada under sovereignty association?

* * *

[*Translation*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Vancouver-Kingsway (Mrs. Holt)—Health and Welfare—Minister urged to consider ban on saccharin; the hon. member for Winnipeg South Centre (Mr. McKenzie)—Supply and Services—Criteria used in calling for tenders; the hon. member for Winnipeg North (Mr. Orlikow)—External Affairs—Bell Canada contract with Saudi Arabia.

[*English*]

It being five o'clock p.m. the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, private bills, notices of motions, public bills.

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, may I ask for the unanimous consent of the House to deal with the whole series of notices of motions for papers standing in the name of the hon. member for York-Simcoe (Mr. Stevens), starting with No. 7 and continuing to and including No. 43, since those motions are on the same subject, uranium cartel. I do not believe the hon. member would wish to come here every Thursday to deal with each one of them separately, and I think it is his wish that we proceed with all the motions together. I ask for the unanimous consent of the House to proceed in that order and that the other notices of motions preceding them be allowed to stand.

The Acting Speaker (Mr. Ethier): Hon. members have heard the proposition put forward by the parliamentary secretary. Is there unanimous consent?

Some hon. Members: Agreed.

• (1702)

DOCUMENTATION RESPECTING URANIUM CARTEL

Mr. Sinclair Stevens (York-Simcoe) moved motions:

No. 7.

That an order of the House do issue for a copy of the letter dated September 1975 from Dr. O. J. C. Runnalls to Gulf Minerals Canada Ltd. advising them of the fourth quarter assessment of dues to SERU otherwise known in English as the Uranium Marketing Research Association or as the Uranium Club.

No. 8.

That an order of the House do issue for a copy of the Department of Justice legal opinion referred to by the Right Honourable the Prime Minister on August 4, 1977 in the House of Commons touching on the uranium cartel.

No. 9.

That an order of the House do issue for copies of the quarterly reports prepared by Andre Petit of the Secretariat at SERU bearing on the uranium cartel.

No. 10.

That an order of the House do issue for copies of the minutes of all meetings at which Dr. O. J. C. Runnalls attended, bearing on the uranium cartel.

No. 11.

That an order of the House do issue for copies of the minutes of all meetings at which Andre Petit attended bearing on the uranium cartel.

No. 12.

That an order of the House do issue for copies of all SERU Secretariat documents numbered 73.1, 73.2, 73.3 etc. for 1973, bearing on the uranium cartel.

No. 13.

That an order of the House do issue for copies of all SERU Secretariat documents numbered 74.1, 74.2, 74.3 etc. for 1974, bearing on the uranium cartel.

No. 14.

That an order of the House do issue for copies of all SERU Secretariat documents numbered 75.1, 75.2, 75.3 etc. for 1975, bearing on the uranium cartel.

No. 16.

That an order of the House do issue for a copy of the memorandum dated March 22, 1972, from I. W. Coleman, Associate General Counsel, Gulf Oil Corporation to Mr. E. B. Walker, Executive Vice-President, Gulf Oil Corporation, describing recent developments regarding proposed international uranium marketing arrangements and distributed to Mr. R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Limited; J. G. Dieter, Assistant General Counsel, Gulf Energy and Environmental Systems Co., a division of Gulf Oil Corporation; and R. D. Jackson, Attorney, Gulf Oil Corporation.

No. 17.

That an order of the House do issue for a copy of the memorandum dated April 12, 1972, from Mr. I. W. Coleman, Associate General Counsel, Gulf Oil Corporation to Mr. M. E. Minks, General Counsel, Gulf Oil Corporation, reflecting legal analysis and requesting consultation regarding the giving of legal advice to Gulf management personnel concerning a proposed international uranium marketing arrangements and distributed to Mr. E. B. Walker, Executive Vice-President, Gulf Oil Corporation; R. D. Jackson, Attorney, Gulf Oil Corporation; R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation, counsel, Gulf Minerals Canada, Ltd.; H. E. Hoffman, Associate General Counsel/Vice President, Gulf Energy and Environmental System Co., a division of Gulf Corporation.

No. 18.

That an order of the House do issue for a copy of the memorandum dated April 19, 1972 from M. E. Minks to file summarizing author's communication to Messrs. Zagnoli and Allen concerning proposed international arrangement, and outlining legal conclusions.

No. 19.

That an order of the House do issue for a copy of the handwritten notes dated April 24, 1972, of Gulf lawyer reflecting telephone conversation with Mr. Allen concerning a uranium producers meeting, which set forth legal opinions and conclusions from the files of Gulf's Law Department.

No. 20.

That an order of the House do issue for a copy of the memorandum dated April 28, 1972 from R. D. Jackson, Attorney, Gulf Oil Corporation to J. W. Coleman, Associate General Counsel, Gulf Oil Corporation, setting forth principal points of discussion between Messrs. Jackson, Ramsey and Zagnoli concerning proposed uranium cartel and distributed to M. E. Minks, General Counsel, Gulf Oil Corporation; M. W. Ramsey, Director, Corporate Planning, Planning and Economics Department, Gulf Oil Corporation.

No. 21.

That an order of the House do issue for a copy of memorandum dated April 28, 1972, from R. D. Jackson, Attorney, Gulf Oil Corporation to I. W. Coleman, Associate General Counsel, Gulf Oil Corporation, transmitting opinion of counsel regarding proposed international producers' arrangement which sets forth legal conclusions and advice concerning Gulf's being compelled to participate by the Canadian government and distributed to M. W. Ramsey, Director, Corporate Planning, Planning and Economics Department, Gulf Oil Corporation.

No. 22.

That an order of the House do issue for a copy of memorandum dated May 1, 1972, from I. W. Coleman, Associate General Counsel, Gulf Oil Corporation, to M. E. Minks, General Counsel, Gulf Oil Corporation, reflecting discussions among Messrs. Allen, Estey and Matthews regarding application of legal principles and suggested courses of action.

No. 23.

That an order of the House do issue for a copy of the letter dated May 1, 1972, from W. Z. Estey, Partner, Robertson, Lane, Perrett, Frankish & Estey; counsel for Gulf Minerals Canada, Limited, to I. W. Coleman, Associate General Counsel, Gulf Oil Corporation, together with an attached letter dated January 5, 1972 from W. Z. Estey to R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Limited, prepared by counsel containing legal advice and opinion concerning Canadian statutes and policies as applicable to certain of Gulf's activities.

No. 24.

That an order of the House do issue for a copy of a letter dated May 3, 1972, from O. J. C. Runnalls, Senior Advisor—Uranium, Department of Energy, Mines and Resources; Official of Uranium Canada, Limited, a Crown Corporation, to N. M. Ediger, Manager, Gulf Minerals Canada, Limited, together with an attached undated letter from O. J. C. Runnalls to J. Austin, Deputy Minister of the Department of Energy, Mines and Resources; President, Uranium Canada Limited, a Crown Corporation, attaching the Minutes of the Meeting of the International Uranium Producers in Paris, April 20-21, 1972.

No. 25.

That an order of the House do issue for a copy of a letter dated May 4, 1972, from W. Z. Estey, Partner, Robertson, Lane, Perrett, Frankish & Estey; counsel for Gulf Minerals Canada, Limited, to R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Limited, attaching revised page of the opinion of counsel, set out in a memoradum dated February 6, 1972, from R. D. Jackson, Attorney, Gulf Oil Corporation to file.

No. 26.

That an order of the House do issue for a copy of a letter dated May 11, 1972, from R. D. Jackson, Attorney, Gulf Oil Corporation, to M. E. Minks, General Counsel, Gulf Oil Corporation, together with a buckslip attaching telex dated October 5, 1972, from N. M. Ediger to R. K. Allen summarizing the Ottawa meeting of Canadian Producers, which telex contains marginal notes reflecting mental impressions and conclusions of Gulf Counsel, which writing is believed to be that of Mr. Jackson.

No. 27.

That an order of the House do issue for a copy of a letter dated May 17, 1972, from O. J. C. Runnalls, Senior Advisor-Uranium, Department of Energy, Mines and Resources; Official of Uranium Canada, Limited, a Crown Corporation, to N. M. Ediger, Manager, Gulf Minerals Canada, Limited, together with a letter dated May 16, 1972, from O. J. C. Runnalls to file, attaching minutes of Canadian Uranium Producers' Meeting of May 9, 1972.

No. 28.

That an order of the House do issue for a copy of a letter dated may 19, 1972, from R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Limited, to I. W. Coleman, Associate General Counsel, Gulf Oil Corporation, together with an undated Draft Aide Memoire re Canadian Uranium Producers' Meeting on May 19, 1972 and a letter dated May 10, 1972, from Carl to N. M. Ediger, Manager, Gulf Minerals Canada, Limited, enclosing attachments for purposes of keeping counsel advised and receiving continuing advice from counsel on matters concerning uranium producers' arrangement and which was distributed to W. Z. Estey, Partner, Robertson, Lane, Perrett, Frankish & Estey; counsel for Gulf Minerals Canada, Limited and H. E. Hoffman, Associate General Counsel/Vice President, Gulf Energy and Environmental Systems Co., a division of Gulf Oil Corporation.

No. 29.

That an order of the House do issue for a copy of the memorandum dated June 2, 1972 from R. D. Jackson, Attorney, Gulf Oil Corporation to file describing discussion between author and Mr. Allen concerning legal advice and containing counsel's advice and opinions with regard to a proposed uranium marketing organization and distributed to M. E. Minks, General Counsel, Gulf Oil Corporation; I. W. Coleman, Associate General Counsel, Gulf Oil Corporation; and R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Ltd.

No. 30.

That an order of the House do issue for a copy of the memorandum dated June 2, 1972, from R. D. Jackson, Attorney, Gulf Oil Corporation to file

describing legal analysis and conclusions of Mr. Jackson with regard to a legal opinion which he had been requested to prepare and gives legal opinion of counsel regarding a matter communicated to him by client, and distributed to M. E. Minks, General Counsel, Gulf Oil Corporation; I.W. Coleman, Associate General Counsel, Gulf Oil Corporation; R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel Gulf Minerals Canada, Ltd.; and M. W. Ramsey, Director, Corporate Planning, Planning and Economics Department, Gulf Oil Corporation.

No. 31.

That an order of the House do issue for a copy of the memorandum dated June 15, 1972 from O. J. C. Runnalls, Senior Advisor—Uranium, Department of Energy, Mines and Resources; Official of Uranium Canada, Limited, a Crown corporation to J. Austin, Deputy Minister of the Department of Energy, Mines and Resources; President, Uranium Canada, Limited, a Crown corporation being a summary of Canadian Uranium Producers' Meeting in Johannesburg, May 28, 1972 (classified confidential by Canadian government) and distributed to G. M. McNabb, Assistant Deputy Minister (Energy) of the Department of Energy, Mines and Resources; Executive Vice President, Uranium Canada, Limited, a Crown corporation.

No. 32.

That an order of the House do issue for a copy of the memorandum dated June 27, 1972 from O. J. C. Runnalls, Senior Advisor—Uranium, Department of Energy, Mines and Resources; Official of Uranium Canada, Limited, a Crown corporation to J. Austin, Deputy Minister of the Department of Energy, Mines and Resources; President, Uranium Canada, Limited, a Crown corporation being a summary of meeting of Canadian Uranium Producers of June 9, 1972 (Classified confidential by Canadian government) and distributed to G. M. McNabb, Assistant Deputy Minister (Energy) of the Department of Energy, Mines and Resources; Executive Vice President, Uranium Canada, Limited, a Crown corporation.

No. 33.

That an order of the House do issue for a copy of the memorandum dated July 6, 1972 from R. D. Jackson, Attorney, Gulf Oil Corporation to I. W. Coleman, Associate General Counsel, Gulf Oil Corporation describing advice of counsel concerning a matter communicated to counsel by client and distributed to F. R. O'Hara, Attorney/Antitrust Counsel, Gulf Oil Corporation.

No. 34.

That an order of the House do issue for a copy of the memorandum dated July 10, 1972, from R. D. Jackson, Attorney, Gulf Oil Corporation, to I. W. Coleman, Associate General Counsel, Gulf Oil Corporation; F. R. O'Hara, Attorney/Antitrust Counsel, Gulf Oil Corporation; and M. W. Ramsey, Director, Corporate Planning, Planning and Economics Department, Gulf Oil Corporation describing work schedule of lawyers regarding preparation of legal opinion and subjects of upcoming meeting of counsel and client, distributed to M. E. Minks, General Counsel, Gulf Oil Corporation.

No. 35.

That an order of the House do issue for a copy of the memorandum dated July 20, 1972 from R. D. Jackson, Attorney, Gulf Oil Corporation to M. E. Minks, General Counsel, Gulf Oil Corporation containing an antitrust evaluation and counsel's opinion and advice given to Mr. Zagnoli with respect to Gulf's prospective involvement in the proposed international uranium marketing arrangement distributed to R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation, counsel, Gulf Minerals Canada, Ltd.; I. W. Coleman, Associate General Counsel, Gulf Oil Corporation; W. Z. Estey, Partner, Robertson, Lane, Perrett, Frankish & Estey; counsel for Gulf Minerals Canada, Limited; N. M. Ediger, Manager, Gulf Minerals Canada, Limited; F. R. O'Hara, Attorney/Antitrust Counsel, Gulf Oil Corporation; M. W. Ramsey, Director, Corporate Planning, Planning and Economics Department, Gulf Oil Corporation; and S. A. Zagnoli, President, Gulf Minerals Canada, Limited.

No. 36.

That an order of the House do issue for a copy of the memorandum dated August 15, 1972 from R. D. Jackson, Attorney, Gulf Oil Corporation, to F. R. O'Hara, Attorney/Antitrust Counsel, Gulf Oil Corporation describing substance of discussions among counsel regarding proposed Canadian regulations concerning uranium marketing, distributed to I. W. Coleman, Associate General Counsel, Gulf Oil Corporation.

[Mr. Stevens.]

No. 37.

That an order of the House do issue for a copy of memorandum dated September 25, 1972 from Mr. O. J. C. Runnalls, Senior Advisor—Uranium, Department of Energy, Mines and Resources; Official of Uranium Canada, Limited a Crown corporation, to Mr. G. R. Albino, Official of Rio Algom, Ltd., a Canadian mining company; J. Kostuik, Official of Denison Mines, Ltd., a Canadian mining company; W. M. Gilchrist, Official of Eldorado Mines, Ltd., a Canadian Crown corporation; N. M. Ediger, Manager, Gulf Minerals Canada, Ltd.; K. E. Kegel, Official with Uranerz Canada, Ltd., a Canadian subsidiary of a West German company; and G. M. McNabb, Assistant Deputy Minister (Energy) of the Department of Energy, Mines and Resources; Executive Vice President, Uranium Canada, Limited, a Crown corporation.

No. 38.

That an order of the House do issue for a copy of the memorandum dated September 26, 1972 from R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Limited to I. W. Coleman, Associate General Counsel, Gulf Oil Corporation describing the letter attaching outline of a proposal prepared by counsel for possible use in the then forthcoming negotiations with joint venture partner concerning the impact of regulations adopted by Canada's Energy Control Board, requesting legal advice from co-counsel regarding the proposal.

No. 39.

That an order of the House do issue for a copy of the memorandum dated October 11, 1972 from R. D. Jackson, Attorney, Gulf Oil Corporation to F. R. O'Hara, Attorney/Antitrust Counsel, Gulf Oil Corporation describing the letter concerning earlier consultation on legal points and recommending the giving of certain legal advice to the client regarding international uranium producers' arrangement.

No. 40.

That an order of the House do issue for a copy of the memorandum dated October 12, 1972 from F. R. O'Hara, Attorney/Antitrust Counsel, Gulf Oil Corporation to R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Limited describing the letter by counsel which sets forth legal comments and brief antitrust analysis concerning a matter on which client requested legal advice.

No. 41.

That an order of the House do issue for a copy of the memorandum dated November 20, 1972 from F. R. O'Hara, Attorney/Antitrust Counsel, Gulf Oil Corporation to N. M. Ediger, Manager, Gulf Minerals Canada, Limited describing the letter setting forth counsel's analysis and legal opinion with regard to antitrust considerations and advice with regard to compliance with antitrust laws, regarding international uranium producers' arrangements and direction by Canadian government that Gulf participate therein and distributed to R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Limited; W. Z. Estey, Partner, Robertson, Lane, Perrett, Frankish & Estey; counsel for Gulf Minerals Canada, Limited; J. McAfee, President, Gulf Oil Canada, Limited; M. E. Minks, General Counsel, Gulf Oil Corporation; J. C. Phillips, Vice-President, General Counsel, Gulf Oil Canada, Limited; and S. A. Zagnoli, President, Gulf Minerals Canada, Limited.

No. 42.

That an order of the House do issue for a copy of a letter dated January 2, 1973, from R. K. Allen, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Limited, to F. R. O'Hara, Attorney/Antitrust Counsel, Gulf Oil Corporation and distributed to N. M. Ediger, Manager, Gulf Minerals Canada, Limited and attaching letters dated December 27, 1972, from N. M. Ediger to S. A. Zagnoli, President, Gulf Minerals Canada Limited, and distributed to R. K. Allen and W. Z. Estey, Partner, Robertson, Lane, Perrett, Frankish & Estey; Counsel for Gulf Minerals Canada, Limited and December 22, 1972, from J. Austin, Deputy Minister of the Department of Energy, Mines and Resources; President, Uranium Canada Limited, a Crown corporation to N. M. Ediger, setting forth legal conclusions and requesting legal opinion re client's proposed response to Canadian government's proposed directive.

No. 43.

That an order of the House do issue for a copy of an undated document being handwritten notes of a Gulf Attorney reflecting communication with client and statement of legal question in advance of preparation of formal legal opinion from the files of Gulf's Law Department bearing on the uranium cartel.

He said: Mr. Speaker, in entering the debate on the motions, to which you have just referred, I would point out that the debate arises from the government's refusal to release documents bearing on the uranium cartel. These are remarkable documents, Mr. Speaker, the most remarkable documents I have seen in my five years in this House, because they paint an incredible picture of administration officials conspiring with uranium producers to fix prices, set quotas, and rig bids in an effort to raise the price of uranium.

Even worse, these documents tell a chilling story of how government officials coached worried uranium producers in ways of circumventing the laws of the land, in ways of "minimizing the risks under the Combines Investigation Act." These are serious matters in themselves, so serious that they would warrant the release of the documents to a concerned House.

There is another more important point; one salient fact about these documents that I ask hon. members to bear in mind during this debate; and that is that a great many of these documents are now readily available in the United States. They are available to the United States Congress, to American courts in at least three states, to two federal and state investigative bodies and, in fact, they are available to any American who wants them and requests them of his government. All in all, something like 90 per cent of the documents I have requested from this government are available right now in the United States. Yet this administration has consistently denied them to this House.

The government went even further in suppressing this information. For the first time in Canadian history, the government moved retroactively to deny these documents, or any other information about the cartel, to Canadians. It passed an order in council to make it a crime for Canadians even to discuss the cartel. That order in council has been modified somewhat, but it still applies to members of government and industry who were involved in the cartel. In other words, anyone who knows anything about the cartel is still forbidden to shed any light on the matter. Such a move by a Canadian government is an insult to us all. To state my case as simply as possible, it is ludicrous that we in this House, and the Canadian people in general, should have to turn to United States tribunals for information about the activities of our own government, information which should rightly come from Ottawa.

We will undoubtedly hear many excuses from the government tonight why this House cannot be trusted with these documents. We will be told again—just as we have been told consistently over the past eight months—that the release of these documents is detrimental to our foreign relations, and in some strange manner would assist the extra-territorial application of United States law.

The central point I urge hon. members to consider as they listen to these arguments is that most of these documents are already in the hands of those foreign tribunals. They are there now. They were there when we asked for them last August. The only thing this administration accomplishes by denying them to Canadians is to humiliate this House and the Canadian people by making us look abroad for the information which should be forthcoming right here at home.

It is a sad mistake this government is making, and I for one think it is tragic that Canadians should once again be the last to find out what their government has been up to.

The second point we hope this House will consider is that this government has attracted widespread attention around the world for its efforts in setting up this cartel. It is incumbent upon this House to ensure that Canadians too—not just Americans, but Canadians as well—are given an opportunity to scrutinize first-hand the activities which have generated so much interest elsewhere. In other words, it is incumbent upon this House to ensure Canadians access to information about the uranium cartel at a time when that cartel is the object of such controversy abroad.

This is clearly no ordinary request for routine or ordinary documents. The "harmless", "informal marketing arrangement", to use their words, described by the Minister of Energy, Mines and Resources (Mr. Gillespie), has been stripped of its respectability by recent investigations and has been revealed to be the world's first international energy cartel since the end of the second world war. It showed OPEC how to do it. It is probably one of the most successful as well.

The price of uranium has shot up 700 per cent since Ottawa began its little adventure in marketing in 1972, and concerned electricity consumers and utilities around the world are combing through these documents for an understanding of how all this came about.

In the United States the cartel has become the subject of a congressional investigation in Washington, and an investigation by the New York state assembly. Ottawa's marketing agreement has found its way into lawsuits in Illinois, Virginia, New Mexico, and Pennsylvania, where the cartel has become the cornerstone in the largest and most complex round of civil litigations in U.S. history with claims and counterclaims in excess of $10 billion. In one of these lawsuits, a utility, the Tennessee Valley Authority, has named several Canadian uranium producers in a multimillion dollar action.

More recently the cartel was the subject of an 18-month United States federal grand jury that ended in a so-called "informational" indictment against Gulf Oil Corporation, and could possibly result in a number of civil actions against other cartel participants.

In short, this government has made history, though of a somewhat dubious sort. It has set up the first energy cartel and, in the process, has become embroiled in history's largest round of lawsuits. The judiciaries of three states and no less than two arms of the U.S. federal government are currently rummaging through the dirty linen surrounding this fiasco, and this administration still feels that the parliament and people of Canada cannot be trusted with a first hand look at what all the fuss is about. "Trust me", the Prime Minister (Mr. Trudeau) says. That is the sum total of everything he has told this House about the cartel, "Trust me and I'll tell you everything you need to know. And right now the only thing

you need to know is that the cartel is basically harmless. It didn't cause uranium prices to rise; the Arabs did. And anyway, it was the only way government could help a struggling industry."

We know from these documents that this simply is not so, Mr. Speaker. Three of the documents we requested detail very specifically how the cartel secretly conspired to take the price of uranium from $6 a pound in 1972 to over $18 a pound by the end of 1974. A 300 per cent increase in any commodity is not negligible, it is very substantial regardless of what this government says. As a result, the cartel we are discussing will have repercussions for the consumers of electricity as long as uranium is used to fuel nuclear generators.

If hon. members think my remarks are partisan in nature, then I refer them to a preliminary report on the cartel prepared by the Hon. Irwin J. Landes, chairman of the New York Committee on Corporations, Authorities and Commissions. Mr. Landes says very simply:

> From the information already developed by our staff, we are now beginning to re-evaluate New York's plans for nuclear energy development.
>
> One of the reasons the state was seriously considering nuclear options was the assumed low cost of nuclear fuel.
>
> We believe the cartel has set in motion price increases which put in doubt whether nuclear energy will continue to be a low cost energy source.
>
> The unique process of rate-setting allows the increased costs to flow directly through to the taxpayers.
>
> In New York state, it is our belief that price increases set in motion by the cartel could cost consumers $1 billion in New York alone between now and 1980.

Here in Canada where ambitious plans are under way for nuclear development in Ontario, New Brunswick, and possibly Quebec, the cost to consumers could be equally as high.

● (1712)

In New Mexico, Judge Edwin Felter was also unimpressed with arguments that the cartel has had little effect on energy costs. In a judgment that could cost a subsidiary of a cartel participant $1.2 billion, Judge Felter ruled as follows:

> The purpose and effect of the cartel was to limit the supply, control the production, allocate markets and fix the price of uranium.

He added:

> The cartel agreements were carried out effectively—the world market price of uranium was fixed at artificially high levels by the cartel.

He said that, contrary to the government's claims, the cartel pursued a "policy of secrecy . . . that expressly included" domestic markets.

The point is, Mr. Speaker, that while I have no personal interest one way or another in the outcome of the American litigation, I think it is important for this House to remember that two different independent inquiries in the United States have taken radically different views of the cartel than that put forward by this Trudeau emperor administration. I can think of no reason why either the Moss committee, the grand jury, or Judge Felter would take a partisan interest in Canadian politics, and we must ask ourselves why—in all the serious inquiry to date about the cartel—this administration alone views the cartel as basically innocent?

[Mr. Stevens.]

At any event, whether the Americans are looking for scapegoats for high energy costs that they themselves may be responsible for, or whether this administration is simply whitewashing the whole sorry mess, I think it is important that Canadians be given an opportunity to judge this matter for themselves. It is important that Canadians be given a clear and unimpeded view of the cartel, and these documents which, I repeat, are already in most cases available in the United States, are necessary for such an understanding.

I want to turn to one final matter before summing up. We have heard before, and we will no doubt hear again tonight, attempts to equate this reasonable request for documents with some ridiculous allegations that we on this side of the House are insensitive to the needs of the Canadian uranium industry, or that we are somehow "on the side of the Americans" to the detriment of Canadian interests. Nothing could be further from the truth, and I want to set the record straight.

There is no doubt that the uranium industry in the late sixties and early seventies was in trouble. The cutbacks in the British and American arms programs, as well as protective measures taken in the United States, had the effect of depressing uranium prices. Initiating a cartel was not the only way to help our industry. The cartel records show over and over again that other options were open to government if it wanted to assist a troubled industry. At least three of the documents I have requested spell out very clearly that this government could have set up a uranium marketing board, as it has with wheat, for example. It could put legislation before this House to ensure a two-price system that would raise world prices for uranium producers while protecting domestic users against excessive prices. In other words, Mr. Speaker, there were perfectly legal and open ways of coming to the rescue of a Canadian industry, ways in which Canadians, producers and consumers alike, could be protected. What disturbs us is not that the government moved to help our uranium producers, but that it chose secret, backroom conspiracies, with little regard for the Canadian consumer or the laws of the country.

There are today many thousands of Canadian jobs in the steel, footware, textile, nickel, copper, agricultural, and furniture industries that are just as endangered as those in the uranium industry in 1972. Yet no one would suggest that that gives government, or the industries carte blanche to violate the laws of the land, especially if perfectly legal and acceptable means exist to help those industries.

The government is trying to paint this whole episode with the broad brush of respectability, but I suggest that if nothing is wrong with the government's actions in the cartel then it has nothing to fear from releasing these documents to the Canadian people.

To sum up, Mr. Speaker, it is vital to the democratic process of review of government that these documents be released. Even if all of them were heretofore undisclosed, it would be in the best interests of an open and candid government to allow public scrutiny. The insanity of the situation is that documents requested in 23 out of 36 of my motions were already released by the Moss committee when we requested them from this

government. Another eight or nine of them have come out in subsequent civil lawsuits. There is no danger to international relations or anything else in releasing to Canadians what is public knowledge around the world. Simply put, there is no need for the continuing cover-up. The cat is already out of the bag, whether the government likes it or not.

Eight months ago we first requested these documents on the basis of a promise of the Minister of Energy, Mines and Resources to consider, expeditiously, their release. Four months later—the House was sitting for at least two of these months—the minister acted expeditiously in denying them. Let us look at the reasons he gave: one group we cannot have, he says, because they are not in his files. We can be forgiven our scepticism, Mr. Speaker, for questioning this because we know the minister ordered an all-inclusive roundup of cartel documents in November, 1976, from the very firm he now says owns them. If the documents are not in his files, Mr. Speaker, where are they? Are they on his farm, under his bed, or in a favourite shoe box?

There is another group of documents the minister says we cannot have because they would be damaging to international relations. But look at which documents these are. Motion No. 27, for instance, concerns the communication between an official of the Department of Energy, Mines and Resources and an officer of a Canadian firm. Since when did the memos of the Department of Energy, Mines and Resources to a domestic company become "international relations"? Perhaps the minister meant to say that the release of these documents would be harmful to public relations, not international relations.

I hope the government uses this debate tonight to end this ridiculous charade and release to Canadians what others have free access to already. We hope it will permit the Canadian people to make a candid and frank assessment of the cartel that was built secretly in the boardrooms of the Department of Energy, Mines and Resources. After all, the Canadian public will be paying for it for a long time to come.

I am pleased that the Minister of Energy, Mines and Resources is in the House this evening. I hope he will respond to my request in a positive way. There is, frankly, absolutely nothing in any document to which I have referred, or to which I refer in the motions, that should not be disclosed to the Canadian public. It is a sordid tale, Mr. Speaker, a tale of a government more concerned with cover-up and hiding facts than of levelling with the Canadian people. Perhaps the worst example of a government conspiracy to break the laws of Canada has been this instance of the uranium cartel fiasco.

In another jurisdiction we know what happened to the senior executive when they chose to break the laws of that land. In this country, unfortunately, we have a different system. In this country we would not have had a Watergate investigation, because basically if Mr. Nixon had been the Prime Minister of this country his consent would have had to be sought for the investigation. If Mr. Nixon were then to act in the way our emperor, the Prime Minister, acts in respect of the uranium cartel, the investigation would never have taken place.

Mr. Breau: You do not understand the parliamentary process.

Mr. Stevens: The hon. member says that I do not understand the parliamentary process. Sitting on the opposition benches and sensing the frustration of most members of this House with the absolutely dictatorial powers of the emperor, I certainly do understand the workings of parliament.

I see my time has just about elapsed, Mr. Speaker. The Canadian people are entitled to those documents. Certainly they may be embarrassing to the government, and certain ministers have now left the government, but it is time we had a little more linen washed in public. We must know what this government is up to as a result of its very complicated and cozy relations with uranium producers in this country.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am very pleased to have the motions of the hon. member for York-Simcoe (Mr. Stevens) on the order paper because they give us a chance to talk about the so-called uranium cartel and also about the kind of commitment and effort the federal government has made in relation to the uranium mining industry in Canada.

The economic well-being of ridings like mine in Algoma, and Uranium City in north Saskatchewan, have risen and fallen with the fortunes and misfortunes of the uranium mining industry in Canada. The Elliot Lake region of Ontario first came into prominence as a potential source of uranium in 1953 when exploration drilling activity commenced to test uranium showings in Quirke, Pecors, and Elliot Lake.

• (1722)

Mr. Stevens: Mr. Speaker, I wish to rise on a point of order. If the hon. member wants to choose his own time to make a speech for home consumption, I would suggest he take another time than this. He has had absolutely nothing to say so far with respect to why the various documents I have requested production of should be produced or not.

An hon. Member: What arrogance!

Mr. Stevens: Mr. Speaker, if he has some evidence why these documents should not be produced, let him state it—

The Acting Speaker (Mr. Ethier): Order, please. Later in his speech the hon. member may be addressing his remarks to that and hon. members should listen to him.

Mr. Foster: Mr. Speaker, the documents which the hon. member has referred to have a great deal to do with the fortunes and misfortunes of the uranium mining industry of Canada—

Mr. Stevens: Let's see them.

Mr. Foster: —of which Elliot Lake is one of the prime producers—

Mr. Stevens: Let's see them.

Uranium Cartel

Mr. Foster: The hon. member sketched out a great deal of the history of the uranium mining industry when he was speaking, and I would hope he would allow the same degree of latitude on this side of the House. It seems to me that not only the hon. member for York-Simcoe but many of the members in this House have been greatly concerned with the uranium mining industry and the difficulties it experienced in the 1970s and 1960s which have led to the more favourable situation existing today.

I would like to remind the hon. member that this industry was not always as fortunate as it is today. The exact documents that he is talking about have some relationship to that difficulty—

Mr. Stevens: Let's see them.

Mr. Foster: I was mentioning that by 1955 negotiations had been completed for the sale of uranium concentrates to the extent of $300 million for the deposits located in the various parts of Canada.

The town of Elliot Lake was created to house the people needed to extract the uranium produced from the vast low-grade ores in that area. By 1959 shipments from Ontario, mostly from Elliot Lake, had reached an annual rate of 12,746 tons of uranium concentrates valued at some $269 million. Production from Saskatchewan and the Northwest Territories brought Canadian production in that year to almost 16,000 tons with a value of some $331 million; the highest for any mineral or metal exported from Canada in that year.

Of more importance is the employment which this uranium industry provided. In 1959 Canada had 19 uranium mills and 23 mines providing direct employment for some 13,600 people. The boom in uranium production was spurred by special price incentives offered by the United States, through Eldorado Mining and Refining, to obtain uranium for its military programs.

In November, 1959, the United States Atomic Energy Commission announced it would not take up its options to purchase additional uranium, so the industry had to substantially readjust downwards its scale of operations. As early as January, 1960, the number employed by the uranium mining industry in Canada had dropped by almost 2,000 to some 11,800, of which 8,500 were employed in the Elliot Lake area alone. Throughout 1960 the layoffs accelerated, so that by the end of 1960 employment in the uranium industry in Canada had declined to 6,000, of which 4,000 were in the Elliot Lake area.

Mines continued to close, so that the Canadian government in 1963 instituted the first of a series of stockpile programs to maintain the semblance of a uranium industry. Even with these programs, only three mining operations continued operating in Canada between 1964 and 1975, Eldorado Nuclear Limited in the Beaverlodge area of northern Saskatchewan, and Rio Algom and Denison Mines in the Elliot Lake region of Ontario. By 1971 employment in the uranium industry in Canada had declined to less than 2,300 employees, about 17 per cent of the peak employment in 1959. This employment was only maintained by the stockpiling programs of the Canadian government and those instituted by the producers themselves.

The community of Elliot Lake declined with the misfortunes of the Canadian uranium mining industry. The population in 1960, just at the start of the market crash, was some 25,000. By 1966 the population had declined to less than 6,700. Some recovery took place with the negotiation of contracts in the late 1960s with the United Kingdom Atomic Energy Authority and with Japanese utilities. A gradual return to the mining community took place so that by 1969 its population was some 9,500.

Growing concern with the limited market potential and the accumulating producer stockpiles threatened the well-being of the community again. And thus, in 1970 the government had to institute another stockpiling program. This one was a joint venture with Denison Mines to maintain a production level of 2,000 tons of yellow cake per year over the period 1971 to 1974.

Historically, about 70 per cent to 75 per cent of the world's uranium production has been in Canada and the United States, with the United States taking the major share of the production after the market collapse of the 1960s and the institution of the United States Atomic Energy Commission's restrictions on the enrichment of uranium for use in nuclear reactors within the United States.

In 1958 and 1959 for example, Canada's share of world uranium production was 37 per cent and the United States share 35 per cent to 38 per cent. By 1968 Canada's share dropped to 16 per cent while the United States share increased to 54 per cent. Canada's share would have been even less without the stockpiling policies of the Canadian government and private producers.

Not only Canadian producers were facing the dilemma of production over-capacity and the accumulation of stockpiles. Other non-U.S. uranium producers were also facing the same problems. In 1971 and 1972 the international uranium market was in a chaotic condition because of over-capacity, the accumulating stockpiles in both private industry and government warehouses, and because of the continuing efforts of some consuming utilities to play off one producer against another so as to reduce the price paid for uranium to an absolute minimum. Market deterioration was so serious in fact that some uranium sales were made at below $4 per pound of yellow cake, less than the operating costs alone for many producers in the world. Uranium policies originating in the United States served to exacerbate the difficulties being encountered by the producing industry.

Faced with the chaotic marketing conditions, the government had several options. The first of these was to let the uranium industry collapse. I assume that is what the hon. member for York-Simcoe probably would have done. The second choice was to continue with yet another expensive stockpiling program; the first three cost the Canadian taxpayer some $129 million. The third option was to try to alleviate the problem through discussions with government representatives

of consuming nations; and fourth was to explore an arrangement with government officials of producing countries.

Following the first option would have been irresponsible and would have negated the efforts which had been followed in the 1960s to protect the industry. To follow the second option, that of stockpiling, would have only exacerbated the problem by creating more stockpiles to over-hang the market and deter its eventual recovery.

While the Canadian government had no success by its interventions in the 1960s to have the United States government reconsider its policies which were damaging the Canadian uranium industry, the then minister of energy, mines and resources and his officials did discuss the problem in 1971 with government representatives of consuming nations. One of the dangers envisaged was that, in the face of both devastating competition and unprofitable operations for producers, little or no exploration was likely to be undertaken in order to prove up the enormous quantities of uranium that would be required for the 1980s and beyond. The reactions to the Canadian concern were negative or neutral.

● (1732)

Lacking any positive results from these discussions, the Canadian government authorized officials of two Crown corporations, Eldorado Nuclear, Limited and Uranium Canada, Limited to meet with international uranium producers to discuss possible marketing arrangements for the non-U.S. market. The government also requested private producers to attend. The discussions led to an informal marketing arrangement which excluded the domestic markets of France, South Africa, Australia and Canada, and the United States domestic market.

The Canadian government was informed of and approved the marketing arrangements negotiated by Canadian uranium producers and supported the arrangements in Canada by issuing a regulation under section 9 of the Atomic Energy Control Act controlling such aspects as the minimum selling prices and volumes of sales to export markets. In essence, the government had decided that uranium should not be sold below what was considered to be a reasonable price for this non-renewable resource, and the amount to be exported should be distributed on an equitable basis among the several producing companies in Canada. While the minimum prices acceptable to Canada were revised on several occasions as prices recovered from their distressed levels, they were almost without exception below those reported for the protected United States market, and the last minimum price schedule sent to the Atomic Energy Control Board by the then minister of energy, mines and resources, Mr. Macdonald, on March 6, 1974 were far below the prices which prevail today.

The uranium price spiral of 1975 and 1976 was not caused by the uranium marketing arrangement but by factors outside the control of either the Canadian government or those producers who participated in the arrangement. Shortly after the Arab oil embargo was imposed and the price of imported oil increased four-fold, several countries declared an intention to expand markedly their nuclear power programs. Soon there developed an attitude among many utilities around the world that longer term purchasing arrangements for uranium should be negotiated and that, if necessary, a stockpiling policy should be adopted.

Then the United States Atomic Energy Commission proposed to relax the embargo on utilization of foreign uranium enriched in the U.S. facilities, and it soon became apparent that there was not enough uranium to supply all those requests that suddenly appeared in the market.

Canadian producers in early 1974 quoted prices of $12.50 per pound U_3O_8, well above the then current Canadian government's minimum directed price. At about the same time, curtailment of marketing activities occurred for diverse reasons in Australia, France, South Africa and other African countries. The curtailments placed even more strain on Canadian producers to meet the rising demand. Within the next few months, future Canadian sales of 45,000 tons U_3O_8 had been negotiated, ten times the current annual production in total. By the end of 1974, the world market price had reached about $15 per pound, essentially double that prevailing a year earlier.

The upward price spiral continued during 1975 for a variety of reasons. One reason was related to the fact that the light water reactor industry around the world, dependent as it was on U.S. enrichment, had decided from various USAEC announcements that the tails assay would probably be increased from 0.2 per cent to 0.25 per cent by 1977 and then to 0.3 per cent by 1981. Such a change would represent an increase in uranium feed requirements to the enrichment plant of some 20 per cent. Furthermore, there was a growing conviction that uranium and plutonium recycling from spent fuel was becoming less likely because of regulatory delays and actions by interveners in the United States.

Then came the announcement by U.S. Westinghouse in September 1975 that it would be unable to deliver some 32,500 tons U_3O_8 which it had contracted to sell to various utilities in the United States and abroad. The effects of this action contributed substantially to an increasing rise in the price of uranium as utilities sought to cover their shortfall by rushing into the market. As a consequence, the price reached the $40 level in early 1976.

For the past two years the market price has remained more or less stable with some slight upward adjustment to take account of inflation. This is despite the very marked slowdown in the rate of ordering and delays in construction of nuclear capacity. Requirements for uranium have not responded to this slower growth rate because many utilities made commitments to provide uranium deliveries to the U.S. enrichment plants based on nuclear programs envisaged in the early 1970s. So far the U.S. has not relieved their customers of these obligations.

Actions taken by the Canadian government in supporting the uranium marketing arrangement have assured a sound future for Canada's uranium industry. Production in 1977 from all Canadian uranium producers was some 7,500 tons U_3O_8 compared to the 4,100 ton level in 1971, just prior to the

events which led to the marketing arrangement. Production is expected to increase to some 16,000 tons U_3O_8 by 1985, of which some 7,500 tons will be in the Elliot Lake area. In response to this increase in industrial activity, Elliot Lake is expected to grow from 12,000 today to 42,000 by 1985 or 1986.

Even though the marketing arrangement was not instrumental in the price increases which have taken place since 1974, Canada has benefited from the incentive it provided to companies to expand their exploration efforts. In the early 1970s when prices were abnormally low, there was essentially no incentive for uranium exploration in Canada and the level of expenditure in uranium exploration was less than $4 million per year. From 1974, exploration activity responded to the rapid rise in uranium price so that today the rate of expenditure on uranium exploration is in the order of $70 million per year. Promising new discoveries were made in 1975, 1976 and 1977 at Key Lake, Collins Bay, Midwest River and Maurice Bay in northern Saskatchewan. This can only lead to increased assurances of uranium supplies for both the domestic and export markets and the continued expansion of a sound uranium industry in Canada.

The hon. member for York-Simcoe has not been able to find many takers for his argument that the price of uranium has been pushed up by the marketing arrangement which Canada entered into with other countries of the world. For example, I have with me a letter from the chairman of the board of Denison Mines Limited, Mr. Stephen Roman, who was a political associate and was a supporter politically of the hon. member for York-Simcoe. This letter was sent to the shareholders of the company on October 19, 1977. In it he states that he ran twice as the Conservative candidate in an adjoining constituency to the hon. member. He is certainly no great supporter of the government. He points out in this letter that he not only supported the hon. member for York-Simcoe in his race for the leadership of his party but provided him with an aeroplane for his use at that time.

Mr. Knowles (Winnipeg North Centre): Another Otto Lang.

Mr. Foster: Let me just quote Mr. Roman from the letter:

> The allegations made by Mr. Stevens and his friends are completely unfounded and are, in fact, an irresponsible attempt to discredit the Canadian government and the Canadian uranium industry. Not only are the allegations unjust and baseless, they impugn the integrity of our company, our employees and, by association, our shareholders.

● (1742)

That is the view of the chairman of Denison Mines. There are several other interesting items further on. This is a letter sent not to the government but to the shareholders, and in it he refutes—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but the time allotted to him has expired.

Mr. J. R. Ellis (Hastings): My intervention will be extremely brief, Mr. Speaker. Like the previous speaker, I have a fairly heavy concentration of uranium in the northern part of my riding. I am well aware of the problems which have been evident in the industry for the last number of years and I am also aware of the efforts the government has made to be of assistance. I have talked to people who are interested in uranium in three different countries in the past week on two different continents and I know a little about the industry, having kept abreast of its affairs.

I do not disagree with three-quarters of what the hon. member for Algoma (Mr. Foster) has said. However, what the hon. member for York-Simcoe (Mr. Stevens) is asking is perfectly reasonable. He wants to look at some of these documents. If what the Canadian government has done has been so exemplary, why cannot we see the paperwork? These documents are obviously in existence; no one has denied it. They are all available to the government. There was a time, not long ago, when we were told we would not be allowed even to mention the subject—we were going to get five years in jail if we talked about it. This in the free country of Canada.

Let us see these documents. I have no personal involvement in this matter. I know the people the hon. member for Algoma has talked about. I talk to them regularly. I call them friends. But, surely, if there is nothing sinister in these documents we ought to be able to see them. What is it about them which makes it so imperative that they remain top secret? The details the hon. member for Algoma gave about pricing, production, shipments and so on may well be correct—I did not listen very closely when he read the documents which had been prepared for him by the department—but I have to make this point again: If there is nothing in these documents which does other than embarrass the government, possibly, let us see them. Why should this smokescreen be kept up?

The hon. member for York-Simcoe has asked for a number of documents—20 or 25, I think it is. He has prepared his case well. He knows the documents are there. Let us have a look at them even though they may, possibly, be embarrassing to the government.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I should like to deal with some of the points which have been raised by the hon. member for Hastings (Mr. Ellis) and the hon. member for York-Simcoe (Mr. Stevens) in their remarks this evening. Many in this House saw the hon. member for York-Simcoe revert to character as he attacked, on a point of order, the remarks made earlier by the hon. member for Algoma (Mr. Foster): I suppose most of us on this side have come to the conclusion that the hon. member for York-Simcoe misjudged this issue a long time ago and is now trying to wriggle out of the dangerous position into which he got himself and his party.

Mr. Stevens: Wriggle out?

Mr. Gillespie: He came on very strong, almost as a spokesman for the Moss committee—that is the committee in the United States—which is concerned with what was perceived to be the interest of U.S. corporations in uranium marketing

during the early seventies. That committee subpoenaed a number of U.S. corporations, some of which had Canadian subsidiaries. It said, in effect: We would like to know what went on under the so-called international marketing arrangement. The reference was to the arrangement which Canada, Australia, France and South Africa, four independent sovereign countries, formed because they were threatened by the action of the United States government in closing its market and using certain other marketing practices, which the hon. member for Algoma has put on record, which we felt were in direct violation of the obligations under GATT, practices which would have spelled the end of the uranium industry in Canada if we had not reacted as a government.

Mr. Stevens: Let us see the documents.

Mr. Gillespie: But that is not something in which the hon. member was very interested until some of his own friends reminded him that he was on the wrong side of this issue, that a lot of Canadians had a great interest in this industry and depended upon it for their livelihood.

Mr. Stevens: This is unbelievable. What more do you want me to do?

Mr. Gillespie: The hon. member for York-Simcoe got on the wrong side of this issue. He is trying to say that some sort of arrangement was made which was somehow increasing the price in Canada as a result of a so-called cartel arrangement.

Mr. Stevens: Do you deny it?

Mr. Gillespie: If the hon. member gives me time, I will deal with that point. I am very pleased to see him smoked out. I am pleased to hear him indicate that this is really his concern.

I should also like to deal with some of the allegations he has made this evening. Not only did he show arrogance toward Canadian industries, arrogance toward a member of parliament who had been supporting the interests of his constituents in Algoma, but he showed great disdain for the Canadian people. He seems to believe they are a lot more gullible than we on this side believe them to be. He implied that the actions which were taken were taken by the Canadian government alone and not in concert with other countries, or that the Canadian government entered into an informal agreement with other countries and that, having done so, had no obligation to those other countries.

Mr. Stevens: Informal? How can you say that?

Mr. Gillespie: Call it a formal agreement, if you like, but we are still dealing with an informal arrangement. Let us not quibble about words. Canada was a party to an arrangement with other countries; that is my point.

The hon. member for Hastings suggested it would embarrass the government if copies of the documents were made public. When you enter into an agreement with other countries regarding the marketing of uranium and accept certain obligations as a member of that club—and the Canadian government did that—it should be important to put on the record that other countries which were also part of the arrangement took action in their countries to ensure that the documentation associated with that so-called cartel arrangement would not be made public.

● (1752)

The Australian parliament passed legislation which is, I am told, in every respect just as stringent as the order in council which was passed by this government. The British government, through its attorney general, has taken the case to the House of Lords. I am sure hon. members are aware of that. The French government has taken action. Other governments which were party to this arrangement have taken action to protect their interests — yes, their sovereignty too — because their industries were also faced with survival situations.

The hon. member for York-Simcoe has not said anything about that. He suggested that Canada could forget the fact that it entered into an arrangement with other sovereign countries to protect, in a collective sense, the interests of an important industry in those sovereign countries. The hon. member for York-Simcoe would have us repudiate our arrangements with those other countries. At times I am not sure whether the hon. member is concerned about questions of honour and reputation, but when we are dealing in the international field I suggest that our partners expect us to honour the spirit and letter of agreements.

Mr. Stevens: Mr. Speaker, I rise on a point of order. I am sure that the minister does not want to mislead this House. Would he make it clear that parliament has never condoned the actions he is asking us to observe as far as other countries are concerned?

The Acting Speaker (Mr. Ethier): Order, please. I see no point of order.

Mr. Gillespie: Mr. Speaker, again the hon. member is demonstrating his character. He is more interested in debate than in listening and getting information.

Mr. Stevens: What is wrong with debate? Let us have the documents.

Mr. Gillespie: Earlier the hon. member asked to be given reasons with respect to the combines side, and I told him that I would deal with that in my remarks.

I also pointed out that I thought the hon. member had misled the Canadian people by suggesting that somehow Canada had acted alone, had not acted in concert and therefore had no obligations, and that there would be no embarrassment whatsoever for Canada if Canada were to make public all the documents to which Canada had been party. He also implied that there was some sort of action here which could contravene the Combines Investigation Act. He did not men-

tion that the Minister of Consumer and Corporate Affairs (Mr. Allmand) took action to deal with that specific concern.

Mr. Stevens: Whitewash.

Mr. Gillespie: Quite wisely, the hon. member says.

Mr. Stevens: I said whitewash.

Mr. Gillespie: There may be some concern about this. Perhaps some of the confusion in the mind of the hon. member for York Simcoe emanates from the set of circumstances surrounding the regulation which the Canadian government passed for the purpose of protecting the sovereignty and, indeed, the confidentiality of the documents which minuted, one way or another gave effect to or reported on the arrangement of the Canadian government and preventing that information from leaving the country as a result of the extra-territorial application of the U.S. governmental or legal process.

Mr. Stevens: But it was already there.

Mr. Gillespie: That was the reason we took that action. The effect of that regulation was to provide an exemption from the Combines Investigation Act since the board was effectively regulating the volume of exports pursuant to an act of parliament.

The board I am referring to here is the Atomic Energy Control Board. The jurisprudence under that act holds that, in so far as the activities of an industry are effectively regulated, they cannot be in violation of the Combines Investigation Act. The regulation did not operate so as to exempt the producers from any activity which might unduly lessen competition in the domestic market, as it was the government's policy that the domestic market be excluded from the marketing arrangements. While we have no reason to believe that the arrangement did violate the Combines Investigation Act, it was because of the need to resolve allegations that it had done so that my colleague, the Minister of Consumer and Corporate Affairs, directed the director of investigation and research to conduct a formal inquiry under the Combines Investigation Act. That inquiry is now well under way and has had full access to documents and other material in respect of the marketing arrangement.

We do not believe there was any contravention of the Combines Investigation Act because the so-called cartel excluded the Canadian market, as it excluded the U.S. market and the markets of each of the member countries I have mentioned. However, just in case there was, and to meet allegations, action was taken to ensure that the Canadian public interest would be protected, and the director of combines investigations has had, as I have indicated, full access to the documents and will in due course be making his report.

I have dealt with two of the substantive points raised by the opposition. I have dealt with the question of embarrassment to the Canadian government in a situation of this kind in a way which leaves no question about embarrassment when a country enters into an international arrangement. I have also dealt with other allegations of the hon. member for York-Simcoe about the combines side. I believe I have dealt with that conclusively. It is important to remember that if this action had not ben taken, the Canadian uranium industry, as the hon. member for Algoma made clear in his remarks, would not be in the healthy state it is in today.

Mr. Stevens: Why not a marketing board?

Mr. Gillespie: It would not be planning the major expansion it is planning. It would not be in a position to provide uranium fuel for our famous Candu system which is now providing about one quarter of the electric power needs of the province of Ontario.

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business having expired, I do now leave the chair until 8 p.m.

At 6 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Chrétien that Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, be read the second time and referred to committee of the whole.

Mr. Herbert: Mr. Speaker, when I stopped speaking for the summer break—

Some hon. Members: Oh, oh!

Mr. Herbert: Judging from the attendance in the House this evening, it may well be the summer break. Before the adjournment for supper, I spoke about the attitude of the Quebec finance minister, Mr. Parizeau, and I said that if Mr. Parizeau is not prepared to deal his hand when Quebec is still a part of Canada, I cannot understand how he proposes to deal with his English-speaking counterparts in a sovereignty association environment. Certainly we were told by the premier of Quebec that while Quebec was still a part of Canada he would try to abide by the rules.

The strange thing is that the finance ministers in the other nine provinces expressed concern at the attitude of Mr. Parizeau. In fact, they told the Canadian Minister of Finance (Mr. Chrétien) that they would have preferred the acceptance by Quebec of the original proposal, this despite any reluctance that they expressed themselves. This is surely the name of the

game when we negotiate together in a reasonable spirit, being desirous of having some kind of an agreement.

● (2012)

I want to make reference to the telegrams which have been sent to Quebec members of parliament from Quebec, specifically from their counterparts in provincial ridings. I received a quite lengthy telegram quoting the same motion I have read in all the newspapers. There is one word that struck me in the motion itself, and that is the word "provocation". I would take issue with it on this ground. As far as I am concerned there is only one person who has done any provoking, and that is the finance minister, Mr. Parizeau, who stood silent for three weeks and was unable in those three weeks to talk about his jurisdiction. He stood silent for one reason only—because he intended to provoke. As I said before the supper break, there was never any intention on his part of reaching any agreement, and we should bear this in mind in any future dealings.

This telegram is rather strange because it talks about the injustice toward citizens in the province of Quebec of low revenue, particularly old age persons or senior citizens. As I mentioned earlier, I find this passing strange because the benefit that everyone gains is from the reduction in the sales tax. Am I to assume, then, from the telegram that the older people in Quebec are being discriminated against because there is an 8 per cent sales tax reduction only on shoes, on clothes and on furniture? I would assume that most old age persons are not buying furniture. If there is an injustice it is because those same old age persons are not able to benefit from any sales tax reduction on most of their purchases which fall outside the items in respect of which the Quebec finance minister has decided to remove the sales tax.

As far as provincial autonomy is concerned, let me refer to the last paragraph of the telegram. Again I find this passing strange. Everyone accepts that any province can reduce or increase sales tax as it wishes. In fact, and I can be corrected if I am wrong, there is nothing to stop any province from making further adjustments in sales tax up or down at any time in the future. Thus there is surely no interference as far as sales tax is concerned. I am left to infer, then, that the alleged lack of respect for provincial autonomy must refer to the action in respect of federal income tax, that sum being remitted to all taxpayers in the province of Quebec.

Once again I ask myself, is this not federal jurisdiction, and is not the federal government at all times free to increase or decrease federal sales tax for everyone in Canada? Thus I find it passing strange that this type of telegram should be sent to members. Is it not the péquiste party that imposed the tax on children's clothing, something that was not done in any other province except the province of Quebec? Now they have seen the error of their ways and have taken the tax off children's clothing. They think the federal government should reimburse them for their errors. I do not think so. If there is any inequity it is caused at the provincial level.

I want to pass quickly to some remarks made by the hon. member for York-Simcoe (Mr. Stevens) yesterday in his speech. If I can quote him, he said:

> The government never explained why it chose to go the provincial sales tax route as opposed to the federal sales tax route which could be used as a device to increase the buying power of Canadians.

This is the type of misrepresentation and hypocrisy that comes all the time from members of the Conservative party. The reason that route was not chosen was well explained. It was because there would be no immediate impact on prices. In fact, there might have been only a partial impact on future prices because there was always the possibility, with a change in federal sales tax, which is a hidden tax, that the reduction might not necessarily be passed on to the consumer. This was fully explained and why he should make such a remark I do not understand. He also goes on to say:

> If this government is now willing to listen to proposals from Quebec, why was it not willing to listen to those proposals before bringing in Bill C-56?

What happened during those three weeks? What happened to Mr. Parizeau? Was he struck dumb or what? I do not understand. I cannot for the life of me see why, because he waited until after the budget in order to come in with his preposterous proposal, we should give any more credit to them now than we did before the budget was proposed.

The hon. member for York-Simcoe then goes on to say, talking about the province of Alberta:

> —if I were a resident of Alberta I would find most objectionable the fact that, by being a resident of that province, I am deemed to have more wealth than those in other areas of the country and should receive absolutely no benefit.

Once again, there is no sales tax in Alberta so there cannot be a reduction in sales tax. The Albertan loses nothing. How, under those circumstances, can we be complaining that there is no reimbursement of moneys which have not been lost? Frankly I fail to understand that argument. In the same breath we have members of the Conservative party talking about the inequality existing between the maritimes, Quebec and the other provinces. They cannot have it both ways.

The hon. member for Kingston and The Islands (Miss MacDonald) during today's question period talked about the denial of the right to make a decision in the field of provincial jurisdiction. Once again I do not really understand what the Tories are talking about. No one has interfered at any time with the provincial right to change provincial sales taxes up or down as they please, including an additional change-over and above what the Canadian Minister of Finance was proposing.

When we talk of the problem in Quebec, if there is one, it is simply that the minister of finance in Quebec has always collected his own provincial taxes. This has been going on since 1954. As I mentioned before supper, the cost of collecting provincial sales tax is over $100 million; something in the order of $120 million. That is a direct cost to the people of Quebec. That is an inequity, and that is one of the reasons the people in Quebec are paying so much higher provincial sales tax than people in any other province of Canada. As I have often said, even as a member of parliament, we pay many hundreds of dollars, some of us a thousand dollars, more in

provincial tax because we live in the province of Quebec than we would pay in the province of Ontario.

I should like to make reference also to some remarks made today by the member for Oshawa-Whitby (Mr. Broadbent). First of all, I was pleased to hear of his recognition of the fact that the Canadian Minister of Finance was consulting with the provinces. The hon. member for Oshawa-Whitby went on to talk about the fact that the people of Quebec are only getting what the people of Ontario are getting and that they should get the same as the maritimes. He forgets that the alternative proposal of the Canadian Minister of Finance was to do just exactly that and put Quebec in the same position as the maritime provinces.

Furthermore, he goes on to quote some figures, and I find those figures most interesting. I would like to repeat them, though he used them for an entirely different purpose. He says that in the province of Quebec more goods are produced by other countries and provinces, and he quotes, for example, the shoe industry, in respect of which only 22 per cent of shoes sold in Quebec are made in the province of Quebec; more than 22 per cent are made in Ontario and 54 per cent are imported. There is an 8 per cent reduction in the tax on all those items, so we are not just assisting Quebec industry but imports as well. The same thing applies in respect of furniture, with only 30 per cent of the furniture sold in Quebec being made in Quebec. In respect of textiles, 24 per cent are made in Quebec. Once again, if there is an inequity or stupidity it is in the inference that the 8 per cent tax reduction is good just for Quebec. The 8 per cent reduction in tax in Quebec is as much of assistance to provinces such as Ontario as it is to Quebec, and the Quebec people should realize that. In the meantime, because there is not a 2 per cent reduction on other products, other industries of manufacture in Quebec are not getting any benefit.

● (2022)

We have often talked about the fact that Quebec purchases goods from Ontario and Ontario purchases goods from Quebec. The difference is that 20 per cent of Quebec purchases are made in Ontario and only about half as many, 11 per cent, of Ontario purchases are made in Quebec. The obvious inference is that Quebec is much more dependent on Ontario than Ontario is on Quebec.

One last point I would like to make concerning figures is that whereas today the federal tax is approximately 40 per cent of the total tax take of the three levels of government—federal, provincial and municipal—some years ago the situation was reversed. Quite obviously there is less power in the hands of the federal government today to adjust various factors, to adjust the economy, as a result of this smaller portion of the taxing power that the federal government has. In addition, despite the fact the federal portion has dropped from approximately 60 per cent to today's 40 per cent, included in the federal portion today are all the programs of redistribution of incomes which are surely a direct benefit to the provinces and particularly to the have-not provinces such as the province of Quebec.

As far as the Leader of the Official Opposition (Mr. Clark) is concerned—and I feel that everybody has been very hypocritical in their remarks on this particular bill—he talks about interference in provincial jurisdiction and yet only today he proposes a motion criticizing the government of Russia. I suggest, Mr. Speaker, that if we have a right to attempt to interfere in the jurisdictions of other countries—and bearing in mind that the same motion that was proposed today was proposed the day before by a member on this side of the House but was negatived by members on the other side of the House—then surely we have a right at least to make some suggestions in an area of provincial jurisdiction.

Mr. Stevens: You are a commie lover.

Mr. Herbert: Mr. Speaker, they can make any remarks they like. I am talking about interference in another jurisdiction. The Tory party is very quick to complain whenever there is any suggestion that the United States might be meddling in Canadian affairs.

I support the hon. member for Bellechasse (Mr. Lambert) when he said that we members here represent all Canadians. We are expected as federal members to be Canadians, but that does not stop us from representing our ridings or our province. In all the remarks I have made this afternoon, before supper and again in closing here, what I said I meant for the people in my riding first, for the province of Quebec second, and for the Canadian people third. Because it is all the same. As I said at the opening of my remarks, I have never felt so strongly about an issue. We are not talking just about Bill C-56; we are talking about what Canada is all about.

If we can have no discussions between our provinces today when we still theoretically belong together, then we might as well pack up and go home. Because if we are unfortunate enough to see a Conservative government at some future stage, with the direction in which they are moving we have de facto separation and we will not need a referendum to decide what is going to happen to Canada.

[*Translation*]

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I want to say at the outset that we, of the official opposition, have listened with great interest to the speech made this afternoon by the hon. member for Oshawa-Whitby, the Leader of the New Democratic Party. I want to state immediately, Mr. Speaker, that we fully support the amendment he put forward.

If the Prime Minister was serious in the remarks he made yesterday about the necessity to delay the passage of the bill another month, these remarks can be interpreted to mean that he wants to hold real and serious consultations with the provinces concerning the question we are debating tonight. We, on this side of the House, are convinced the amendment proposed by the hon. member for Oshawa-Whitby will give

this government another month during which consultations may be held with the provinces as well as private citizens on the very complex problem that is before us tonight.

[*English*]

I say most regretfully, Mr. Speaker, that in all my years sitting on the left side of the Chair in this House, I have never seen our federal government commit a greater series of errors than they have in the handling of the sales tax case with the provinces which we are discussing tonight. The hallmark of the Prime Minister's and the Ministers of Finance's approach to this matter has been gross incompetence, arrogance and political expediency at the price of hurting national unity.

In spite of the simplistic approach of the hon. member we just heard from, the approach of this government is inflexibly based on the proposition that Ottawa has all the answers and that the provinces are to be consulted but never listened to; that all the conventional wisdom rests here in Ottawa and the provinces can never suggest anything, because once the Prime Minister consults his federal bureaucrats nothing can change no matter how good the suggestions are from the provinces. This shows a complete disregard for the realities of contemporary Canada and its regional and provincial diversities, as well as a complete disregard for the Canadian constitution, provincial powers and provincial jurisdiction.

This matter has been handled by a tired government in complete disarray, a government without direction and without new ideas to challenge Canadians. I have got to add a proviso here. Not so many months ago the hon. member for Vaudreuil (Mr. Herbert), who has just spoken, said this was the worst government Canadians have had to put up with since the second world war. I would like to go one step further than the hon. member, who reluctantly supports this tired government: the handling of this serious matter has confirmed in the minds of all Canadians once and for all something that we in the opposition have witnessed and have known for many months, namely, that this government now sitting to the right of you, sir, is undoubtedly the worst government we have ever had in Canada since confederation. And I say this regretfully. In speaking to people from coast to coast I find they say this is the worst government, and historians will judge it so. This is the worst government that has sat in office since confederation. It must go and the sooner the better.

Mr. Penner: Save it for the election.

Mr. Grafftey: There might not be an election because this Prime Minister hasn't got the guts. He looks at one poll, and he hasn't got the guts to face the electorate. I cannot say that for the electorate because, frankly, the Canadian people cannot put up with another few months of the worst government since confederation.

When I was a young man I joined the board of a medium sized Canadian company, and at my first session sitting on the board of directors at a directors' meeting I turned to one of my fellow directors and I said, "Is this company strong and healthy?" He said, "My good Heward, it is strong and healthy; it has survived ten successive years of mismanagement!"

● (2032)

When I look at the way this sales tax was handled, I say to the Canadian people do not despair; this is a strong and healthy country because it has survived ten consecutive years of gross mismanagement. But this sort of nonsense has to stop, Mr. Speaker. I spoke to an older constituent of mine who has voted Liberal, who has voted Conservative—he has voted against me as well as for me—and he said, "I am 90 years old and in my 90 years as a Canadian citizen I have never seen a government in Ottawa bungle a single matter as much as the federal government has bungled the sales tax proposition."

[*Translation*]

Mr. Speaker, as for the question under consideration this evening, I categorically ask: Who are the people who support this bill? The Quebec legislature, including each opposition party? No. The people and groups of concerned citizens in Quebec? No. Members of the opposition in Ottawa? No. Mr. Ryan, the great Liberal leader in Quebec? No. And since the federal government reversed its stand earlier this week, the citizens and governments of other provinces? No. The turnabout of the federal government announced this week is the most significant one that I have seen during all the years that I have been in Ottawa. And finally, Mr. Speaker, do several government members sincerely support this bill? No they don't.

Mr. Speaker, there is an amusing saying in English which goes like this: Everybody is out of step but me. The Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. Chrétien) should think about it and for the sake of our country, and the well-being of our Canadian economy, they should withdraw that bill as soon as possible and ask the advice of the provinces in a spirit of understanding and good feeling. They should at least accept the amendment moved by the Leader of the New Democratic Party (Mr. Broadbent) this afternoon. And you, hon. members on the government side or rather members from the province of Quebec—I think now of the hon. members for Maisonneuve-Rosemont (Mr. Joyal) and for Compton (Mr. Tessier)—the people of Quebec are looking at you now with much interest. They want to know what is more important: you, the hon. members from the province of Quebec or the legitimate aspirations of the whole Quebec population as expressed by a unanimous vote of the National Assembly and by several private groups in the province of Quebec.

I am calling upon members from the province of Quebec tonight. What is your stand? Because on many occasions, you have talked to me in the halls and said: We are against that! The Minister of Finance is stupid and crazy! It is all nice and easy to say that in the halls of Parliament Hill, in the caucus of the Liberal party, but are you going to stand for the legitimate rights of your fellow-citizens in the province of

Quebec, and speak up on their behalf? You have a great opportunity, right now. Now is your chance, my hon. friends, hon. members from the province of Quebec, to defend the legitimate rights of your fellow-citizens.

I repeat what was said last week at the National Assembly, the population of the province of Quebec is keeping a close eye on you. I would like to know what you the government members of the province of Quebec consider most important, the interests of your own party or the interests of the population of Quebec.

I am pleading with you. Did you listen, as I did, to the opinions expressed by your fellow citizens of the province of Quebec, by the opposition parties in the National Assembly and, since the beginning of this week, by the provincial governments that have spoken against the measure we are debating tonight? I am pleading with each and every member from the province of Quebec regardless of their political party. We should work together to convince the government to withdraw this bill as soon as possible and, in order to remedy the situation, to consult the provinces in a spirit of mutual understanding. It is not too late.

I think and I hope that when the Prime Minister (Mr. Trudeau) mentioned yesterday afternoon in the House of Commons during the question period that he would probably consult the provinces in a spirit of understanding, that he will be doing so with the full support of the government and some members of the province of Quebec so as to remedy this situation as soon as possible.

On many occasions, Mr. Speaker, the Prime Minister said that we supported the Quebec separatist option because we were in favour of the resolution adopted by the National Assembly concerning the sales tax proposal. Well, let me tell the right hon. Prime Minister that I hate the kind of federalism you and your government have been imposing on Canada for the past ten years. Because of your recent confrontation with the provinces on the sales tax issue, because of you inflexibility, your arrogance, no one has done more than the current Prime Minister of Canada and his government to reinforce the two solitudes and help the separatist cause.

[*English*]

An hon. Member: You are not serious!

Mr. Grafftey: I could not be more serious. How did the Parti Québécois come to power? Was it in a spirit of goodwill or nonconfrontation as practised by this government?

What is the situation in the province of Quebec now? I was only too glad to see a federal budget with sales tax proposals that would obviously help the secondary manufacturing sector in the province of Ontario. I am glad about that. In dealing primarily with the secondary manufacturing industry in the province of Ontario, in dealing with the flexible approach to the legitimate demands of Saskatchewan and British Columbia, I was glad of many things contained in the sales tax proposal.

[*Translation*]

During the preparation of this budget the federal government showed enough flexibility in terms of the sales tax to accommodate the needs and requirements of the provinces of British Columbia, Saskatchewan and Ontario. I ask now: Why not Quebec?

[*English*]

I have before me briefing notes for the consultative task force on tariff negotiations. If the textile industry in Quebec or across Canada got their hands on these there would be a fine how-do-you-do. Let me read just two paragraphs regarding the situation in the province of Quebec vis-à-vis textiles, clothing and furniture. This has nothing to do with separatism or federalism. This report cites that in the Quebec manufacturing sector the overriding issue is one of adjustment to competitive pressures on the traditional sectors of textiles, clothing, footwear and furniture. I hope members opposite will listen to what I say, including my confrères from the province of Quebec. Quebec has borne the brunt of the recent decline in Canada's manufacturing employment. Our data suggest that between October 1976 and October 1977 average manufacturing employment in Canada dropped by 34,000; about 30,000 of this net loss was in Quebec, with the great majority in the traditional sectors. Did hon. members hear that? Are they listening? Thirty thousand jobs lost in Quebec out of 34,000 across Canada in the traditional sectors of shoes, clothing, textiles and furniture. Members opposite wonder why Mr. Parizeau replied with that eminently sensible proposition. And they have the gall to support a Prime Minister (Mr. Trudeau) who wants to confront people and call them separatists for supporting this eminently sensible suggestion.

● (2042)

In this package of euphemisms, the last paragraph of the report states:

Some industries will, however, remain the focus for industrial adjustment. These include the traditional sectors of textiles, some clothing, footwear and furniture—

For these industries the policy of the government and its objectives should be to reduce progressively the employment phase. Oh, the government has done that—through increased rationalization behind the necessary minimum of transitional protection.

This government has messed up the economy in the province of Quebec, Mr. Speaker. Let us go from the general to the particular.

[*Translation*]

In the town of Cowansville, which is in my constituency, the Bruck Mills textile plant employed more than 1,000 workers fifteen months ago. Now, there are only 500 workers left. In one town where there are 12,000 residents we have lost 1,000 jobs in the textile sector. Five years ago, Vilas, a company that

specializes in furniture, employed 500 workers. Today the plant is almost closed.

In Cowansville we have two small shoe manufacturing industries which will soon close their doors or go bankrupt as a result of the federal government's policy. The same story goes for the rest of the province of Quebec. The only thing I ask from the members of the opposition is to forget all the stupidities concerning this bill and to support the legitimate requests of the national assembly of our province.

[*English*]

Here is a headline in today's newspaper which states "Yarn mills to close, 200 will lose jobs". Does a headline like this not indicate to the government that we have a particular problem involving textiles, shoes, clothing and footwear?

Mr. Stevens: They don't care.

Mr. Grafftey: Hon. members don't care? Are hon. members not listening? For the next five years, three years or four years will you just have a Pavlovian dog responsible for everything coming from the province of Quebec and saying "Separatist, separatist, separatist"? Because if you do, my friends, nobody but you and your Prime Minister will aid the cause of separatism more.

Some hon. Members: Hear, hear!

Mr. Grafftey: I will tell you what happened, Mr. Speaker.

[*Translation*]

Because of the traditional situation, this government thinks it automatically has the Quebec electorate in its pocket.

[*English*]

For this reason, because the Liberals get their electoral support from the province of Quebec automatically, they think Quebec can put up with any insult and any mismanagement of their economy by this government. They think they will still vote Liberal. Wait until the next Gallup poll, Mr. Speaker. The Liberals will see what they have done to the electorate in the province of Quebec on this measure.

This particular budget regretfully was prepared not for the long-term good of Canada and Canadians, but for an election. It was the old Liberal strategy of divide and rule. It was not prepared for serious discussion in this House as we are doing tonight. But once and for all we have caught the Liberal government at their own game. Once and for all both French-speaking and English-speaking Canadians have seen the game of the right hon. Prime Minister—one policy for the rest of Canada and another policy for the province of Quebec.

An hon. Member: That is not true.

Mr. Grafftey: Once and for all, what was the Minister of Finance (Mr. Chrétien) up to? What was the hon. Minister of State for Federal-Provincial Relations (Mr. Lalonde) up to, and what was the Prime Minister up to? They were trying to escalate the confrontation between Quebec and the rest of Canada for short-term votes for an election which the Prime Minister did not have the guts to call.

Some hon. Members: Hear, hear!

Mr. Grafftey: The last thing that this Prime Minister and the King government expected to have to do was to come before the House of Commons and justify their chicanery to the people of Canada. Now the chickens have come home to roost and the government is caught, my friends.

Mr. Paproski: Right on.

Mr. Grafftey: The government wanted a confrontation during an election. The Liberals wanted to go to English-speaking Canada and say: "Only the Liberal party can save you from this big, bad man Lévesque and all those terrible separatists". The Liberals were going to confront and confront. Forget Canada, and forget why this Prime Minister makes Mackenzie King look like a statesman.

Some hon. Members: Hear, hear!

Mr. Grafftey: The government took Quebec for granted and thought it could insult Quebec with this proposition. Then it went to the rest of the country and said: "Look how tough we can be with Quebec". Well, my friends, wait until the next Gallup poll is out; it will be seen that it was the biggest backfire in Canadian history.

[*Translation*]

Ottawa does not have a monopoly on shrewdness when it comes to economic measures. From time to time, provincial governments also have good ideas. I may be repeating myself for the second, the third or even the fourth time, but I submit it is not too late for you to withdraw this bill and to accept as soon as possible, first of all, the amendment proposed by the NDP this afternoon and, second, the proposition made by the National Assembly of Quebec.

[*English*]

What we are being confronted with this evening and during this week proves more than ever—and I agree with the hon. member for Vaudreuil (Mr. Herbert) on this point—that we are in dire need of constitutional revision. When I think of the wasted ten years since this Prime Minister has taken over, my heart nearly breaks in two. I remember when I greeted my friend, the right hon. Prime Minister, when he came here as a backbencher over ten years ago. I think of the number of times when I sat in the parliamentary cafeteria with him and said to him: "Mr. Trudeau, with our social, cultural and political atmosphere, but moreover because of economic duplication and waste, if there is one thing you can do it is to help bring meaningful constitutional change to Canada as quickly as possible." He said to me: "I have not come up here to do that. The present BNA Act is flexible enough for my needs." Subsequently I found out what he really meant.

I say regretfully, Mr. Speaker, that the Fathers of Confederation drafted the British North America Act feeling that it would always be, in cases of prime ministers, in the hands of

statesmen. But in this case they were wrong. The Prime Minister has used the British North America Act as no other Prime Minister in the history of this country has used it for short-term political advantage and confrontation. Look what we have today. The chickens have come home to roost and we are divided as we have never been divided before. Do hon. members think I say this with any partisan delight? No. I say to members opposite, where are the members from the province of Quebec? Could anything be more obvious than that by supporting the Prime Minister as he sinks with his ship they are flying in the face of every single opinion, not only from the province of Quebec, but from all over Canada?

● (2052)

When I ran a company several years ago and I announced my position, very often my branch managers or section heads revised my opinion. They told me they thought I was wrong. I accepted their advice. Did I think I lost face? Their advice perhaps saved my company. Is it really too much to expect the Prime Minister and this government to forget their pride for a minute and accept a measure that would be good for Canada, particularly for our province? In the name of God I ask him to do this.

It has been cited time and time again—and we have a report in our hands emanating from the Department of Industry, Trade and Commerce—that the traditional sectors of textiles, clothing, footwear and furniture are very strong in Quebec.

[*Translation*]

Several members have noted on many occasions that, as far as the traditional sectors are concerned, we import many goods from the other provinces. I agree with you that we do not have the exact figures—and neither have you—but I am under the very strong impression that if we adopt the proposal made by the Quebec National Assembly, this will help enormously not only the traditional sectors within the province of Quebec and low income groups, but also the economy of the other provinces, because of these imports.

[*English*]

What about the fact that we have discussed during this debate, that the measure of returning refunds to the province of Quebec will almost 100 per cent obliterate many of the benefits that the Minister of Finance intended in his original budget speech? When he presented his speech, he said, as reported at page 4319 of *Hansard*:

> Any further stimulus should obviously be fast-acting. It should encourage consumer spending, not more spending by government. It should offset some of the temporary factors which are pushing up prices. This is particularly important now, on the eve of the start of decontrol.
>
> A reduction on retail sales taxes fits these requirements best, and has the added advantage—

He said this many times in his speech over television and outside.

> —of benefitting all those who spend in Canada, even those who do not pay income tax.

[Mr. Grafftey.]

[*Translation*]

About the proposal announced by the Minister of Finance this week, could you, as elected representatives of the province of Quebec, explain to me how this rebate proposal can help the people who pay the sales tax, the poor, who do not pay any income tax? Do not try, because it is impossible to explain the unexplainable!

[*English*]

It is clear that because of the economic mismanagement of this government, the low and middle income people of the province of Quebec are being beaten like nobody else in this country by high inflation and a staggering rate of unemployment. Now the federal government, because of its intransigence, will not budge on this measure. They are proposing a counter-proposal or another proposal that will send rembourse-ments or refunds to people who really do not need them.

I can think of thousands and thousands of people in my constituency and the constituencies of almost every member of the province of Quebec who do not pay income tax but will pay sales tax and will not be helped at all because of this measure. Hon. members opposite know it and I know it.

The Minister of Finance and the Prime Minister have created confusion in this confusing debate with all their sophistry. They do not understand and therefore have confused the difference between tax room, tax points and tax mechanism. Will the Minister of Finance and the Prime Minister get on their feet in this House and show to us that they really know the difference between tax room, tax points and tax mechanism? They do not. It is for this reason that I and all thinking Canadians realize that with this new proposal this week they have balkanized this country as it has never been balkanized before.

[*Translation*]

The right hon. Prime Minister has on numerous occasions strongly criticized the province of Quebec when they claimed that separation was already a *fait accompli*. And now, with such a treatment for the province of Quebec, the federal government and the right hon. Prime Minister in turn claim that with such a policy of reimbursement to Quebec taxpayers federalism is already a *fait accompli*. We now have the proof, Mr. Speaker. I ask another question to hon. members. Is the sales tax a provincial or federal jurisdiction?

[*English*]

Supposing that at nine o'clock tomorrow evening I invited myself to your house, Mr. Speaker, for dinner. Supposing I not only invited myself for dinner and accepted my own invitation, but I then walked into your house and decided to rearrange all of your furniture and your pictures. Would you not be a little annoyed? Sure you would be. That is what this arrogant, intransigent, confronting government has done with every province, one after the other.

[*Translation*]

And that is exactly what you are doing with the province of Quebec today.

[*English*]

No wonder this country is divided as it never has been divided before. This government's dividing policies have brought this country almost to its knees. Most thinking Canadians now realize that you do not have to be a good Liberal to be a good Canadian.

The other day I took the Minister of Finance at his word. Yesterday we found out that in March, speaking with the minister of finance from the province of Ontario, on many occasions—

[*Translation*]

—before the Minister of Finance had introduced his budget here in the House of Commons, the Quebec minister of finance had on many occasions rejected the proposal by the federal Minister of Finance.

[*English*]

Let us be quite clear about it. I am basing my remarks on the fact that I know, and members opposite know, that on at least three occasions before the Minister of Finance presented his budget in the House of Commons, Mr. Parizeau objected to the proposition. Some years ago Mr. Howe said "What's a million?" This Minister of Finance is now saying "What's three million?"

[*Translation*]

It is obvious that because of the arrogance of the federal government in applying the rebate formula for the sales tax in the province of Quebec, the Canadian taxpayers will waste at least $3 million.

• (2102)

[*English*]

How many times has the Prime Minister stated both in this House and outside that the federal government should never use tax leverage to force the provincial governments to do something they would not otherwise wish to do? He has said so time and time again.

[*Translation*]

Why make an exception today? How often did the Prime Minister notice that, because of the taxation powers of the federal government, he should not compel the provinces to take measures they do not want to take. You have the answers. Why make an exception today for the sales tax in the province of Quebec? I wonder why. I am going to tell you why. It is because once again the Prime Minister wants to resort to confrontation and say to the English provinces: I am the only one able to keep Quebec like this! Yes.

[*English*]

Why did the Minister of Finance in announcing this program not tell us how much money was available and then set out the broad lines of his policy, afterwards letting each province administer the details? The government believes all the conventional wisdom exists in Ottawa and that the provinces know nothing. But that is not the main reason they took the action they did. Mr. Speaker, the Prime Minister and the Minister of Finance did not want Quebec to agree to this measure. They wanted Quebec not to agree. They made it impossible for Quebec to agree with it because they thought they were going into an election and they wanted a spirit of confrontation so as to escalate the national unity debate and make Canadians forget about the economy.

Some hon. Members: Hear, hear!

Mr. Grafftey: But I say this to members opposite: you have been caught at your own game. There is no election. The gutless Prime Minister backed away from it on the basis of one poll, and now you are in the highest forum in the land trying to explain the inexplicable, trying to explain your chicanery.

An hon. Member: You are in bed with the péquistes.

Mr. Grafftey: We are in bed with the péquistes! That is the most slanderous remark I have heard for a long time. I am just as good a Canadian as you are. I will fight the péquistes as hard as the hon. member will fight them. But like my father before me, I will fight the Liberal government.

[*Translation*]

—one policy for the English, another policy for the French, and they wonder how come the country is as divided as it is.

[*English*]

I am not a separatist, I am a federalist. But I detest the kind of intransigent confrontation federalism practised by the worst government since confederation which has divided this country as it has never been divided before. I will fight with my life, like my father before me, in such a cause. We have not forgotten such statements as "Conscription if necessary but not necessarily conscription". The present Prime Minister makes Mackenzie King look like a statesman.

The Acting Speaker (Mr. Turner): I regret to interrupt the hon. member but his allotted time has expired. He may continue by unanimous consent.

An hon. Member: No. We want Paproski!

The Acting Speaker (Mr. Turner): Does the House give consent for the hon. member to continue?

Mr. Grafftey: I do not think hon. members really want me to carry on, but I will say this:

[*Translation*]

It is not too late. It is not too late. I really hope that the Quebec members and opposition members will remedy the situation. It is not too late. Can you tell me, without saying that I am a separatist, without saying that it is a question of separatism, of federalism. Since the entire population of Quebec and most people outside Quebec consider that the stand taken by the National Assembly is good policy, can you tell me what is wrong with that?

[*English*]

Supporters of the party opposite cannot escalate this sort of thing into a debate on national unity because the whole of the Canadian population has seen that tactic for what it is. So let us get on with the business of governing this country. Let us adopt the amendment proposed by the New Democratic Party. It is not Parizeau's advice, it is the advice of the whole national assembly. I know that members over there would dearly like to resurrect the national unity debate, but they cannot do it now. That is over. So let them get on with the business of this House, withdraw this bill, consult the premiers, admit their errors and do what is good for Canada and for all Canadians, rather than what they think is good for getting votes in the short term.

● (2112)

[*Translation*]

Mr. Yves Demers (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, I realize now how very crafty the previous speaker, the hon. member for Brome-Missisquoi (Mr. Grafftey), and the Progressive Conservative party are being. Indeed, in supporting the proposal of the New Democratic Party to delay by a month the study of this bill, the Progressive Conservative party is being very wily, as they know full well what they are about. They have had it confirmed by the statistics. They realize very well that this sales tax cut is of great benefit to the Canadian economy. They have seen it in a decrease in unemployment and inflation. I take my hat off to them. I must say they are crafty because they do not want this government, or the Minister of Finance (Mr. Chrétien) who moved those measures, to get the credit for them.

And when that same party calls for an immediate election, I have serious doubts that it is for the same reason. They do not want the recovery of the Canadian economy, and they want an election right now precisely because they do not want this bill passed. The hon. member for Brome-Missisquoi and the Progressive Conservative party are asking for an election because they have no confidence in their own party; with the Gallup poll indicating a 41 to 41, tie, they want an election because they are convinced they will never reach a higher level than those 41 points. They are convinced of that.

I would like to mention also that the Liberal members in this House, contrary to what the hon. member suggested earlier, fully support the Minister of Finance (Mr. Chrétien). The hon. member mentioned statistics earlier and said that in the past year or so 34,000 jobs have been lost in the manufacturing sector in Canada, 30,000 of them in Quebec and said that it was specifically due to our budget. But those jobs were lost in past months and have nothing to do with the budget.

Furthermore, I must confess that when the hon. member recalls that fact he knows full well that it is not true and that those jobs were lost in Quebec over the past year and a half and I can give him a few reasons why those jobs were lost in his riding and more particularly in Cowansville. One of the reasons is that the minimum wage in Quebec is much too high and the city of Cowanswille is rather close to the U.S. border, the state of Vermont, and Quebec businesses are moving to Vermont where the minimum wage is much lower. Another reason why those jobs were lost mainly in Quebec is that taxes in the province of Quebec are higher and companies are interested in paying fewer taxes and going to invest in another province like Ontario. There is also the threat of the separatist sword and the fact that those very industries moved. The hon. member for Brome-Missisquoi (Mr. Grafftey) had better not try to tell me that *Sun Life* moved out of Quebec because of the Minister of Finance's budget. It is not true. First, they do not pay sales tax. Second, they announced their intention to move long before this budget was introduced.

The hon. member is also misleading the House when he says that the $85 rebate to every Quebecker does not benefit people who do not pay taxes but who must however pay the sales tax. What the government is proposing is quite simply to treat the province of Quebec the same way as the other provinces. In the other provinces if the tax room is $100 and the province occupies that tax room and if poorer people do not benefit from the sales tax cut it is precisely because Mr. Parizeau did not want to give them that credit.

I would also like to ask the hon. member for Brome-Missisquoi whether he is serious when he believes that the Leader of the Opposition (Mr. Clark) is the one who is going to stop the separatist movement in the province of Quebec. I am convinced that he is not a separatist. I am convinced that he is a strong federalist. But when he states that Joe Clark is going to stop the rise of separatism in the province of Quebec he makes me laugh. In fact, he makes me laugh so much—

Mr. Grafftey: He is the Leader of the Opposition!

An hon. Member: Do not say Joe Clark.

[*English*]

The Acting Speaker (Mr. Turner): Order, please. I suggest to the hon. member that when he refers to a member of this House, he should refer to him by his riding and not by his name.

[*Translation*]

Mr. Demers: He makes me laugh so much that a certain number of Quebec separatists are so convinced that they are now working for the Progressive Conservative party. I could name a few whom I know personally in the constituency of Joliette. I could also name some candidates, some people who intend to run for the Progressive Conservative party and whose allegiance is very questionable indeed. Anyway, those are matters with which we will deal during the next election campaign. Mr. Speaker, there are surely many Canadians who have been wondering why the federal government has decided to reduce the sales tax by 3 per cent across the country. The government has reached that conclusion after having sought the advice of several prominent economists, and also after

suggestions made by the Canadian Chamber of Commerce which had made a study to see how the economy could better perform and had come to the same conclusion as the one that the government accepted.

I would like now to read from the March 1978 publication entitled:

The Canadian Chamber of Commerce: Impact

This is an exact quotation:

If the federal government considers it imperative to stimulate the economy, it is the opinion of the Canadian Chamber of Commerce that this objective would be best achieved by reducing the provincial sales tax by 2 to 3 per cent.

And further on:

That it is quite obvious that the government should maintain the size of its anticipated deficit of $10.5 billion for the fiscal year 1977-78, and warns that cuts in expenditures must be emphasized now and in the future.

We can also read the following:

However, to reduce the high rate of unemployment and the serious underdevelopment of our economy anticipated for this year, the Chamber of Commerce recommends that the federal and provincial governments share on a 50-50 basis the cost of reducing provincial sales taxes.

This same bulletin also contains this paragraph:

If the federal and provincial governments cannot come to an agreement, the Chamber of Commerce suggests as an alternative that the Government of Canada reduce other taxes to obtain the same result; however this alternative will not have any immediate impact on the economy and will take longer to reduce the very visible consumer price index.

I wanted to read this to show you that by reducing sales taxes, the federal government followed the suggestion of economists, the Canadian Chamber of Commerce and other organizations specialized in this field.

Also one may wonder why these economists did come to the conclusion that a tax reduction was the most appropriate way to stimulate the economy. First, we all agree that the Canadian economy is a federal responsibility. The federal government is responsible for lessening regional disparities and for stimulating the economy. In general, the provinces do not claim that responsibility.

Statistics show that for the past several months, because they feel insecure, Canadians have been saving money as they have never done before. Reports from banks and caisses populaires indicate that there is plenty of money in bank accounts. Therefore, Mr. Speaker, people are saving money instead of consuming goods and thus are not contributing to the health of our economy. As a result, we have to find a way to urge people to spend their money. When sales tax reductions were announced, people were told this: "If you buy within the next six months, you will benefit from a three per cent tax reduction. If you do not buy within these six months, you will forfeit that reduction".

That is direct motivation, actual motivation, because people can readily see on their invoices, on their accounts, that they get a three per cent rebate. By urging Canadians to buy, this legislation will help to put the manufacturing industry back on its feet, and, consequently, companies will hire additional people who, in turn, because they will no longer be unemployed will get larger incomes and will afford to spend more money so as to keep the wheels of the economy turning. We have to get that economic wheel turning again because it has been slow in recent years.

The government also decided to abolish this tax uniformly in all sectors so as not to create any animosity among the provinces and to help equitably and without exception all sectors of the economy. Furthermore, Mr. Speaker, it is extremely difficult to abolish the tax in a specific sector, and fraud becomes a high risk, something which the provinces would certainly not have accepted. Right now in Quebec many stoves, fridges, washers and dryers which are taxable appliances are being sold and identified as bedroom sets, living room sets and so forth so that the customer does not have to pay tax. By implementing selective tax cuts, the government of Quebec will lose several million dollars in these tax evasions.

Furthermore, if we had allowed the provinces to act selectively the province of Quebec would have acted as it did, without consulting other provinces. On the other hand the province of Ontario would have said: We wish to cut the sales tax only on products that are made here, such as cars, home appliances and so on. This would have greatly reduced the thrust of that tax act. It should be understood that if the province of Quebec eliminates its 8 per cent sales tax on clothing and furniture it is certainly a very worth-while measure which will encourage Quebeckers to spend more. Those Quebeckers who intended to buy a suit six or seven months from now will probably buy it immediately.

However, 40 per cent of the Quebec production of textiles, knitwear and furniture are sold in other Canadian provinces. It means that the 3 per cent reduction of the sales tax given to all other Canadians will encourage them to buy textiles and furniture made in the province of Quebec. If we had allowed all those provinces to reduce their taxes selectively, they would not have cut them on furniture and textiles that are produced mainly in Quebec.

The fact that this tax is not reduced on all goods in Quebec is a great disadvantage for producers and workers, construction hands, truckers who are many in my riding and who have to pay that 8 per cent tax everytime their trucks need repairs; it would also have helped manufacturing companies producing all kinds of items like chinaware, various types of trailers, tools, household articles, mobile homes, and all sorts of things.

In order to know if a 3 per cent tax cut on all goods instead of an 8 per cent reduction on some items would have been more advantageous for Quebec families, I figured out from statistics available, what proportion of their budget Canadian families with two children spend on furniture and other taxable items. According to statistics, 10 per cent of the family budget is spent on furniture and clothing while 25 per cent of that same budget is spent on taxable items like wallpaper,

paint, cosmetics, home appliances and all sorts of items. So it means that Quebeckers would have benefited much more from a 3 per cent tax cut across the board instead of an 8 per cent cut on a few selected items.

There is also another point that I would like to clear up. I refer to the jurisdiction for provincial sales tax. It has been suggested that the federal government has interfered in a provincial field of jurisdiction. It is quite clear to me that the sales tax is exclusively a provincial matter. In my opinion, it could have been said that the federal government was infringing upon a provincial jurisdiction only if it had imposed its own retail sales tax. But that was not the case. We merely said to the provinces: If you reduce your tax by 3 per cent, the federal government will pay 2 per cent of it. The federal government of course will pay it with taxes collected in other fields which come exclusively under its jurisdiction. Moreover, the provinces did not have to accept that proposal. It was subject to one condition only. We told them: If you withdraw your sales tax, we will pay two percentage points. It was a reasonable offer and they were free to accept it or reject it. Besides, nine provinces out of ten accepted it. However, if they rejected the proposal they certainly could not expect the federal government to refund the money which would have then been owing to them.

However, during the three weeks of negotiations which took place with the Minister of Finance, Mr. Parizeau did not say anything, which seemed to imply that he accepted the proposals as did the federal government and the nine other provinces. But once the nine other provinces had accepted the deal, just after that he lets us know that he wants a special status for the state of Quebec. It is impossible for the Government of Canada to agree to such a proposal because if it did the same offer would have had to be made to the nine other provinces and the negotiations would then have been back to square one. In that line of thought, the economic measures considered would no longer be valid.

The Minister of Finance studied the situation and tried to work out a compromise which the other provinces have accepted. He proposed to Mr. Parizeau to reduce his sales tax not by three percentage points as it had been originally intended, but only by two percentage points on all items. This two percentage point sales tax would be reimbursed completedly by the federal government without any contribution of any kind from the provincial coffers. Yet out of pride Mr. Parizeau refused the offer and by refusing such an offer paid for entirely by the central government as I have mentioned he is penalizing all Quebeckers who could have benefited from this sales tax rebate of two percentage points, all Quebeckers whether they pay income taxes or not. Besides being intransigent, Mr. Parizeau has the audacity to say that he absolutely wants these $186 million to be returned to the treasury of the government of Quebec. The Canadian government cannot accept that and as I said a moment ago the other provinces would not accept such an injustice and everything would have to be renegotiated. So there was only one solution left and that was to reduce the federal income tax of Quebeckers. As we intend to inject money right now into the Canadian economy, we have therefore decided to give each Quebecker a cheque of up to $85, depending on the income tax he has paid in 1977.

We hope this measure will prompt Quebeckers to consume more goods in order to create jobs. We are also convinced that this measure is one of last resort because there was no choice left since we have not been given that choice and we think that this measure will not bring about the expected benefits the three percentage point reduction of the sales tax on all items would have brought about. However, if by any chance there is still time, I would like the government of the Parti Québécois to revise its positions before this bill is passed and to decide to reduce its sale tax by the two percentage points which the federal government is willing to pay and thus all Quebeckers, even those who do not pay income tax, would benefit from this measure.

• (2122)

[*English*]

Mr. John C. Crosbie (St. John's West): Mr. Speaker, in starting my remarks this evening I want to point out first that the Minister of Finance (Mr. Chrétien) when speaking yesterday—he should not leave because he is going to receive some good advice if he stays—as recorded in *Hansard* at page 5524, said:

> What I am surprised at is that the opposition, even in the Quebec assembly, make no suggestions as to how to solve this question. They just blame the government. At no point since the beginning of this debate have we received any suggestion on how to resolve this.

That is really laughable and if the minister is listening, as I hope he is, I will tell him how easy it is. I will quote to him a man of whom I had never heard before, an American named Guterman, who said something very wise, and I came across this only today. He said: "Admitting error clear as the score, proves you wiser than before." That is all the Minister of Finance has to do to cure the whole situation. The government has made a bad error and the Prime Minister (Mr. Trudeau) seems determined to lock them in the error. I think the Minister of Finance has somewhat more flexibility than the Prime Minister. All he has to do is to admit the error and say that the federal government went about this in the wrong way. He should admit that they did not really try to consult with the provinces; that they did not have it worked out with Quebec when he brought his budget down on April 10; that Quebec has outsmarted them, that Quebec has outfoxed them, that Quebec has been streets ahead of them in sagacity, intelligence, shrewdness, slyness, craftiness—far ahead of this mighty government here in Ottawa. They have been run around the ring, and Mr. Parizeau has had the old ring through the Prime Minister's nose and the Minister of Finance's nose right from the start. Just admit that. Let them admit they made an error and are destroying national unity,

and destroying any concept of federalism in Canada if we keep on this course.

● (2132)

Admit that is an error and tomorrow or the next day, or within the next month, if the NDP amendment is carried, let the government withdraw what they have in this bill, pay over to the minister of finance of Quebec, to the government of Quebec or to the province of Quebec what they should pay—that is, the $226 million—participate in the reductions they are making—that is, the complete sales tax reduction on clothing, furniture, footwear, etc.—and that will be it.

It is the simplest kind of thing, Mr. Speaker, but you have to be a bit flexible. The trouble is that the government is not flexible. The Minister of Finance has delivered a ukase, they used to call it in Czarist Russia—a command, an edict, an arbitrary order. They delivered an ultimatum to Quebec which Quebec does not have to accept and which Quebec is not accepting. They made a final proposal or a statement of terms. They have tried to dictate.

I want to tell the Minister of Finance what "consulting" means so we will be on the same wavelength when we consider terms. This is the definition given in the Concise Oxford Dictionary. It states that "consult" means to seek information or advice from; to take into consideration. Consultation means the act of consulting, deliberation. It does not mean that you call the provincial finance ministers and tell them you are going to take certain action, that you are going to do something and that they then have to agree, or if they express no reservation or no opinion you have consulted them. That is not consultation. That is not asking them for information or advice. That is not taking into consideration their views.

The minister when he called the premier of Newfoundland did not seek information or advice last Friday. He called the premier of Newfoundland when he could not get hold of the minister of finance and told him what he was going to do. He told him he was going to pay this $85 per taxpayer direct to the Quebec taxpayer. I will not say what the premier of Newfoundland told the Minister of Finance on the phone. It is confidential, but I can assure you he did not agree. He did not give him the advice that this was the right thing to do. I will not say what he did tell him. The minister did not consult with the provincial ministers.

The humiliation of the four Atlantic provinces was that before April 10 the Minister of Finance never even met physically with a finance minister from any one of those four provinces. When I asked the minister a question today about whether he had any suggestions from the minister of finance for Newfoundalnd before he brought his budget down on April 10, he said in his reply—and if you look at his reply in *Hansard* tomorrow you will see what he meant—that he did not have to listen to what the minister of finance for Newfoundland said. He said that they were going to bear 100 per cent of the cost of the tax reduction, so I did not have to listen to him.

That is how Newfoundland and the four disadvantaged provinces of Canada are treated by this government here in Ottawa. That is what consultation is. That is what happens to the poor; the poor in resources and the poor in finances. That is the kind of consultation they get from this Liberal government at Ottawa. They are told what is going to happen, and because they are going to be compensated 100 per cent their suggestions are not welcome and not listened to. The minister of finance in Newfoundland did not agree with the six month hoist of this 3 per cent sales tax. He did not want it to come off in October of 1978 just when unemployment is starting to rise again to catastrophic and stratospheric heights in Newfoundland. He did not want that. He wanted it to go on at least until the spring, but he was not listened to because beggars cannot be choosers. That is the federal system we now have operating here in Canada, under Liberal domination for the last ten years. That is co-operative federalism.

Quebec, according to all the statistics, is disadvantaged also, but they are bigger and they have more of a sense of having their own homeland in Quebec. They have a history of every government and every political party in the province fighting for provincial rights in Quebec from 1867 to date. That is what they have, so they are prepared to make the financial sacrifice and make themselves heard and felt.

The minister was very incautious when he tried to consult in his usual way with Quebec, telling Quebec what he was going to do with their tax. Quebec just sat by and let him walk into his own trap, into his own arrogance. He delivered his ukase to Quebec and they told him to kiss their icons. That is what they told him, Mr. Speaker, and rightly so, and I congratulate them. I wish that Newfoundland had told him to kiss their icons also. These are Czarist edicts that come from this great monarchy here in Ottawa. The emperor Trudeau and his cohorts. They had better learn and consult. I have given the definition of consult.

"Dictate" means to prescribe, lay down authoritatively, terms, things to be done; lay down the law, give orders. What the Minister of Finance and the Prime Minister tried to do was dictate. This was dictation, not consultation. He could not lay down terms to the province of Quebec. He could not lay down the law to them. He could not prescribe. They were not ready to lie down there, and I congratulate them for it. I do not care if they are péquiste, Union Nationale, Liberal or Conservative in Quebec; they took the right attitude. They were not going to be dictated to by Ottawa. I only wish the other nine provinces had done the same.

On budget night on April 10, the Minister of Finance did not pretend, lucky for him, that the provinces had all agreed. He did not even say there was agreement with nine provinces. What he said, as appears in his speech at page 14, was what he offered to do for them. He said at the bottom of page 14 that the measure can be an outstanding example of fiscal co-ordination, and if all provinces accept the federal offer it will mean such-and-such. There was no pretence that Quebec had accepted this federal dictation, this federal edict, this federal ukase; they did not say they were accepting it. When the

Minister of Finance jumped off the diving board with his proposal on April 10 he had no right to think that Quebec was going to accept it, and the péquiste minister of finance said quite plainly they were not going to accept it. Do not let us hear any more of this nonsense we have heard here about how Quebec fooled them and did not indicate any opposition to this suggestion.

We have a federal system yet the Prime Minister goes on with nonsense about balkanizing the country. If Quebec is allowed to lower its own direct sales tax the way it likes, it is going to balkanize the country. It is going to stop the free flow of goods. Don't they realize we have a federal system and that the very fact that provinces have sales taxes means they can interfere with the flow of goods? In Newfoundland we have no retail sales tax on food, clothing or footwear. In other provinces they are taxing the people with a retail sales tax. We have an 11 per cent tax but in Newfoundland we do not tax clothing, footwear and food. Other provinces do. Other provinces have their own purchasing policies.

In Quebec they will only enter into contracts with firms headquartered in Quebec. We have all kinds of situations that interfere with the free flow of goods—whatever phraseology you want to use. Quebec is not balkanizing the country if Quebec has a sales tax and decides to exempt certain things and not exempt certain other things. It is exercising the same prerogative as Newfoundland, P.E.I., New Brunswick and others, and they have done it every year, as the federal government has done in respect of tariffs and federal sales tax. There is no balkanization involved.

If Quebec is permitted to go ahead and do what it is doing and still receive federal financial assistance, no other province can complain because it did not get the same deal. They did not stick out for the same deal. They gave in, they surrendered, they collapsed. They did not have the backbone to stand up on their hind feet because most of them were not in the financial position to do so. They did not do that, but Quebec did. Some of them tried but they did not hold out to the bitter end. Quebec did because it is more important to them to preserve their own rights in their own province than other considerations. There was no agreement so the government cannot complain that Quebec has not gone along with them. They knew there was no acceptance by them at all.

• (2142)

Now, if we look at May 17 *Hansard* again, the Prime Minister is again mixed up. Some may say it is only semantics. At page 5507 the Prime Minister said:

—The Minister of Finance reached an agreement with nine of the provinces and the provinces agreed to this after three weeks of talks.

They did not agree, Mr. Speaker. There was not an agreement with nine of the provinces. There wasn't any such agreement. Nine provinces have acquiesced, not agreed. There was no agreement from the province of Newfoundland. The province of Newfoundland never consented to this. An agreement is where two parties agree freely and voluntarily to enter into an arrangement with one another. Newfoundland, for example, never did that. They accepted the gratuity handed to them by the Government of Canada when they made some suggestions as to how it should be done; otherwise they were ignored.

I do not believe there was a genuine agreement with any of the provinces except Ontario. It was Darcy McKeough's brainwave in the first place and naturally Ontario agreed, but not the other provinces. The Prime Minister is mixed up. He said:

So I would be very surprised if because the province of Quebec, having failed to state its position before the budget, is now coming out with a scheme which tends to balkanize the Canadian market, the other provinces would want to go in the direction of that balkanization.

Well, I do not care whether they do or do not. I see nothing wrong if the province of Ontario had reduced all tax on automobiles, if that was their choice and another province reduced all tax on something entirely different. As long as the consumer was getting the break and the economy was being stimulated, what difference does it make? The only difference is that this is an arrogant, inflexible government that wants to make the provinces bow to their will.

The greatest sin, Mr. Speaker, that the Prime Minister has committed in this connection was on April 14. You would expect the Prime Minister of this country not to be a cheap politician, or at least not to show that he is a cheap politician as easily as some other people might be. When I questioned him on April 14, Mr. Speaker, in the House of Commons in the question period, asking him why Quebec was not permitted to do what they wished to do, the Prime Minister said at page 4507 of *Hansard*:

I find the opposition supporting a separatist government in Quebec—

And on the same page, Mr. Speaker:

I was dealing with the support given by the Tory party to the scheme put forward by the separatist party of Quebec.

That is an attempt to paint anyone who disagreed with the Prime Minister and his policies as separatists, Mr. Speaker. But now he is painted into a corner because Claude Ryan and the Liberal members of the legislative assembly in Quebec, the Union Nationale members, the Social Credit members and all members of the Quebec national assembly are now, by that definition, painted as separatists.

Agreement does not mean, Mr. Speaker, accepting or acquiescing in ultimatums. That is why there were no agreements. On May 16 the Minister of Finance at page 5451 of *Hansard* said:

I am surprised that a national party wants to save the neck of the Parti Québécois.

That was the Minister of Finance's response to questions by our spokesman on federal-provincial relations, the hon. lady for Kingston and the Islands (Miss MacDonald), "that a national party wants to save the neck of the Parti Québécois." It is the federal government that is saving their neck. It is the federal government that has by its stupidity, by its arrogance, by its inflexibility, given this neck tremendous additional strength.

What we want to do is to save Canada, Mr. Speaker. To save Canada it is necessary to remove the Prime Minister and his government from office in this country, not save the neck of the Parti Québécois. They can look after their own necks. As somebody once said, "some neck, some chicken". Winston Churchill said that. I tell you the Parti Québécois has got a neck that the Prime Minister of this country cannot deal with. The people that are going to be able to deal with that neck are we on this side when we take office.

Some hon. Members: Hear, hear!

Mr. Crosbie: The Prime Minister's position, Mr. Speaker, was given also yesterday in *Hansard*, May 17. Speaking at page 5508 he said:

The minister has taken a position, and this position is supported by the government and by every member on this side of the House.

He was intimating that there was a surge of support over there. There is one "Serge" I heard is not supporting them. And further down he said:

We have taken a position and we are going to stick with it.

Well, Mr. Speaker, if the Prime Minister sticks with it then certainly he is finished as an apostle of national unity in this country. What the Prime Minister is practising is rigor mortis federalism. The Liberal party and the government are dying and they are entering into a state of rigor mortis. The old co-operative federalism is gone and it is rigor mortis federalism now. They never deviate. The Prime Minister and the Minister of Finance decide what federal-provincial relations are going to mean. They decide what the provinces will do with their sales tax; they decide what Quebec is going to do; they decide what Newfoundland is going to do; and they are able to enforce their decision because Newfoundland got complete reimbursement from the federal treasury. Quebec did not.

When somebody comes up with a better suggestion, "No, we won't budge, we won't move, we are stiff, we are rigid, we are Trudoids, we're Liberals in power in Ottawa, we have rigor mortis, we can't move a muscle, we can't respond." So co-operative federalism has now degenerated into rigor mortis federalism.

An hon. Member: And to the death of the Liberal party.

Mr. Crosbie: And to the death of the Liberal party, that is good. We think that that is an advantage. And from the decaying corpse of the Liberal party will spring in a few years' time perhaps some fresh flowers such as those that adorn the Prime Minister now when he speaks to us in the House in question period.

Here we are, Mr. Speaker. We can have a unitary state. If we want a unitary state—and I presume the people of Canada deserve that—we could vote to do that, do away with federalism and we won't have any problems. We could have the government in Ottawa decide everything, as they do in the United Kingdom. But since the people have not decided that yet, Mr. Speaker, we have in Canada vast inequities because we have provinces. We have in the province of Newfoundland a gasoline tax of 25 cents a gallon; we have in Alberta no gasoline tax and in the other provinces a very small gasoline tax. Well, we are prepared to put up with our high gasoline tax if it means that we have our own local government, at least for the province of Newfoundland. If everything is not decided up here in Ottawa, we are prepared to sacrifice something. We know that if we lived in Alberta we would pay no gasoline tax at all.

The country in that sense is balkanized. We know that we are paying 11 per cent sales tax and in Alberta they are paying no sales tax. It appears to be unfair. Presumably, if we wiped out all ten provinces we would all be treated exactly the same from one end of the country to the other. But would we want that? We would no longer be a federal state. That is where this government is leading us to. If Quebec wants to make its own decision on what exemptions it is going to grant in its own direct sales tax, Mr. Speaker, and that is not permitted because it is supposed to be balkanization, then that means the end of federalism. That is where we are headed to if the Prime Minister's attitude is the one that wins the day.

Look at the statement put out by the Minister of Finance on May 15. Just look at this for arrogance, Mr. Speaker. Page 1:

I have also written to Mr. Parizeau today to explain my resolution of the dispute over the retail sales tax reduction in the province of Quebec.

How can the Minister of Finance of Canada by himself solve this dispute? He is a nice man and I genuinely like him, but he has been too long in office. Just listen again to the monumental arrogance of that statement:

I have also written to Mr. Parizeau today to explain my resolution of the dispute over the retail sales tax reduction in the province of Quebec.

The Minister of Finance of Canada has spoken. He is saying: "The dispute has been resolved. This is my ukase, I am like a Russian czar, when I speak everyone must bow". This is a statement issued by the Government of Canada. Now, Mr. Speaker, we proceed with the statement at page 2:

The federal government should not be party to an arrangement which interferes with the flow of goods in the Canadian common market.

What bourgeois! It pays Newfoundland hundreds of millions of dollars in tax equalization, and Newfoundland uses it to interfere with the free flow of goods because Newfoundland will use it to buy Newfoundland first if it can, the same as Quebec does, the same as Ontario does. The government is in a conspiracy to interfere with the flow of goods in the Canadian common market every day of the week with the money they are giving the other provinces through tax equalization and the like. So don't give us such statements as: "The government will not be a party to such an arrangement." The government in its arrogance does not even know what arrangements it is party to any more.

● (2152)

On page 3 the minister has this to say:

I have discussed this arrangement with my colleagues in each province. They all told me they would have preferred Quebec acceptance of the original proposal.

I do not believe it. I do not believe the statement "They all told me they would have preferred Quebec acceptance of the

original proposal." I do not believe that for a minute. They did not all tell them that. He said "I have discussed this arrangement". This was a telephone call to the premier of Newfoundland: "Premier, this is what I am doing. I am going to solve this thing by paying $85 per capita back to the taxpayers in Quebec." That was the discussion. There was no discussion in any sense of "discussion" as we free people know a discussion to be—I give my views and you give yours. So that is another incorrect statement.

In his letter to the minister of finance of Quebec on April 21 there are the same kind of errors polluting the whole letter as attached to that statement. The minister laid down certain conditions. On page 2 he writes:

Third, it was necessary that the proposed measure apply uniformly in all provinces.

Why? It is only necessary because the Minister of Finance says it is necessary. There is no immutable law of the universe that says it was necessary and had to apply uniformly in every province. And it did not. In British Columbia and Saskatchewan they had a different arrangement. Who is the Minister of Finance trying to fool?

On page 3 of that same letter this appears:

However, the federal government could not envisage bilateral agreements aimed at exempting one product in one province and another in another province.

Why not? The whole sales tax arrangement provincially has that flavour, so why not? I have already made the point about tax equalization and the rest of it.

The whole thing is riddled with inconsistencies. This is a government that can no longer see. It has had so much power for so long, it has had financial power vis-à-vis the provinces for so long, that it now automatically has got itself convinced that these silly mistaken statements are correct. It is an awful shame and tragedy, Mr. Speaker.

The exception in Quebec on clothing, footwear, furniture and textiles is not just for Quebec manufactured products. That also applies to imported products. That applies to products that come in from other provinces. They have not made an exemption just for Quebec manufactured goods. To exempt clothing, surely, is a proper thing. The lower income people spend most of their income on food, clothing and shelter, so furniture and clothing are the kinds of things you would like to see a major reduction of sales tax on. There is nothing wrong with that. It is just that the federal government had not dreamed it up first. They thought they were going to apply the iron fist to a government that decided to do something they had not thought of.

This becomes the great sales tax swan dive. It is just as well for the Minister of Finance to realize that the swan has become the ugly duckling. The darling swan of the Quebec caucus is now the ugly duckling of the Quebec caucus, with his strident quack-quacks in this chamber and his quack-quacks outside of the chamber; and the Prime Minister's quack-quacks are just quack-quacks. They are ugly ducklings now. The old white feathers are gone off the old swan. The graceful swan that came into this chamber a few months ago as the new Minister of Finance has turned into an ugly quack-quack. His statements make no more sense than a quack-quack, Mr. Speaker. I wish I knew what the French is for "quack-quack". This is the old sales tax swan dive. The sooner the minister takes that swan dive, the better.

Miss Bégin: Is he from the farm or from the zoo?

Mr. Crosbie: What did the finance minister in Newfoundland say about this proposal to rebate taxes to the individual taxpayer in Quebec when he heard about it? I quote the minister of finance of Newfoundland. He said:

. . . certainly not an action that could be construed in any way as a unifying measure.

Even the province of Newfoundland, which has to accept federal largesse because we poor devils down there have an 11 per cent sales tax and cannot turn down the opportunity to have it go away even for six months, even we have the right to express an opinion. Our government's opinion is that it is "not an action that could be construed in any way as a unifying measure". No, it is a measure that is disunifying this nation. It is unifying the nation against the government. That may be the only good part about it. They are going to transfer and make a payment to Newfoundland and other provinces which they could not refuse.

What consultation was there with the government of Newfoundland before April 10? A telephone conversation with our minister of finance. Imagine, an important matter of federal-provincial relationships like this and the four Atlantic provinces' ministers got telephone calls to tell them what was happening!

The Minister of Finance went out west and met with the western ministers. He met with the Quebec and Ontario ministers but he didn't even bother to meet with the four maritime provinces. That is how important this was looked upon, this major excursion into the change in our whole federal-provincial relations.

When the government says, "We are not going to allow the provinces to act selectively," the government is saying, "We, the government, are not going to allow you in your own constitutional jurisdiction, with your own poor little old retail sales tax—we are not going to allow you to do what you like with it. Not with our money. We want you to reduce the tax and give stimulus to the economy, but when you want to reduce it one way that we do not agree with, we are going to tell you no, you can't do it with our money." That's the government's position.

Should the federal government not have said to Newfoundland, "Gentlemen, put back your sales tax on clothing so you will be uniform with Quebec. We are not going to allow Quebec to eliminate it. Newfoundland has got to put it back on clothing and P.E.I. has to put it back; and Newfoundland, you have got to put it back on footwear so that you will be uniform with the other provinces. P.E.I., you have to put it back on footwear. You can't exempt these any longer because if you exempt them when you are getting some help from us to

reduce it 2 or 3 per cent over all you are going to balkanize the country."

That is just as intelligent as telling us now that Quebec is not to be allowed to make selective cuts, that it is going to balkanize the country. They have the balkans on their mind over there. They are going to balkanize the electorate of this country. They have already done that.

We have come now to a position where everyone in Canada who takes any interest in these matters can see how real an attitude this government takes toward national unity. When it has an opportunity to do something constructive in a national unity sense with the province of Quebec, it tries to act like a Russian emperor and crush any opposition in that province. Then, when every other party in the province backs the Parti Québécois government, the Prime Minister gets more rigid than ever, more inflexible than ever. Rigor mortis has set in. He is determined that he is not going to budge.

Mr. Speaker, I have given my advice to the Minister of Finance. I repeat it in ending my remarks—admitting error clears the score and proves you wiser than before. If it helps, Mr. Speaker, I will admit that I have been wrong at times, too.

Some hon. Members: Hear, hear!

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

HEALTH AND WELFARE—MINISTER URGED TO RECONSIDER BAN ON SACCHARIN

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, I have repeatedly asked questions in this House on the saccharin ban and received what were patently self-serving answers from the officials of the Department of National Health and Welfare, using an excellent member of parliament—a minister who must rely on them—as their voice in parliament.

On Tuesday, May 16, I again asked the question. Now my question was based on a new revelation, one that could have been expected in this area of power brokerage in the back rooms of the department. Eight years ago the same vocal official, literally proselytizing his anti-cyclamate campaign, used the same scare tactics, based on the same type of so-called excessive research—rather comical research if it had not had such bad effects.

Without warning, without debate in parliament, without even consultation with the representatives of the people in parliament, a ban was imposed on the use of cyclamates, an artificial sweetener that had been on the market for 24 years. It was done then as was the saccharin ban: as though the people of Canada were irrelevant.

The question now is more serious than cyclamates or saccharin. It is—who runs Canada? Are the officials of the department or the elected representatives in charge? I have evidence of the contempt of a few officials for the members of parliament, not only in the Department of National Health and Welfare but in the shoe quota board of the Department of Industry, Trade and Commerce, the Department of Consumer and Corporate Affairs, the Department of National Revenue, the CBC and CRTC; and other members of this House can give testimony and names to this experience that I have had in this one area and in the several other departments.

On October 21, 1969, the officials of the Department of National Health and Welfare imposed their decision on parliament. It was carried into the House by a minister who then—as now—had to depend on these people. No warning, no right of the representatives of the people to comment or to argue against the ban. It is most telling, Mr. Speaker, to note the words on August 1, 1970, of this one official. Just a month before all cyclamates came off the stands, he said:

● (2202)

Cyclamates are a dead issue as far as food manufacturers are concerned. I have the feeling that if we were able to lift the ban on the sweetener tomorrow we would not touch it with a ten-foot pole.

This same man who has pushed his words through this House and who will no doubt do it again tonight said eight years after the ban, just eight days ago, on May 10, 1978: "In our view the great preponderance of world evidence indicates that cyclamates do not produce cancer". Then he went on to discuss the Abbott Laboratories production of an all-cyclamate table top sweetener again, and he arrogantly said: "It is not an earth-shaking product". And not only this, Mr. Speaker, he is further quoted as saying: "We think Abbott Laboratories may be using it as a foot in the door. But in our opinion the door is still closed; we won't consider opening it a crack until we get all the information and we have time to review it."

I ask these questions, Mr. Speaker: Who does this man think he is? Who vested him with such power? Why is parliament allowing him to continue using this power? How is it that he has had the second chance to decide that Canada's diabetics, 400,000 of them, and the 13 million overweight people cannot have their sweets? Why is he still in this job? To whom does this person owe his loyalty? To the people of Canada, or some special interest group who may want to remove the competition? I also ask why does this man not order the same kind of experiments using sugar, which is believed to be dangerous and to have carcinogenic properties? If an equivalent amount of sugar was used in these experiments on rats it would amount to 40,000 teaspoons a day. I am sure the rats would strangle on it.

There is no doubt in my mind that the answer this person will give to members in this House to cover his own error will be that saccharin was in the cyclamates. It was an impurity that caused it. I want to put on record tonight the damage I

know that has happened because of this department's gross errors on cyclamates and why I feel that senior public servants must now be held responsible before the law for damages when they act irresponsibly.

I will list some of the companies affected: Berryland Canning Company, Maple Ridge, B.C., lost $60,000. These are private companies. Canadian Cannery lost $1 million; E.D. Smith lost $400,000; Tom Steeves, Anassis Island, B.C., lost $200,000. This was a small firm and it almost caused its bankruptcy. At least 12 small independent businesses were in financial difficulty as a result of the cyclamate ban.

No one can count the number of diabetics, obese, or hypoglycemia victims who were seriously injured or who died as a result of this deprivation of sugar substitutes. I doubt whether this official will investigate that. This official sneered at me when I suggested in a private meeting that if he is concerned with cancer harming people then he should remove cigarettes from the stands. I might add as well that he might take carrots off the shelves which contain carotatoxin, a nerve poison, and an hallucinogen called myristicin.

● (2207)

Shrimp should be taken off the stands since it has 40 to 170 or more parts per million of arsenic, as well as olives and vegetable oil found in salad dressing which contain the carcinogenic substance benzo(a)-prene; and so should even apples, which contain phlorizin, which interferes with the enzyme system of the cells.

It is interesting that these same people who have banned saccharin are pushing to free marijuana when the experiments so far on humans show that it has carcinogenic qualities and cause other ailments. The minister and her predecessor in this portfolio echoed the laugh of this official when several members asked why they did not ban the known carcinogenic cigarettes. They said it was too much of a habit in society, yet here they are pushing for a drug not yet known to be safe and suspected to be carcinogenic with other dangerous components.

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

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, at the outset I wish to congratulate the hon. member for her perseverance with regard to this whole subject matter. I know her avowed concern is sincere. I would like the hon. member to appreciate, however, that the state of knowledge in that area is constantly being perfected. As a government, we must act on what we know and everyone will agree that we must take a calculated risk in order to protect the health of Canadians.

I would like to correct several statements made in the House earlier by the hon. member for Vancouver-Kingsway (Mrs. Holt) on the subject of cyclamates. Cyclamates were never totally banned; they were restricted to use in tabletop sweeteners in 1969, not 1970. The action was not arbitrary but was based on careful consideration of the scientific data then available. Many countries, including much of Europe, took the same action as Canada. Other countries, including the United States, Japan, England, Sweden and Finland, have banned cyclamate totally. The recommendation to restrict cyclamates was made to the former minister of national health and welfare (Miss Bégin) by officials of the Food and Drug Directorate. The Health Protection Branch did not exist at that time.

The then Director General of the Food and Drug Directorate has since retired. I understand he was considered highly qualified and is still in great demand as an international expert. The hon. member may be interested to know that in a 1974 decision on a court case in which a company using cyclamates brought legal action against the government for restricting the use of cyclamates, the judges ruled in favour of the government. He stated that, in his opinion, the officials of the Food and Drug Directorate, in recommending that cyclamate be restricted, "acted prudently, expeditiously, and reasonably in the public interest. To have acted otherwise ... might well have exposed them to a charge of negligence or a breach of duty".

It is my understanding that, contrary to the hon. member's insinuation, the current head of the Health Protection Branch is considered highly competent both by his peers in government and by the scientific community in general. It is unfortunate that the protection of this House is used to attack the reputation of an official of the Department of National Health and Welfare.

With regard to the 1969 cyclamate decision, I would like to emphasize the statements made earlier. Toxicology is a relatively young science, and new and more sophisticated testing procedures are constantly being developed. It is logical that, as we learn more about any given substance, decisions which were made on the basis of less information may, on hindsight, appear questionable. I am satisfied that we do the best we can with the data available.

SUPPLY AND SERVICES—CRITERIA USED IN CALLING FOR TENDERS

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, this afternoon I posed a question to the Minister of Supply and Services (Mr. Goyer). It concerned the questionable tendering practices of this government. The Canadian Association of Data Processing Service Organizations has charged that more than $2 million in government contracts were awarded to a Quebec based computer firm, not because it submitted the lowest bid, but rather, in the words of the Minister of Supply and Services, because of "socio-economic considerations". Part of the minister's reply to me was: "One must recall that in 1977-78, 78 per cent of the electronic data processing contracts were awarded to Ontario companies". He went on to say: "I think it is fair and just that we should try to give other companies a reasonable share of the market when they are qualified, and that is what happened."

● (2212)

In other words, the tendering process has gone out of the window. "Socio-economic considerations" is nothing but a new terminology for Liberal patronage. There are ten provinces and two territories and all should be treated fairly.

Here is a partial list of special patronage accorded to Quebec. Public Works for 1977 awarded a total amount of $306 million of which Quebec received $173 million or 58 per cent. The other nine provinces shared 42 per cent. DREE grants for 1969-1977 accorded 30 per cent to Quebec and 70 per cent to the other provinces. Equalization grants of 52 per cent went to Quebec over the past ten years with 48 per cent to the other nine. So now we know about this new terminology, Mr. Speaker.

The minister has unbelievable powers and is downgrading the whole democratic system of tendering by stating we should ignore the lowest bidder in Canada and give government computer business to Quebec even though they cannot compete with the lowest bid. I have information that the president of the Montreal-based firm of Industrial Life Technological Services, Mr. Philip LeMay, was a school chum of the minister responsible for housing. IST was the firm which was awarded computer contracts. This is probably the reason IST received the contract.

I would like to ask the parliamentary secretary to confirm this and to answer two other questions tonight or give the answer by letter as soon as possible. My first question is: Will tenders for federal government computer contracts from now on be publicly opened or will they be kept secret and only the firm receiving the contract be announced? My second question is: Has the above-mentioned firm, IST, had a complete RCMP security check of its employees and have all its employees completed the DSS form on security which is a condition of employment with firms doing computer contracts for the federal government?

This question is most important and I hope the minister will supply an answer to me by next week. The reason I mention this, Mr. Speaker, is that today it was brought to our attention that letting the contract to IST has caused duplication problems and the Montreal-based firm has not been as efficient as Data Crown, an Ontario-based firm, because of the fantastic growth of their service. They cannot properly cope.

This issue of security was discussed in great detail in the Standing Committee on Public Accounts in February of this year. At that time Mr. Baxter, a federal civil servant, stated:

—if programs were modified by design, that is, if someone deliberately modified the programs to subvert some of the normal control procedures, that would be a serious breach of the normal process.

You can play around with computers, Mr. Speaker, and I have information that this Montreal-based firm has not been properly scrutinized by the RCMP. I do not have time to read all the detail of that committee meeting in February of this year, but that is why I raised that question tonight.

In a news report today with respect to this Montreal firm receiving computer contracts it is pointed out that:

In one case—$1 million for National Health and Welfare computer services awarded through the Department of Supply and Services—the contract went to Montreal-based IST despite the fact it did not submit the low tender—

So the low tender process has gone out of the door—we are into this new form of patronage, the socio-economic process which the Minister of Supply and Services has just recently introduced. The article goes on:

In a second instance, a contract for Industry, Trade and Commerce, formerly held by Computel Systems Ltd., also channelled through Supply and Services, went to IST "because of political considerations"—

That is the new socio-economic process, the new terminology for patronage. We also find some indication that the government was trying to direct business into Quebec. In the same article it says:

Everyone has to recognize that ministers of the Crown, whether you like it or not, have the final say.

● (2217)

So they have the final say, and it does not mean that the lowest bidder is accepted. The computer firms feel the evaluation and final award was not made on the basis stated in the tender, and they may be right. If they do not like what the ministers of the Crown say, the only recourse they have is to our democratic system, which means we have to wait until the next election and vote for another political party if we do not like the process. Is that a proper way to handle the tendering system? Ontario computer companies, upset by government contracts going to Quebec, say they are not getting full information when they bid on government jobs. This is part of the socio-economic theory which is now being presented by the minister. The Canadian Association—

Mr. Deputy Speaker: Order, please. I have to interrupt the hon. member.

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, the Minister of Supply and Services (Mr. Goyer) has had on many previous occasions the opportunity to speak in this House, as he did this afternoon, about the basic procurement policies of the government and its contracting policies according to the objective set out in the main estimates approved by parliament, which reads as follows:

To acquire and provide in the most economical manner goods and services required by departments and agencies, taking into account the contribution of procurement to the realization of national objectives.

The hon. member for Winnipeg South Centre (Mr. McKenzie) in his question this afternoon referred to two contracts awarded by the Department of Supply and Services to the firm IST of Montreal. The first one was for the Department of National Health and Welfare. The tender called for information to allow for an evaluation of estimated costs over a four-year period. In evaluating the bids, the dollar figure arrived at was based both on the firm rates and on the best estimate available of the anticipated work load and mix.

When the evaluation was completed, allowing for the varied nature of the pricing formulae contained in the proposals, there were three bids which were approximately equal in terms

of price. All three firms were judged technically capable of performing the work. Since a clear winner could not be decided on the basis of estimated costs alone, there was a necessity to use other criteria, and the ability to assist in the realization of national objectives by compensating for the imbalance in the distribution of government business between the various regions of Canada was considered.

The final decision to award this contract was, of course, made in the usual way under the authority of the Treasury Board. The award of this contract was made within the over-all objectives of the department and in conformity with government contracting regulations.

In the case of the contract awarded to IST for the Department of Industry, Trade and Commerce, it was awarded on April 1, 1976 for a three-year period as a result of a competitive tender, and IST was the lowest responsive bidder by a distinct margin.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m.

At 10.20 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, May 19, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

RAILWAYS

CAR-GO-RAIL SERVICE IN MANITOBA—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing importance. VIA Rail have now confirmed they will not be prepared to take over passenger runs until the end of June. Car-Go-Rail service was to terminate on May 1 but was extended to June 1. Because of this further delay in takeover by VIA Rail, I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That Car-Go-Rail service remain in effect until such time as the VIA takeover is completed, and that rates remain the same for passenger cars from Churchill and Gillam, $60 and $69 respectively, one way, to Thompson.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

IMMIGRATION

REQUESTED EXTENSION FOR GALINDO MADRID—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, under the provisions of Standing Order 43 I wish to raise a matter of urgent and pressing necessity. It concerns the case of Mr. Galindo Madrid who is seeking refuge in Canada from the Pinochet regime of Chile.

In view of the fact that Mr. Madrid has been advised by the Minister of Employment and Immigration that he will be deported to Chile at the end of June, in view of the fact that he has not yet exhausted his legal remedies in Canada, there still being an appeal to the Federal Court, and in view of the real risk that he will again be tortured and imprisoned in Chile as he was shortly after the *coup d'état*, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the minister provide sufficient time for Mr. Madrid to complete any legal proceedings and, further, that the minister exercise his discretion and permit Mr. Madrid to remain in Canada on humanitarian grounds.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

URBAN AFFAIRS

DISCUSSION OF MUNICIPAL GRANTS PROGRAM WITH ONTARIO MINISTER

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, my question is for the Minister of State for Urban Affairs, but in his absence I will direct it to the Prime Minister. The minister of housing of the province of Ontario is on record as rejecting the federal minister's practice of consultation by telex and telegram, as are most of his colleagues. In response to the minister's first telex, the Ontario minister sent a request for immediate consultation.

Would the Prime Minister tell the House why the Minister of State for Urban Affairs has not even bothered to arrange a meeting with the Ontario minister to go over his new program, the municipal grants program?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will gladly look into the matter. I am not aware of what telexes have been exchanged. I can only tell the hon. lady that frequently the premiers and myself have consultation through telexes and I am not surprised that the minister responsible for housing did the same thing.

• (1112)

In so far as meetings are concerned there have been very frequent meetings among the federal and provincial ministers of housing. I am sure the minister will be prepared to have another one, if the hon. lady wants to ask him the question.

Mrs. Pigott: Mr. Speaker, I am sorry the Prime Minister does not realize that there have not been frequent consultations with the ministers. There have been at the official level, but not with the ministers.

My supplementary question is directed to the minister of housing. One would think that after the mauling which the Minister of Finance has taken over the sales tax fiasco, the minister responsible for housing would tread a little more carefully. He has been meeting with the provinces individually, but is he afraid to meet them collectively around the same table?

Will the minister tell the House why he is afraid to meet the provinces at a federal-provincial meeting of ministers? Will he also tell the House when he will call such a meeting?

Hon. André Ouellet (Minister of State for Urban Affairs): I do not think I have been afraid of meeting my provincial counterparts. I did it in Edmonton—

Mr. Paproski: You bombed out there.

Mr. Ouellet: —and it was a very successful and fruitful meeting. I will be quite glad to have another meeting with my counterparts at any time that suits all of them. The hon. member at one time indicated a meeting had been cancelled. I want to assure the House that I have never cancelled a meeting. In fact, the previous minister of housing for Alberta intended to host a meeting of provincial ministers of housing and invited the federal minister to it. The minister of housing for Alberta received a reply from many of his counterparts, indicating they would not be ready at the date he suggested. Since then, I understand this person is no longer the minister of housing for Alberta.

Mr. Paproski: He is running against your government.

Mr. Ouellet: Therefore, he could not pursue his efforts along this line. I want to assure the hon. member that I have had discussions with many provincial ministers responsible for housing and municipal affairs. Meetings are taking place with each province in order to sign an agreement on both the housing package and the community services package. These meetings are very successful, maybe not in the mind of the hon. member but surely in the minds of those who take part in these meetings. They are advantageous for the people who need affordable housing in Canada.

Mrs. Pigott: Mr. Speaker, the minister says there was not a cancellation of that meeting. But telexes really are not a great idea when one is trying to bring forth new proposals for housing and, under municipal grants, put a whole new direction into municipal affairs.

My question is: The minister's latest excursion under the municipal grants program has already been criticized by the provinces of Ontario and Quebec. In view of the concern expressed by those two provinces that the government's Liberal patronage machine will completely ignore their provincial jurisdiction, will the minister assure the House that there will be no consultations among federal officials and municipal authorities or, more particularly, among pork-barrelling Liberal politicians and local officials, before the grants under this program are awarded?

[Mrs. Pigott.]

Mr. Ouellet: Mr. Speaker, I do not know why the hon. member is so afraid of a good program that has been put forward by this government.

An hon. Member: Because of your record of patronage.

Mr. Ouellet: It seems quite clear that the hon. member recognizes the value and the merits of such programs, but she is trying to do her utmost to discredit them.

MUNICIPAL GRANTS PROGRAM—COMMUNICATION WITH QUEBEC

Mr. James A. McGrath (St. John's East): Mr. Speaker, the program is being discredited by the minister's high-handed attitude in dealing with the provinces of this country. That is the problem we are facing.

Some hon. Members: Hear, hear!

Mr. McGrath: I ask the minister if he is in a position to tell the House how he is proposing to get around the Quebec intergovernmental affairs act which prohibits municipalities in the province of Quebec from dealing directly with the Government of Canada.

Perhaps while he is on his feet the minister might explain to the House and the country why, on a question that violates the constitution of this country and infringes on provincial jurisdiction, he would take a 15-page telegram to explain this program to the province of Quebec? Why would he not meet with his counterpart in the province of Quebec, or are communications completely blocked off between Ottawa and Quebec?

• (1117)

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I would first like to say that there is no infringement of provincial rights. Second, the federal government does not intend to deal directly with the municipalities: the hon. member is totally wrong in assuming that. If he is afraid that the intergovernmental act that he referred to would be infringed, I say he has no reason to fear this because the federal government does not intend to deal directly with the municipalities.

In concluding my remarks I would like to say there has already been a series of meetings with provincial ministers. There will be others. The program will be put in place according to the priorities of the provinces, as they asked me to do when in Edmonton. The program that has been released is as a result of consultation among the ten ministers of housing of the provinces and myself in Edmonton a few months ago.

Mr. McGrath: Mr. Speaker, the program that is now in place is in difficulty because it was anticipated that we would be in a federal election campaign. The minister anticipated this program would strengthen the government in dealing directly with the municipalities and bypassing the provinces—another method of pork-barrelling.

Can the minister explain to the House how it is possible for the government to proceed with this program, which clearly infringes upon provincial jurisdiction, at a time when the Government of Canada has already done so in the area of provincial sales taxes? Can the minister, further, explain how he can proceed with this program when two of the largest provinces in this country, Ontario and Quebec, are clearly unhappy about it? Indeed, the province of Quebec is not prepared to go along with it.

In light of that, is the minister now prepared to announce that he will call his provincial counterparts together to discuss the proposals that he outlined to them by telex? Is he, at least now, prepared to sit down with them because it is obvious the program does infringe upon provincial jurisdiction?

Mr. Ouellet: Mr. Speaker, my answer is that I have not outlined the federal proposal in a telex: it was outlined to them at the time of the federal-provincial conference. After that federal-provincial conference it was discussed by officials of both the federal and provincial authorities. It was also discussed at the first ministers' conference. It was confirmed in a telex that was sent. Therefore, there was a series of activities which took into account a series of consultations with the provinces in arriving at a program that would allow the local authority to create jobs at the local level and have programs that are urgent in various parts of Canada.

What we want to do—and I do not know how the hon. member can find this unconstitutional—is put $150 million at the disposal of the provinces to approve municipal projects that will create jobs in Canada now, for the best advantage of Canadians.

Mr. McGrath: Perhaps the minister will explain to the House and the country what constitutional authority he, as a minister of the government, has for funding hockey rinks, libraries and daycare centres which are clearly within provincial jurisdiction.

In light of the very delicate fabric of the confederation that holds this nation together, because of this kind of confrontation antic, is the minister now prepared to go to Quebec City and meet with Mr. Tardif, who yesterday expressed grave concern in the Quebec National Assembly over this penchant for dealing in provincial jurisdiction? Also, will he meet with his provincial counterpart in Toronto? Failing that, is the minister now prepared to withdraw that program?

Mr. Ouellet: My answer is yes, Mr. Speaker; in fact, I spoke with Mr. Tardif over the telephone yesterday. He will decide when we will meet. I indicated to him that I am ready to meet him. He is supposed to call me back to tell me when and where we will meet, possibly next week.

In answering the second part of the hon. member's question, the program proposed to the provinces for municipal projects is a continuation of sectorial programs in which the federal government is active. It has received the support of members from both sides of the House. I am referring in particular to the sewage treatment program, to the Neighbourhood Improvement Program and to the municipal incentive grants where the federal government is paying for municipal projects.

● (1122)

We have said we shall continue these programs. We shall not only allow these three types of programs to continue, but we shall allow the municipalities and the provinces more flexibility in choosing schemes under these three types of projects or seven other categories of projects which could be considered priorities by the municipalities. This is a very flexible program we have put forward for good projects which are creating jobs in Canada.

Some hon. Members: Hear, hear!

Mr. McGrath: Flexible sewers.

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FISHERIES

INTERIM AGREEMENT BETWEEN CANADA AND UNITED STATES

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I should like to direct a question to the Minister of Fisheries. It has to do with the dispute on the west coast of British Columbia in relation to the salmon fishery, and the interim agreement.

Can the minister now confirm that the decision taken by his officials in not allowing Canadian fishermen to fish on the Swiftsure Bank in Canadian territorial waters was not connected with conservation but was taken because there was hope the Americans might respond under the terms of the interim agreement? Can the minister confirm that it had nothing to do with fish escapement?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, the recommendation was made by the officials and I agreed to it in a telephone consultation. This was a last-minute negotiating point. We know there is a problem at a certain time of the year on the Swiftsure Bank in the catching of capelin and small salmon. We recognize that this is a conservation problem. We did not agree in this case with the U.S. negotiators or with the U.S. conservation experts, but we did not wish to put ourselves in the position of jeopardizing increased access to the American zone by failing to live up to our undertakings in the negotiations and confirmed in the agreement.

Mr. Leggatt: Can the minister confirm that under the terms of that interim agreement, Canadian fishermen were to be allowed to fish off the state of Washington commencing May 1 and that, in fact, a decision has still not been made by the United States authorities? Canadian fishermen still do not have the right to fish off the coast of Washington, and they have already lost almost a month's fishing. In other words, the United States has failed to live up to any of the terms of the agreement to date, while we have and we have been prejudiced as a result.

Mr. LeBlanc (Westmorland-Kent): It is not as dramatic as the hon. member makes it sound. The fact is, however, that we have given the United States authorities a period of time in which to consult following the discussions which took place here last week. We have indicated that we cannot see a situation which would drag on all summer, because our fishermen would then be paying the price of the delay.

I might add that the significant fishery off the U.S. coast is not in early May but begins slightly later than that, and that our fishermen are still fishing off the coast of Alaska under the terms of the 1978 agreement.

Mr. Leggatt: Given the fact that most U.S. salmon have to travel off the coast of Vancouver Island to reach Puget Sound, and that a good many Canadian salmon must also travel through the same waters to reach the Georgia Strait, has the minister advised his United States counterpart that if no agreement is forthcoming with regard to this matter, Canada might have to resort to the alternative which one of his predecessors, Jimmy Sinclair, used, which was to move Canadian gillnetters off the coast of Vancouver Island and make a major fishing effort to catch all salmon?

● (1127)

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, we have made it very clear that if we cannot come to an agreement and there is no 1978 interim agreement, the fishermen of each country will then be confined to waters of their own country, in which case what the hon. member is suggesting would take place automatically.

* * *

[*Translation*]

MANPOWER

CRITERIA FOR APPROVAL OF PROJECTS

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

In my riding of Roberval, a group of four students got together to prepare and present a project. They have worked for weeks every night to make sure their project met the criteria and it was accepted. I have just been told that only one student out of four will not work at that project. Could the minister tell me if that is normal or if this is a new regulation governing acceptance of manpower in these projects?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I thank the hon. member for his representations. I do not know whether or not it is a regulation. I will have to examine this situation and report to the hon. member.

Mr. Gauthier (Roberval): Mr. Speaker, I would like to ask a supplementary question. If it is a regulation and if the question is exact, would it not be discouraging for any group of students who have worked at preparing future projects?

[Mr. Leggatt.]

[*English*]

Mr. Cullen: No, Mr. Speaker, my experience has been that young people in Canada are not turned off by one rejection or one particular regulation. The fact is that they work even harder the next time to see that they come within the criteria.

* * *

FINANCE

COMPENSATION TO ALBERTA FOR SALES TAX LOSS

Mr. Gordon Towers (Red Deer): Mr. Speaker, I have a question for the Minister of Finance who wants to have it both ways. He told this House on Wednesday that Alberta was offered the same deal under his sales tax rebate program as the other provinces because of Alberta's oil and the incentives of the federal government to aid in the development of heavy oil projects. However, in the minister's budget address he stated that he did not include Alberta because Alberta did not have a sales tax, not because of incentives to the oil industry which, incidentally, benefits all Canadians.

Now that the rules have been changed and Quebec is getting $186 million with no strings attached, will the minister offer Alberta taxpayers the same rebate that is being offered to Quebec taxpayers?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have stated, and I repeat, that at the time of the budget I said to the government of Alberta that I wanted to help the provinces which had sales taxes. Of course, Alberta is privileged enough not to need any sales tax and the scheme does not apply to Alberta.

Mr. Clark: Now you have changed the rules.

Mr. Chrétien: At the same time, I said to the Alberta minister of finance that there would be in the budget other things which could aid in the development of Alberta. I did not mention what it was to be because I had to keep that information for budget night.

On budget night I declared that the federal government was willing to make it easier for the development of heavy oil reserves and tar sands in Alberta in order to bring about more development there. The maritimes, for example, have a special deal, so to speak, because we have paid the maritimes three points and they have not contributed a single point because they are in a financial situation completely different from that of the central and western provinces.

Mr. Towers: Mr. Speaker, the Prime Minister has stated from time to time that it would be good to have a voice from Alberta in the cabinet. He now has that voice. I would like to ask the Minister of Finance whether Alberta's representative in the cabinet, the Minister of Industry, Trade and Commerce, had an opportunity to veto, or did he agree with the proposal to pay $85 directly to Quebec taxpayers, at the same time not paying anything to Alberta taxpayers, thereby selling Albertans down the river?

Mr. Speaker: Order, please. The hon. member for Vancouver South.

Mr. Clark: Silence tells the story.

Mr. Fraser: Mr. Speaker, I have a question for—

Mr. Chrétien: Mr. Speaker, may I reply?

Some hon. Members: Oh, oh!

• (1132)

Mr. Speaker: Order, please. I have done something that I do often. When a question is clearly out of order, I have gone to another questioner. In a sense, that does not thwart justice because there are occasions when there may be an indication of a desire to reply but I will not permit the reply because the question is out of order. But I should at least state the reason. Obviously, the question that was just put was out of order because it was clearly argumentative.

* * *

TRADE

INTERNATIONAL ECONOMIC BOYCOTTS

Mr. John A. Fraser (Vancouver South): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. It concerns the long overdue report on Canadian government policy on international economic boycotts, the second semi-annual report which, according to the first report, was to be due in March of this year.

My question to the minister is, was the delay in presenting this report in any way related to a change in the policy of the government or a reassessment of government policy?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, in answering that question I would like to state that certainly Alberta was not sold down the river in the budget.

An hon. Member: But you were.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. That question was out of order, so the answer will have to be confined to the question that is in order.

Mr. Horner: Alberta benefited a great deal from the tax measures in the budget. May I say, in reply to the hon. member's question with regard to the Arab boycott clauses, that I will be reporting very soon. The delay, if there is any, is due to an attempt by the cabinet to clarify the position for all Canadian businesses in Canada.

Mr. Fraser: May I say to the minister through you, Mr. Speaker, that there is some indication from departmental officials that this report could be delayed for as much as two months. I ask the minister to assure this House that we will not have a delay of anything like that long, and to give us some idea when we will have the report and a statement, if one is coming, as to a change in policy.

Mr. Horner: I feel very confident, Mr. Speaker, that I will be able to table that report next week.

* * *

AIR TRANSPORT

CRASH AT CRANBROOK, B.C.—TRANSCRIPT OF PWA AIRCRAFT TAPES

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, my question is for the Minister of Transport and it arises out of the renewed interest in the air crash at Cranbrook, British Columbia. Is the minister satisfied with the statement from a Department of Transport official that another month will be necessary to complete the transcript of the tapes from the Pacific Western Airlines jet which crashed at Cranbrook and, if so, how does the minister intend to meet the May 23 deadline ordered by the coroner for presentation of those tapes?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the department has no problem about meeting the request for the tapes. Indeed, it was our position that that was the kind of evidence the coroner might want to have if the content of the tapes was important to him. The department's problem is that the actual analysing of the tapes is a very difficult matter indeed, having to do with the problem of the identification of particular voices and of many messages which may be on the same piece of tape. That job, which is a highly technical, expert job, will indeed take some time to complete.

In other words, our position, basically, is that what we have, we can make available to the coroner; but what we do not have, because experts have not completed their work, obviously we cannot make available.

Mr. Johnston: I wonder, then, if the minister and the department have had the same facility in bringing rescue, firefighting equipment and personnel up to the strength prescribed by existing departmental regulations at airports such as Cranbrook and others in that category in the country?

Mr. Lang: There has been a great deal of confusion in the press reports about many of the things related to the Cranbrook incident. But in this case also, there has been confusion between the standards which are applied by the department as a matter of condition for the use of an airport—and, generally speaking, those standards are being met—and, on the other hand, some standards which are much higher than those recommended by ICAO for adoption but which have not yet been adopted as standards in Canada or in many other countries.

Oral Questions

NATIONAL REVENUE

POLITICAL ACTIVITIES OF CHARITABLE ORGANIZATIONS

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is for the Prime Minister: it follows on the questions placed by my colleague, the hon. member for St. John's East, yesterday with regard to the status of Revenue Canada's circular 78-3. I should like to ask the Prime Minister if he can now clarify the status of that circular, which the Minister of National Revenue has said is withdrawn but the intent of which he indicated is not withdrawn.

Will the Prime Minister, therefore, give us a guarantee that, contrary to what the Minister of National Revenue has said, no action will be taken against any charitable organization with regard to their tax exempt status until such time as these guidelines have been revised in consultation with the charitable organizations of this country?

Right Hon. P. E. Trudeau (Prime Minister): I am not quite sure in what context the minister spoke about intent, but certainly I can support him if he says that the intent of the circular is to explain to people, as best the department can, what the law is. That intent is not withdrawn. We always want to be helpful to the taxpayer in explaining what the law is. The law itself is not withdrawn. The circular was withdrawn, but not the intent to help people interpret the law.

If we can, this is the intention of the minister, come up with a more helpful circular—and that is why the previous circular was withdrawn—we will do so. But we will not withdraw the intent to apply the law; we will continue applying the law. In the last resort, the courts will be the judge of what the law says, not the minister, his department or the hon. lady.

Mr. Clark: The "hon. member."

Miss MacDonald: Mr. Speaker, that is not what the Minister of National Revenue said. What I want clarified is his statement which was as follows:

—we have to draw the line somewhere and that it has been drawn at highly organized attempts to influence a government for a purpose "particular to the organization".

What I want to know is, what kind of intimidation does this mean, for example, for the Canadian Association in Support of Native People if it continues to try to influence the government to settle aboriginal rights; or what kind of threat does this mean, for instance, to the Positive Action organization in the province of Quebec if it tries to influence the provincial government of that province in the interests of national unity?

Mr. Trudeau: Mr. Speaker, the hon. lady—

Mr. Clark: The "hon. member".

Mr. Trudeau: —is asking me for a legal opinion on the status of a particular association.

Miss MacDonald: No, I am not.

[Mr. Lang.]

Mr. Trudeau: I am saying that the courts, in the last resort, will judge whether an organization is charitable as defined by the law. The hon. lady—

Mr. Clark: The "hon. member".

Mr. Trudeau: —is asking me about a particular organization: she wants to know if a citizen who contributes to the organization can deduct the amount from his income tax. Surely it is the purpose of the minister to try to help people to answer this question. That is the purpose of this circular and of previous such circulars. The law remains, and surely the hon. lady supports the intention of the law, which is not to give tax exemption to people who are not giving to charitable organizations. This is a simple situation that the law puts before us.

Miss MacDonald: Mr. Speaker, the Prime Minister still has not got the point that his Minister of National Revenue is making. The point is that the Minister of National Revenue said that if charitable organizations—not individuals—involve themselves in any kind of political activity designed to influence a government, they could lose their tax exempt status. I ask the Prime Minister, what is going to happen to organizations which have been carrying on that kind of activity over the years, until such time as the guidelines have been revised? That is what we are asking the Prime Minister.

Mr. Trudeau: They do not have to listen to the minister.

Some hon. Members: Hear, hear!

Mr. Clark: No one else does.

Mr. Trudeau: The hon. lady—

Mr. Clark: The "hon. member".

Mr. Trudeau: —is rejoicing at the fact that I say the law is superior to any minister's guidance. It is the judge who, in the last resort, decides what the law is.

Mr. Clark: This is a new concept of ministerial responsibility.

Mr. Trudeau: Now the Leader of the Opposition wants to butt in. I suggest that you recognize him, Mr. Speaker, because it is 20 minutes to twelve o'clock and I am sure he will wait until 2 minutes to twelve o'clock before butting in.

Some hon. Members: Oh, oh!

Mr. Trudeau: If the hon. lady—

Mr. Clark: "Hon. member".

Mr. Trudeau: —needs assistance, she needs it now, not at 2 minutes to 12, so perhaps the Leader of the Opposition can join in the debate.

● (1142)

[*Translation*]

AIRPORTS

INQUIRY WHETHER GOVERNMENT INTENDS TO CONSTRUCT TERMINAL BUILDING AT ÎLES-DE-LA-MADELEINE

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, I should like to put a question to the Minister of Transport.

In view of what is known so far about the studies of Department of Transport experts on the construction of an airport in the Îles-de-la-Madeleine, whether jets or Dash-7 type of aircraft use it eventually, and with the advent of the MLS, and in view of the cramped quarters and therefore the total lack of comfort of what is now known as the Îles-de-la-Madeleine terminal building, can the minister tell the House whether he intends to order the construction of a decent terminal building in the Îles-de-la-Madeleine this year in order to calm the justified impatience of that island population and, must I add, their MP?

[*English*]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I appreciate the hon. member's impatience with developments in that particular airport area. We have now well advanced examination of the question of the use of the Dash-7 for several airports there. That will help us to decide what is needed in the way of further facilities. In the last few days a member from my office, as well as my officials, have been visiting the island airport. I will have from them a first-hand report on the nature of the quality of the terminal facilities and also recommendations upon which I expect to be able to act very quickly for their improvement.

* * *

REGIONAL ECONOMIC EXPANSION

PROGRAMS FOR NORTHERN MANITOBA

Mr. David Orlikow (Winnipeg North): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion. In 1976, his department and the government of Manitoba signed the Northland agreement under which the federal and provincial governments, on a shared cost basis, would spend $138 million for development and the employment of people in northern Manitoba.

The present government of Manitoba has cut back those programs very, very drastically and hundreds of people have been laid off by the provincial department of northern affairs. Over 1,000 people involved in projects on an hourly basis have been laid off. Was the minister's department consulted about these decisions? Was agreement arrived at with the province to proceed with these very severe cutbacks in employment?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, indeed there have been consultations and exchanges between the officials of my department and those of the Manitoba government. As we know, the government having changed there, the new government decided to reduce considerably some of its programs and expenditures. Recently, we were advised that they wanted to reduce expenditures under the agreement on the development of lands in northern Manitoba, but I must say to the hon. member that we did not accept that those reductions be allotted to other purposes within the agreement. We will accept transfers of funds provided the main purposes of the agreement are respected. But if there is any intention of redirecting those amounts to new programs, new projects and new objectives, I think we will oppose our contributing to them.

[*English*]

Mr. Orlikow: Mr. Speaker, under certain programs, such as the New Careers program, in which I think some 500 people were involved, the provincial government was required to find employment in its various departments when the people involved had finished their training. In the view of the federal government, is the provincial government required under the agreement it signed, to which program the federal government has contributed a great deal of money, to find employment for the people who are now in the training program?

Is the minister's department continuing to pass on 60 per cent of the $138 million which the federal government has to pay under this agreement? Is it continuing to pay its share when it now knows that substantial parts of that program have been either reduced or eliminated?

Mr. Lessard: Mr. Speaker, referring to the last part of the hon. member's question, I should say that if they have reduced the program we are not going to pay our 60 per cent of the cost. That money will be spent on and applied to other projects which are not under the agreement.

As to the first part of the question, the commitment that people trained under the program would be given a job within the Manitoba civil service was made in an attempt to achieve that end. We understand it is always difficult when there is no need for jobs. When a government decides to cut off a program and reduce the number of its public servants, it is always difficult to fing jobs for newcomers. Obviously, there will be a need for comprehension of that difficulty. Nevertheless, we will be pushing the provincial government to help find jobs for these people. We will try to help find jobs for them as soon as they come out of the training program.

Oral Questions

URBAN AFFAIRS

PURIFICATION BY OUTAOUAIS SEWAGE TREATMENT PLANT

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs. In view of the fact that the Outaouais regional sewage treatment plant is scheduled for construction commencing June 1, can the minister assure the House that all precautions and required measures have been taken to ensure that all harmful viruses and various chemicals in the sewage will be removed by the plant?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I will take this question as notice.

Mr. Yewchuk: Mr. Speaker, in view of the fact that experts in the field of sewage treatment have declared that this plant will not do these things and is outdated before it begins, can the minister indicate whether he is willing to re-examine the possibility of redesigning the plant? If not, what logic is there in building a plant which will not do the job and is outdated before it gets off the ground?

Mr. Ouellet: Yes, Mr. Speaker, I will undertake to study this matter.

* * *

COMBINES

FACTS SURROUNDING URANIUM CARTEL

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is directed to the right hon. Prime Minister: it centres around the unfortunate uranium cartel incident. On August 5, 1977, the Prime Minister told the House the following:

We will put every fact we have before parliament so it can debate this matter properly.

Will the Prime Minister tell the House, now, when he proposes to put the facts before us in respect of the uranium cartel, in view of the fact that a motion asking for certain documents to be produced was talked out by his Minister of Energy, Mines and Resources last night?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if the hon. member will send me a copy of the context in which I said that, perhaps I will be able to enlighten him further. My recollection is that the House was debating the policy itself and denying our claim that it had helped the uranium industry, helped to preserve jobs in Canada and, indeed, was a farsighted act which permitted the Canadian uranium industry to be in a good posture.

Mr. Clark: It broke the law.

Mr. Trudeau: I said that at any time we would be prepared to debate this policy. I think there are several opposition days left before the end of June. Why does the opposition not take a day to quarrel with our uranium policy?

Mr. Clark: Table the documents.

[Mr. Lessard.]

Mr. Trudeau: We will put all the answers and facts before the House at that time.

Mr. Stevens: Mr. Speaker, my supplementary question is directed to the Prime Minister. In view of the fact that the United States department of justice, following an 18-month grand jury inquiry, has indicted certain officials in the Gulf Oil corporation in respect of their participation in an illegal cartel, would the Prime Minister tell the House if the government has contacted in one way or another the White House, the American state department or the American department of justice regarding the grand jury findings and requested, on a government to government basis, that the American government should in no way move against certain Canadian corporations, including Crown corporations, as a result of the grand jury deliberations?

● (1152)

Mr. Trudeau: Mr. Speaker, the hon. member asks if we contacted some agency or department of the American government. Of course we did, and we are very pleased that there is no indictment or any charge of misdemeanour against any Canadian corporation.

Mr. Clark: What was the nature of the contact?

Mr. Trudeau: If the Leader of the Opposition has a supplementary, Mr. Speaker, I suggest you recognize him.

Mr. Speaker: The hon. member for York-Simcoe.

Mr. Stevens: Mr. Speaker, I will assist the Prime Minister once again. Would he elaborate, for the benefit of the House, on the nature of the government's contact and, specifically, why did they request that no action be taken with respect to the Canadian companies?

Mr. Trudeau: Mr. Speaker, we did not make that specific request. What we indicated was that we would take a very dim view if American law were to be interpreted in some way as to apply to Canada, and we objected to the extraterritorial application of American law.

Mr. Clark: Just as you object to the application of Canadian law.

Mr. Trudeau: Again, Mr. Speaker, the Leader of the Opposition wants to get in on this. I wish you would recognize him, because it is getting closer and closer to twelve o'clock.

An hon. Member: It is 2 minutes to 12.

* * *

ELECTIONS

APPLICATION OF EXPENSES ALREADY INCURRED FOR FORTHCOMING BY-ELECTIONS

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, now that the leader of the government has indicated his great

respect for the law, I wonder if I might ask his seatmate, the President of the Privy Council, a question with respect to the decision made by the Chief Electoral Officer that only electoral expenses incurred after May 11, 1978, the day the Prime Minister decided that a triumphant march to an election might turn into a rout, would be counted toward the spending limits for the eight by-elections.

I ask the government House leader whether the government sanctions the Chief Electoral Officer's actions which ignore the force and effect of the order in council that set March 1, 1978, as the date for the issuance of the by-election writs.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the Chief Electoral Officer is an officer of parliament. He is not in any way the subject of direction of the government as such, and the government in this case has not indicated in any way any particular view as to how the Chief Electoral Officer ought to carry out his operations. That would be quite unacceptable because of the special status which he occupies, and we have not in any way indicated to the Chief Electoral Officer a view as to any consultations he may have had with political parties.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I am not concerned with what consultations he may have had with respect to the matter; I am concerned that this officer of parliament, perhaps in good faith—I would suggest that until it is proven to the contrary, that is the case—has set himself above parliament and has really set himself above the courts with respect to what the law is.

The minister has indicated that there was no approach made to him by the government to influence this decision. In that event, is the government intending to review the decision, because the President of the Privy Council happens to be a member of parliament too? Is he intending to review the decision, as a member of parliament, to ascertain its correctness with respect to the law and, if so, is he intending to join in an approach by parliamentarians to this officer of parliament with respect to the appropriate interpretation of the law? If the minister has not had time to consider that matter, would he consider it and advise me as to what the decision of the government might be?

Mr. MacEachen: Mr. Speaker, I believe the Chief Electoral Officer has been an outstanding officer of the House of Commons. He has in this particular case attempted, in consultation with representatives of the political parties, as I understand it, to reach a *modus operandi* with respect to the occurrence of the by-elections. I want to put his efforts in context, which were intended to be helpful in the current situation. I repeat, in so far as I am concerned as President of Privy Council and as the conduit for the Chief Electoral Officer to the House of Commons, I will not interfere in any way with his operations. In so far as this party is concerned, we intend to fulfil all the requirements of the law with respect to the Election Expenses Act. After all, it was this government that brought in the Election Expenses Act and we intend to observe it to the limit.

Mr. Gillies: How about to the letter?

Mr. MacEachen: To the letter, to the limit and to the spirit, in all its aspects.

Mr. Gillies: Good.

Mr. MacEachen: We all want to support the Chief Electoral Officer in the work that he is doing, and it might be a very useful project to have the Chief Electoral Officer appear before a committee of the House. If general suggestions were made there, or if a consensus was developed to meet a particular situation, then of course the proper procedure would be for the House itself to take steps to change the law and the situation. It is not my intention, in the absence of all-party consensus, to move to change the law in this particular respect.

Mr. Baker (Grenville-Carleton): Mr. Speaker, the government House leader has given an undertaking that he is prepared to consider the question of bringing the matter before a standing committee of the House of Commons. Would he undertake, as the government House leader, to discuss this matter with the chairman of the appropriate committee as a first step to removing what is a misunderstanding, notwithstanding the good quality of the Chief Electoral Officer with which we all agree, to ensure that in fact the law which was brought in by this government and supported by all members of the House can be observed. If the law is not satisfactory, then it can be changed in an appropriate way, rather than by administrative action which this appears to be. Will he give me that undertaking?

Mr. MacEachen: Mr. Speaker, I will undertake to consult the party representatives with a view to having the Chief Electoral Officer appear before the appropriate committee to discuss this matter with members. It is vitally important at this stage for all of us to restate our confidence in the integrity of the Chief Electoral Officer.

Some hon. Members: Hear, hear!

Mr. MacEachen: The electoral process will not carry the confidence of the Canadian public unless he has that support. Certainly, the government extends to him the confidence that is required in this situation, but unfortunately some recent press reports are not calculated to maintain proper confidence in the Chief Electoral Officer.

The second point is that if members of the committee, in consideration of the problem, want to move in a particular way, then I will certainly facilitate an amendment that will change the law.

Some hon. Members: Hear, hear!

An hon. Member: It is twelve o'clock.

Point of Order—Mr. Stevens

IMMIGRATION

REQUESTED REVIEW OF CASE OF JOAN CREARY

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a question for the Minister of Employment and Immigration. Will the minister immediately review the case of Joan Creary who, even though only nine years old, has been ordered deported to Jamaica by an adjudicator of his department, and will he use his authority to the extent that it exists to allow her to remain in Canada with her father, a Canadian citizen, her mother having apparently agreed to this since she is unable to look after her daughter? Also, will he, where necessary, change the regulations or propose amendments to the Immigration Act to the extent that they are shown to cause inhumane and unfeeling results of the kind indicated by this Creary case?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, my concern here, and I must say the concern of the province of Ontario as well, is with the welfare of the child. The province of Ontario has to make a determination whether this is a fit and proper father for the child. The official guardian is making his own investigations in this connection.

● (1202)

Incidentally, it is not a deportation order. Under the more humanitarian act, the child is subject to an exclusion order which would mean that the child could come back into the country within a year. I have indicated that I am prepared to hold off executing that exclusion order until I am satisfied that the rights of the child are protected and have decided whether it is better for her to be with this particular father or to go home to her mother and two sisters.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF ISRAELI MINISTER

Mr. Speaker: Order, please. May I take a moment to call attention to the presence in our gallery of a distinguished visitor in the person of the Minister of Education and Culture from Israel, Mr. Hammer.

* * *

POINT OF ORDER

MR. STEVENS—BILL C-56

Mr. Speaker: Yesterday I indicated I would endeavour to bring forward a decision on a point of order raised on May 17 by the hon. member for York-Simcoe (Mr. Stevens). The point of order arose on the motion for second reading of Bill C-56, an act to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions.

[Mr. MacEachen.]

The hon. member for York-Simcoe, having raised this point of order, submitted that Bill C-56 did not comply, or does not in its present form comply, with Standing Order 60(11), which reads as follows:

The adoption of any Ways and Means motion shall be an order to bring in a bill or bills based on the provisions of any such motion.

It is admitted in the argument, and surely on the precedents, that while the words "based on" certainly do not mean identical with, nevertheless the hon. member is concerned, and the House is always concerned, that there must be such a relationship between the bill and ways and means motion that a substantial difference between the motion and the bill would make it run contrary on a procedural basis to two earlier rulings of the Chair, namely, that of December 18, 1974, and July 14-15, 1975. In the 1974 ruling I was prepared to accept a discrepancy between the ways and means motion and the bill concerning the definition of a boat. However, I did say that the terms of the ways and means motion are a carefully prepared expression of the financial initiative of the Crown, and frequent departures from them can only invite deterioration of that most important power.

I think we must understand clearly that the importance of the ways and means motion in this whole process is as an expression of the financial prerogative of the Crown. Indeed, if one were able to introduce legislation into the House of Commons in respect of tax matters without a ways and means motion, that would indicate that the financial prerogative of the Crown had lost that element of its singularity.

I repeated this warning on July 14, 1975, when I ruled on a discrepancy between a ways and means motion and the bill based thereon with respect to the power of the minister to describe by regulation the class of exempt persons. In that case, without arresting the progress of the bill, I suggested that the minister either amend the ways and means motion or prepare amendments to the bill to bring it into conformity with the existing motion. In the event, the Chair found it necessary the next day to delete certain words from the bill in order to have it conform to the ways and means motion upon which it was supposed to have been based, and an amendment was subsequently moved in committee of the whole which conformed to the ways and means motion.

In the present case the specific objection, which was also referred to by the hon. member for Winnipeg North Centre (Mr. Knowles) is that paragraph (13) of the ways and means motion provides:

That for the 1978 taxation year the tax otherwise payable by an individual resident in a prescribed province on December 31, 1978 be reduced by $100.

This is found in the bill in clause 30 and particularly in section 122.1(1).

However, clause 30 in the bill goes on to deal with matters not contained, in my opinion, in paragraph (13) or elsewhere in the ways and means motion, to deal with those taxpayers not in a prescribed province and perhaps even not in the same taxation year, that is, it appears that section 122.1(2) to be enacted by clause 30 represents a substantial departure from paragraph (13) of the ways and means motion or from any

other part of the ways and means motion, besides paragraph (13), in endeavouring to deal, not with the residents of a prescribed province, not for the taxation year 1978, but with the residents of a province which is not a prescribed province and for the taxation year 1977, depending on the ultimate interpretation to be placed on the language which I, of course, do not now decide.

On the other hand, it has been argued that section 122.1(2) is an amendment to the Income Tax Act and represents a deduction from income tax for 1977, the time for filing of which has expired, and the section therefore provides in essence for an expenditure of public money and thus is safeguarded procedurally by the recommendation of His Excellency the Governor General. No matter what the administrative arrangements might be for the implementation of this section, I am confined to the wording of the ways and means motion and of the bill. It seems to me that section 122.1(1) to be enacted by clause 30 lies completely within the four corners of paragraph 13 of the ways and means motion, while on the other hand there is no provision in the ways and means motion to cover section 122.1(2).

Whether section 122.1(2) is seen either as a reduction of tax for the 1977 taxation year, or as a pay-out of funds in the fiscal year 1978-79, is immaterial on the procedural basis. We must begin from the premise that a ways and means motion, as the basis of a tax bill, is the procedural device used to protect the financial initiative of the Crown.

Paragraph 13 of the motion and section 122.1(1) to be enacted by clause 30 of the bill, offer a certain relief from taxation to a particular group of taxpayers in a given taxation year. If the government thought it was necessary to initiate this relief by a ways and means motion, it seems to me that consistency alone demands similar relief to be provided for some other taxpayers in section 122.1(2) to be enacted by clause 30, which also provides relief from taxation, albeit for an earlier fiscal year and for a different segment of the population, be similarly founded on a ways and means motion.

It may very well be that I would be disposed to be more stringent in terms of procedural correction if we were dealing with an imposition rather than an exemption from tax, but in the circumstances I see no reason to arrest the progress of the bill at this stage. The cure is simple. It requires a ways and means motion to cover the provisions of section 122.1(2) to be enacted by clause 30 of the bill. Meanwhile the bill may proceed, certainly through second reading and, if necessary, into committee up to and including clause 29 of the bill.

We have examined carefully the precedents which would support this point. They are clearly recited in Erskine May's Parliamentary Practice, nineteenth edition, page 790, which reads as follows:

If any provisions of a bill are found to go beyond the resolutions on which the bill is founded, further resolutions must be passed before those provisions are considered in committee on the bill, or the bill must be amended to conform to the resolutions to which the House has agreed.

That citation seems to me clearly to give the Chair some discretion in determining the manner in which the curative provision should be entered into. In these circumstances I would think that the proper course would be for an amended resolution to be brought in by the government to conform with the language of the bill, and that that be done before clause 30 of the bill is considered in committee of the whole.

Some hon. Members: Hear, hear!

Mr. Sinclair Stevens (York-Simcoe): On a point of clarification, Mr. Speaker, I appreciate your ruling, but I was wondering if you could comment on the second part of what I referred to in my original point of order, and that was clause 59 of the bill. This is a complementary clause that is required, as set out in the footnote, as a result of the passage of clause 30.

Clause 59 deals with what they call compensating payments. This clause reads as follows:

The Minister of Finance may pay out of the Consolidated Revenue Fund to a province the amount, if any, as determined by the Minister, by which the aggregate of

That is, if the provincial sales tax in the province concerned exceeds the income tax rebates as provided for in clause 30, and to the extent there is an excess amount then, as the concluding paragraph states:

and may make advance payments to the province out of the Consolidated Revenue Fund on account of any amount that may become payable to the province pursuant to this section.

I feel that this clause very clearly contemplates the expenditure of funds on the part of the government and, if anything, is very obviously not included in the original income tax motion to which Your Honour has already referred. Could you clarify to what extent the government will be required to rectify the motion to cover clause 59 as it now appears in the bill?

● (1212)

Mr. Speaker: With respect, the hon. member is confusing two different procedural problems. The position that I have endeavoured to set out to implement a taxation measure is that the government must, of course, proceed by a ways and means motion. The bill to implement taxation measures must be based upon that ways and means motion. To make a pay-out of the public funds, no such ways and means motion is required. However, a royal recommendation is required for the pay-out of funds. As the hon. President of Privy Council (Mr. MacEachen) carefully argued the other day, there is a royal recommendation which directs itself to all provisions of the bill. Therefore I did not enter into that particular area.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, if I understand your ruling correctly, we are in a position now in a procedural sense where we can proceed with discussion and consideration of this bill, but we have to recognize the fact that government policy has changed between the presentation of the budget and the introduction of the bill. So that we can be sure where we are proceeding, I ask the Minister of Finance (Mr. Chrétien) is it the intention of the government to bring in a modified resolution, to which the Speaker has referred, and when might we have that?

Business of the House

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, as you have said, to be consistent we should proceed with an amended ways and means motion. We will proceed in that manner before we reach clause 30 at the committee stage.

Mr. Clark: I have a further matter for clarification, sir. So that we can be sure of precisely what we are dealing with, could the Minister of Finance tell us whether the government is now actively considering or contemplating any significant other amendments in this bill at second reading stage, or whether it is now presently contemplating any amendments to this bill during the committee of the whole stage, particularly as they might relate to the sales tax provision which has caused so much consternation in his own caucus?

Mr. Chrétien: Mr. Speaker, the hon. Leader of the Opposition (Mr. Clark) did not choose to ask a question on policy at all during question period. Of course, when we have amendments to a bill we will propose them in due course in the House of Commons.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I have a question arising out of your ruling. I do appreciate the nature of your ruling. However, there is a question in my mind that follows upon that. Until the amended ways and means motion comes in, it seems to me that the Chair having indicated that the ways and means motion is deficient, there is a breach of the rule with regard to this particular provision. So the government must immediately, before we proceed with further debate, take some action. Otherwise I submit to you the debate on that portion which you have ruled to be outside the rules is totally irrelevant.

Mr. Speaker: Order, please. We are in a situation here where there is no appeal from the rulings of the Chair. I find it difficult to cast the hon. member's opening in any other light except that of a reconsideration of the judgment that I have already made. I recognized the hon. member for York-Simcoe (Mr. Stevens) who wanted some clarification of a portion of my ruling that I did not deal with directly. I recognized the Leader of the Opposition (Mr. Clark) who wished to determine what the next step would be of the Minister of Finance (Mr. Chrétien) as a result of the ruling. I do not think I can entertain any hon. member now to say, with respect, the ruling that I have made is not in conformity with any hon. member's opinion. I have already indicated in very clear and explicit language on the basis of the precedent in Erskine-May that the bill can proceed while the amended resolution is being brought before the House. I cannot make that any clearer, and I do not think I should entertain any further discussion on that subject.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on another point of order. The government House leader and I have had some discussions in the House with respect to estimates and the period of time within which we might consider estimates extending beyond May 31. There were some consultations to be undertaken by my hon. friend. As a result of those consultations has a decision been made, and what is it? Could he also tell us whether we would be amending the standing orders for that purpose for the balance of this part of the session?

Mr. MacEachen: Mr. Speaker, I have had consultations but I have not yet completed them. I hope that by Wednesday of next week I will be in a position to indicate to my hon. friend just exactly what I propose to do. There is a case that has to be considered. I want to do that and consult further.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 1,163, 1,183, 1,242, 1,284, 1,448, 1,509, 1,512, 1,532 and 1,594.

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

[*Text*]

MR. P. ZOLLMANN

Question No. 1,163—**Mr. Cossitt:**

1. Was Mr. P. Zollmann employed by the Department of the Secretary of State and, if so (a) was his title Chief of Post Secondary Education Support Branch (b) on what date did his employment with the Department terminate and for what reason (c) what was his annual salary?

2. Did the Department or the Department of Supply and Services give a contract in the amount of $40,000 to Federal Systems of Canada, 971 Richmond Road, Ottawa to provide consulting services and programme designing for the Canada Student Loans Programme and, if so (a) on what date (b) what is the name and job designation of all public employees involved in allotting the contract (c) what are the names of all persons with Federal Systems of Canada, dealt with by the government in arranging the contract?

3. Were tenders or alternate submissions received and (a) if so (i) from whom (ii) on what dates (b) if not, for what reason?

4. To the knowledge of the Department of the Secretary of State, is Mr. Zollmann associated with or employed by Federal Systems of Canada as Marketing Director and did he take such employment immediately upon leaving the Department?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of the Secretary of State and Supply and Services as follows: 1. Mr. Zollmann was employed by the Department of the Secretary of State. (a) Yes. (b) On January 29, 1977—resignation. (c) $25,000-$30,000.

2. No. (a) and (b) Not applicable.

3. Not applicable.

4. Immediately upon leaving the Secretary of State, Mr. Zollmann went to work for a private consulting firm.

BOOKS CANADA LIMITED

Question No. 1,183—**Mr. Andre:**

1. What is the Crown's precise financial interest in Books Canada Limited as administered by the Department of the Secretary of State through the Association for the Export of Canadian Books and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. John Roberts (Secretary of State): 1. The Crown does not have any financial interest (i.e. shares) in Books Canada Limited. It has been making contributions to the Association for the Export of Canadian Books/l'Association pour l'exportation du livre canadien, a non-governmental organization, since 1972. The AECB/AELC has recently acquired shares of Books Canada Limited. Prior to that acquisition, Books Canada Limited was wholly owned by a number of Canadian book publishers. The Crown has never owned any shares of Books Canada Limited (BCL).

2. The Crown has no equity in Books Canada Limited. See 1 above.

3. The Crown has never made a direct gift or contribution to Books Canada Limited. Because the Crown has no investment, it has made no profit. See 1 above.

4. The Crown has no financial interest in Books Canada Limited nor is the Crown represented on the board of directors or in its senior management.

5. Not applicable. See 1 above.

GRAIN TERMINAL, WINDSOR, ONTARIO

Question No. 1,242—**Mr. Towers:**

Did the government make grants to the grain terminal at Windsor and, if so, in what amounts and on what dates?

Hon. E. F. Whelan (Minister of Agriculture): The government has not made any grant to the grain terminal at Windsor. Specifically, the government has entered into a contractual agreement with United Cooperatives of Ontario, to make a repayable contribution towards the costs of constructing a grain terminal complex at Windsor, Ontario. Under the terms of the agreement, amounts of $500,000 and $8,000,000 were deposited into a trust account on April 29, 1977 and May 27, 1977 respectively, to be disbursed to U.C.O. upon certified presentation of documentation as to costs incurred during the design and construction phase. A repayment schedule has been prepared whereby U.C.O. will repay the contribution over a period of 15 years. In addition, all interest accruing on the trust account and any amounts in the trust account remaining after completion of the project, will be returned to the Consolidated Revenue Fund.

FRESH FRUIT AND VEGETABLE STORAGE

Question No. 1,284 —**Mr. Marshall:**

By province, what amount was allocated under the Fresh Fruit Vegetable Storage Construction Financial Assistance Programme since its inception?

Hon. E. F. Whelan (Minister of Agriculture): The following payments have been made since the inception of the program in 1973.

Province	Total Payment
British Columbia	$2,798,043.81
Alberta	261,615.57
Saskatchewan	—
Manitoba	324,789.11
Ontario	1,060,794.46
Québec	611,198.55
New Brunswick	35,592.04
Nova Scotia	70,000.00
Newfoundland	—
Prince Edward Island	—
	$5,162,033.54

A total of three applications were received from Newfoundland for financial assistance under this program. Two, which have been considered in the past, met the eligibility criteria for producer groups, however the producer groups did not proceed to have the agreements signed. One is, at present, under review. No applications have been received from either Prince Edward Island or Saskatchewan.

ETHNIC NEWSPAPERS

Question No. 1,448—**Mr. Mitges:**

1. How does the Department of National Health and Welfare define "ethnic newspaper"?

2. In which ethnic newspapers did the Department advertise (a) in the fiscal year ending March 31, 1977 (b) since March 31, 1977 and, in each case, what was the total amount of advertisement placed?

3. What criteria does the Department use to determine which ethnic newspapers will receive government advertising?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. This department is guided by the Multiculturalism Directorate of the Department of the Secretary of State, which defines an "ethnic newspaper" as one that serves an ethnocultural group.

2. (a) Ethnic Newspapers—Fiscal Year Ending March 31, 1977

Arc Arabic Journal	$ 300.00	Il Cittadino Canadese	$ 120.00
Canadian Arab World Review	300.00	Corriere Canadese	306.00
Canadian Middle East Journal	1300.00	Corriere Illustrato	330.00
Chinese Express	132.00	Corriere Italiano	240.00
Chinese Times	132.00	L'Eco D'Italia	150.00
Chinese Voice	132.00	La Gazzetta	132.00
New Republic	132.00	Il Giornale Di Toronto	240.00
Shing Wah Daily News	132.00	Insieme	240.00
Chinese Star Weekly	120.00	L'Ora Di Ottawa	90.00
Bielaruski Holas	81.00	Il Samaritano	312.00
Glas Kanadskih Srba	150.00	La Settimana	240.00
Kanadski Srbobran	120.00	Il Settimanale Di Montreal	240.00
Bratsvo	52.00	Il Tevere	240.00

Slovenska Drzava	$ 120.00	Vita Italiana	$ 132.00	Vaba Eastlane	640.00	Ciao	1800.00
Hrvatski Glas	144.00	La Voce D'Italia	210.00	Canadian Uutiset	560.00	Liscio E. Busso	540.00
Serbia	120.00	Communita Viva	392.62	Vapaa Sana	640.00	Il Mormoratore	320.00
Vrijeme	200.00	The Newsletter	360.00	Courier (Toronto)	1500.00	Il Rincontro	480.00
Nase Hlasy	96.00	Ciao	1460.00	Courier Nordwesten	2268.00	La Tribuna Italiana	576.00
Novy Domov	120.00	Liscio E. Busso	270.00	Hamilton Journal	784.00	The Continental Press	672.00
Modersmaalet	180.00	Il Mormoratore	90.00	Kitchener Journal	840.00	The New Canadian	640.00
Calvinist Contact	180.00	Il Rincontro	240.00	Mennonitische Rundschau	980.00	Canadian Jewish News	1120.00
Hollandia News	150.00	La Tribuna Italiana	288.00	Montrealer Zeitung	784.00	Canadian Jewish Weekly	1400.00
De Nederlandse Courant	144.00	The Continental Times	144.00	Toronto Zeitung	952.00	The Hebrew Journal	840.00
Windmill Herald	198.00	The New Canadian	120.00	Die Zeit	504.00	The Jewish Eagle	1340.00
Duca Post	118.80	Canadian Jewish Weekly	180.00	Pacifische Rundschau	360.00	The Jewish Post	840.00
De Hollandase Krant	180.00	The Hebrew Journal	180.00	Anagennesis	840.00	The Jewish Standard	1328.00
Pioneer	90.00	The Jewish Eagle	120.00	Evdomada	952.00	Jewish Times	800.00
Meie Elu	132.00	The Jewish Post	120.00	Greek Canadian Reportage	700.00	Jewish Western Bulletin	1400.00
Vaba Eestlane	120.00	Jewish Western Bulletin	300.00			North York Downsview Reporter	1204.00
Canadian Uutiset	108.00	Toronto Jewish Press	300.00	Greek Canadian Tribune	840.00	Toronto Jewish Press	1400.00
Vapaa Sana	120.00	The Yiddish Press	132.00	Hellenic Free Press	736.00	The Yiddish Press	616.00
Courier (Toronto)	414.00	The Canada News	120.00	Hellenic Postman	700.00	Western Jewish News	840.00
Courier Nordwesten	486.00	The Korean Journal	108.00	Hellenic Tribune	288.00	The Canada News	840.00
Hamilton Journal	168.00	New Korea Times	126.00	Hellenic View	980.00	The Korean Journal	504.00
Kitchener Journal	180.00	Latvija-Amerika	120.00	Greek Canadian Action	384.00	The Koreanna	480.00
Mennonitische Rundschau	120.00	Nepriklausoma Lietuva	120.00	Parikiaka Nea	684.00	Batkivshchyna	392.00
Montrealer Zeitung	168.00	Teviskes Ziburiai	174.00	New Korea Times	588.00	The Canadian Farmer	896.00
Toronto Zeitung	204.00	Norrona	153.00	Latvija-Amerika	560.00	Homin Ukrainy	1356.00
Die Zeit	108.00	Fortnightly Crescent	153.00	Nepriklausoma Lietuva	560.00	Nasha Meta	896.00
Pacifische Rundschau	180.00	Czas	153.00	Teviskes Ziburiai	812.00	Novy Shliakn	748.00
Greek Canadian Reportage	75.00	Glos Polski-Gazeta Polska	144.00	Malayalee	1120.00	Postup	860.00
Greek Canadian Tribune	180.00	Polish Canadian Courier	120.00	Norrona	700.00	Ukrainski Visti	780.00
Hellenic Free Press	144.00	Zwiazkowiec	180.00	Akdaja Gulrang	640.00	Ukrainsky Holos	896.00
Hellenic View	210.00	Dzis (formerly Krzyk)	120.00	Fortnightly Crescent	700.00	Vilne Slovo	952.00
Greek Canadian Action	96.00	O Mensageiro	138.00	Pakistan Times	640.00	Lemko News	240.00
Parikiaka Nea	342.00	Voz De Portugal	60.00	Czas	840.00	Moloda Ukraina	180.00
Kanadai Magyarsag	204.00	Correio Portugues	150.00	Glos Polski-Gazeta Polska	784.00	Nowi Dni	150.00
Menorah-Egyenloseg	204.00	Sentinela	99.00	Polish Canadian Courier	560.00	Promin	360.00
Sporthirado	144.00	Tribuna Portuguesa	150.00	Zwiazkowiec	840.00	Zhinochy Svit	280.00
Magyar Hirlap	204.00	Asia Times	234.00	Dzis (formerly Krzyk)	480.00	My I Svit	300.00
Logberg-Heimskringla	132.00	Ecouri Romanesti	60.00	O Mensageiro	644.00	Svitlo	300.00
Scandinavian Businessman	264.00	Postup	75.00	Voz De Portugal	700.00	Yunak	420.00
Kanadsky Slovak	120.00	Ukrainski Visti	150.00	Journal Acoreano	400.00	Jung Montreal	1052.00
Slovensky Hlas	54.00	Ukrainsky Holos	192.00	Correio Portugues	300.00	Jung Toronto	1148.00
Coreo Hispano-Americano	162.00	Vilne Slovo	204.00	Sentinela	396.00	Panjab	460.00
El Popular	168.00	Lemko News	60.00	Tribuna Portuguesa	200.00	Toronto Contrast	960.00
Mundo Ilustrado	72.00	Moloda Ukraina	39.00	Asia Times	520.00	Toronto Talking Drums	1500.00
Nya Svenska Pressen	120.00	Nowi Dni	65.00	Ecouri Romanesti	360.00	Bharati	460.00
Canada Svensken	132.00	Promin	82.80	Scandinavian Businessman	528.00	Mundo Illustrado	288.00
Batkivshchyna	42.00	Zhinochy Svit	67.60	Kanadsky Slovak	560.00	Quincenario Hispano	240.00
Canadian Farmer	192.00	Jung Montreal	198.00	Slovensky Hlas	216.00	Nya Svenska Pressen	560.00
Homin Ukrainy	150.00	Panjab	117.00	Coreo Hispano-Americano	784.00	Canada Svensken	264.00
Nasha Meta	150.00	Bharati	96.00	El Popular	868.00		
Novy Shliakh	75.00			Critica	368.00		

(Amounts shown are estimates only—final 1977-78 billings have not yet been received.)

(b)

Ethnic Newspapers—Since March 31, 1977

Al Ra'Id Al Arabi	$ 480.00	Kanadai Magyarsag	$1048.00
The Source	1040.00	Magyard Elet	1064.00
Arc Arabic Journal	600.00	Menorah-Egyenloseg	952.00
Canadian Arab World Review	600.00	Sporthirado	812.00
Chinatown News	1170.00	Magyar Hirlap	408.00
Chinese Express	616.00	Logherg-Heimskringla	616.00
Chinese Times	616.00	Canadian India Star	1040.00
Chinese Voice	616.00	Canadian India Times	480.00
New Republic	616.00	The Link	840.00
Chinese Wide Angle	320.00	India Digest	720.00
Shing Wah Daily News	616.00	India Calling	300.00
Chinese Canadian Bulletin	800.00	Il Cittadino Canadese	1120.00
Bielaruski Holas	396.00	Corrieve Canadese	1540.00
Glas Kanadskin Srba	700.00	Corriere Illustrato	1604.00
Hrvatski Put	624.00	Corriere Italiano	1260.00
Kanadski Srbobran	560.00	L'Eco D'Italia	780.00
Bratsvo	240.00	La Gazzetta	840.00
Slovenska Drzava	240.00	Il Giornale Di Toronto	1120.00
Hrvatski Glas	288.00	Insieme	1120.00
Serbia	220.00	L'Ora Di Ottawa	420.00
Nase Hlasy	448.00	Il Samaritano	1540.00
Novy Domov	560.00	La Settimana	1120.00
Modersmaalet	840.00	Il Settimanale	2100.00
Calvinist Contact	840.00	Il Settimanale di Montreal	1120.00
Hollandia News	784.00	Il Tevere	1248.00
De Nederlandse Courant	720.00	Vita Italiana	1232.00
Windmill Herald	924.00	La Voce D'Italia	1060.00
Duca Post	528.00	Communita Viva	720.00
De Hollandase Krant	360.00	The Newsletter	250.00
Pioneer	180.00	Occidente	360.00
Meie Elu	592.00	Il Marco Polo	300.00

[Miss Bégin.]

3. The criteria for determining which ethnic newspapers will receive government advertising are dependent on the communications objectives of each advertising campaign and, therefore, could vary widely from one campaign to another. In the selection of media, consideration is given to the specific public reached, geographic location of that public, the frequency and timing of publication. Advertising campaigns of a national nature would normally employ all ethnic newspapers whose publication dates were appropriate.

MR. K. R. BUNCE

Question No. 1,509—**Mr. Cossitt:**

1. What is Mr. K. R. Bunce's employment history in the government?

2. (a) Did Mr. M. J. Cardinal, Director of Personnel Administration, write a memo to Mr. S. Rubinoff, Assistant Deputy Minister, Department of Finance, dated November 14, 1977, marked confidential and, if so, did it state in part: "As you are aware, the transfer of functions of the Guaranteed Loans Administration section has an effective date of December 1, 1977. In view of the fact

that we have no work for Mr. Bunce for which he is qualified or would likely accept, it would appear to us that laying-off action and therefore notice of lay-off might be required." (b) Did Mr. Cardinal write a memorandum marked confidential dated December 2, 1977 to Mr. Claude Passey, Head of the Guaranteed Loans Administration, with a carbon copy to Mr. S. A. Rubinoff stating in part: "Mr. Bunce was hired by you to work for you and he is your responsibility. Under no circumstance will the Department of Finance be placed in a situation that will require bringing Mr. Bunce on lay-off status because the functions of G.L.A. were transferred elsewhere. Mr. Rubinoff has assured me that if necessary he will take this matter up with appropriate officials in the Secretary of State." (c) Did Mr. Rubinoff write a letter dated January 20, 1978 to Mr. Bunce stating in part: "This letter therefore serves to notify you that you have been declared surplus . . . you will be laid-off with effect from May 1, 1978 in accordance with Section 29 of the Public Service Employment Act." (d) Did Mr. Rubinoff write a further letter to Mr. Bunce on March 9, 1978 repeating much the same information contained in his letter of January 20, 1978?

3. What are all the reasons for the contradictions contained in these various items of correspondence and specifically was Mr. Bunce given assurance of transfer rather than lay-off under date of December 2, 1977 by Mr. M. J. Cardinal and, if so, for what reason has this assurance not been followed?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): 1. Appointed to the Public Service—September 18, 1967 to the bureau of management consulting services, Public Service Commission. Level, computer administration level 4. Salary range: $12,753 to $14,493. The bureau of management consulting services transferred to the Department of Supply and Services, October 1, 1968. Appointed to the Department of Finance, guaranteed loans administration, April 1, 1976 at the computer system level 4. Present salary range: $26,092 to $29,400. Lay-off due to lack of work effective May 1, 1978.

2. (a) Yes. (b) Yes. (c) Yes. (d) Yes.

3. The functions of the guaranteed loans administration, student loans program were transferred to the Department of Secretary of State, which has no requirement for Mr. Bunce's services. Mr. Bunce was at no time given a transfer guarantee.

WINDSOR JUNCTION, N.S.—RAILHEAD

Question No. 1,512—**Mr. Forrestall:**

1. Has CNR considered developing an integrated railhead at or near Windsor Junction for handling piggyback, domestic containers, express and pool car business and (a) if so, will CNR proceed with this development (b) if not, for what reason?

2. Could such a facility be used as a base to develop a gateway or free-trade zone?

Hon. Otto E. Lang (Minister of Transport): The management of Canadian National Railways advises as follows: 1. Yes. (a) Not at present. (b) Such a facility is not needed at this time.

2. No.

CANADIAN DAIRY COMMISSION QUOTAS

Question No. 1,532—**Mr. Tessier:**

Did the Canadian Dairy Commission note any unfairness in relation to quotas in 1976-77 and, if so (a) what were they (b) what were the reasons?

Hon. E. F. Whelan (Minister of Agriculture): Yes. (a) The reduction of market sharing quotas in 1976-77 favoured those provinces in which the fluid milk sector was more important than the industrial milk sector and also those fluid milk producers with a market sharing quota. The reduction of the quotas was therefore to the detriment of Canada's industrial milk producers. (b) The Canadian Milk Supply Management Committee, which represents the dairy producers of each province, the provincial governments and the Canadian Dairy Commission, enforced rules that were established during a period of underproduction. Enforcement of these rules during a period of overproduction proved unfair. Since the Committee operates by consensus, and the needed consensus was lacking, the rules were enforced unaltered. The allocation of the 4 million hundredweights of milk in November 1976, according to the criteria established, was to correct those injustices as much as possible.

DEPARTMENT OF SUPPLY AND SERVICES SECURITY

Question No. 1,594—**Mr. Beaudoin:**

Does the Security Branch of the Department of Supply and Services have employees, namely detectives, in the Province of Quebec and, if so, how many?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): No.

[*English*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered.

[*Translation*]

Is it the pleasure of the House that the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

[*English*]

POINT OF ORDER

MR. COSSITT—DELAY IN ANSWERING CERTAIN QUESTIONS

Mr. Tom Cossitt (Leeds): Mr. Speaker, it gets tiresome to rise on the same point of order and I am sure it gets tiresome for the parliamentary secretary for me to do so. I refer to the same series of questions. They begin with starred question No. 30 and go on quite a few numbers after that. Some of these questions have been on various order papers for as much as two years and still remain unanswered.

A few weeks ago when it appeared that the dissolution of the House was imminent, one could assume that the government was simply going to let these questions die on the order paper. There is no excuse whatsoever now, because the House has not been dissolved. I would like to draw particular attention to four questions, two of which I have mentioned before. First of all question No. 54 asks for the amount of government money which was paid to the brother-in-law of the Minister of Transport (Mr. Lang), namely, Mr. Tony Merchant, who is a candidate in the forthcoming election for the Liberal party and

a member of the provincial legislature in his province. This concerns legal services, and particularly concerns work involving a radio station in that area. That is a simple thing and it could have been calculated very quickly and the question answered.

An hon. Member: Hanky-panky.

Mr. Cossitt: The parliamentary secretary promised that he would look into this particular question and give me a reply on when we could expect an answer. This was approximately two weeks ago.

Second is question No. 40 which has been on the order paper for almost three years. This deals with the fact that $86,000 was spent on behalf of the Prime Minister (Mr. Trudeau) to buy things for his office on the third floor of the centre block. I asked what was bought and what did these items cost. For some reason or another the government is finding it hard to tell parliament what is contained in that list and what each item on that list cost. I can only assume there are some things on that list that the government would rather parliament did not know about.

Third is question No. 52 concerning Goldfarb and Associates. That question asked simply how much have these people received in the way of government contracts for various services performed in a certain period of time. In view of the fact that Martin Goldfarb controls when elections are held in this country, as we saw a few weeks ago, I would think it is more necessary that this question be answered at this time, and yet we have not had an answer to it.

Finally I come to question No. 1,088 which has been on the order paper for a long time. It concerns the misuse of the Unemployment Insurance Commission computer in Montreal by a firm known as Key Data Canada, used after hours whereby employees were brought back to work and used the machine or machines on an apparent non-permission basis. I have asked who authorized this and how much money was spent, who paid the wages of these employees, and particularly did the senior employee involved receive the gift of a swimming pool for his backyard for allowing this to happen. I do not know why this question has gone unanswered for months and months.

● (1222)

I do know that subsequent to my questioning the RCMP were called in to investigate. I have co-operated with the Mounted Police. I furnished them, as they asked me to, with the names of the employees who were called back to work and offered $20 bills in plain envelopes in an attempt to involve them in the process in the first place, most of whom, I am glad to report, refused.

The point is, why are the results of the Royal Canadian Mounted Police investigation, which I understand is long completed, being withheld? These are the questions to which I want to draw attention. Surely it is not too much to ask the parliamentary secretary to rise now and say a little more than "I will look into it again". We answered two of your questions today," which they did, questions which were nothing of this significance, or the usual excuse that 86 per cent have been answered in this session and so on. Can we get something absolutely relevant and concrete from the parliamentary secretary?

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the hon. member's number is a real verbal order paper. If each member of the House who does not have his questions answered as fast he would like took upon himself to rise and reread questions from the order paper to try and score a few political points for himself, we would never see the end of it and all it would amount to is a show of partisanship.

By reading over some of his questions remaining on the order paper, the hon. member has wasted some of the Social Credit's precious minutes on its allotted day. I do not intend to waste as much time has he did, so I will merely set right some facts that need to be straightened.

The hon. member implied that we do not answer questions and that is unfair, Mr. Speaker. I have here some relatively recent statistics dated May 9 which show that we answered 1,040 questions out of the 1,609 appearing on the order paper and that 559 questions were still outstanding on that date, but they are now being examined and have been referred to the various departments for research. That, Mr. Speaker, means that 64.6 per cent of the questions were answered.

I am in a position to tell the House that this percentage now has risen to well over two-thirds because we have answered many questions since last May 9. Furthermore, we answered 42 out of 44 orders for the production of papers, an almost perfect average. And Mr. Speaker, we also answered half of the questions indicated by an asterisk. That is another excellent average and it shows the good faith of the officials of the department of which I am the parliamentary secretary. Mr. Speaker, it is only fair to point out in reply to the question and insinuations of the hon. member for Leeds (Mr. Cossitt) that we answered 94 per cent of the order paper questions during the last session.

[*English*]

Mr. Cossitt: Mr. Speaker, I rise on a question of privilege. I will make this very brief. The parliamentary secretary, presumably speaking for the government, breached my privileges a few moments ago when he in effect said, and I do not have his exact words until I see them in *Hansard*, that I have no right to do what I was asking, that I was holding up the business of the House. I would say this. It is my right as a member—

Mr. Speaker: Order, please.

Mr. Cossitt: I have the right to ask questions, and I will.

Mr. Speaker: Order, please.

Mr. Cossitt: I have a question of privilege—

Mr. Speaker: Order. Surely the hon. member cannot ask the Chair to accept that every time an hon. member accuses another hon. member of wasting time or holding up the business of the House, that that is a question of privilege. I listened to the language of both hon. members. It was perfectly orderly and does not constitute privilege in any respect.

GOVERNMENT ORDERS

[*Translation*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—CONDEMNATION OF GOVERNMENT FOR ALLEGED NEGLECT OF ECONOMIC PROBLEMS

Mr. C. A. Gauthier (Roberval) moved:

That, this House strongly condemns the government:

(1) for having failed at the task in the fight against inflation and unemployment which are affecting mostly the workers between 18 and 30 years of age;

(2) for failing to present to parliament new and effective measures such as granting at age 60 the right to the voluntary benefits of the old age security pension;

(3) for not having paid a national dividend as a means to increase the buying power of Canadians in order for them to benefit by the surplus of production deriving from progress and technology; and

(4) for not having agreed to present new legislation that would have stimulated the consumption of Canadian products, such as, a discount on retail prices of Canadian-made products of which the percentage would be determined by the volume of the gross national product, and that the financing not be done by means of income tax, but by creating new credits emanating from the Bank of Canada and loaned to the government at an interest rate relating to the cost of administration.

[*English*]

Mr. Speaker: Hon. members will want to note that proceedings on this motion will expire in accordance with Standing Order 58(11) at the ordinary hour of adjournment later this day.

[*Translation*]

● (1232)

Mr. Gauthier (Roberval): Mr. Speaker, it is a pleasure to rise on an opposition day, when each party is allotted a certain time to criticize or to submit proposals to the government propositions to improve its administration. Without dealing with the four points of the motion introduced by our party, I intend to speak to the two problems that have caused the most concern among the Canadian people these last few years. In other words, I intend to point out the government's shortcomings as far as unemployment and inflation are concerned, and especially to suggest solutions. I hope that all members will keep in mind that I do not criticize just for the sake of criticizing the government, but to give them a chance to better understand the remedial measures we are proposing.

We maintain that the government has generally failed in its fight against inflation because it has never wanted to believe that inflation was first and foremost the result of pyramidal interest rates, taxes and levies which eat up 50 per cent of our purchasing power. The government has been looking for the causes everywhere except where they really are. Therefore we are wondering today whether it is through ignorance or to conceal the real reasons which they know as well as we do, while their financial masters made them find a scapegoat.

This is why the Anti-Inflation Board was set up, a suggestion which they had aggressively rejected outright during the 1974 election, but which they were forced to endorse one year after the financiers' victory—pardon me, after they were returned to power. Throughout 1975 they warned financial and industrial monopolies as well as all multinationals that the government was going to establish wage and price controls. During that year, Mr. Speaker, we witnessed tremendous price increases before the legislation came into effect. The government even warned the suppliers, as reported in *Le Quotidien* of December 19, 1975 where the following can be read: Suppliers will not be allowed to increase the price of their products more than once every three months.

That was a beautiful warning, Mr. Speaker, more than was needed to attract the attention of all monopolies, bankers and manufacturers with the result that by September 1975 prices had gone up by 14.4 per cent, the most significant increase ever. So when the act was passed, the question of prices had already been settled because the maximum had been reached. Mr. Jean-Luc Pepin was appointed head of the board with an annual salary of only $54,000 to control prices and wages, but in fact there was no need for controls over prices; he could only control wages which had not increased at the same rate as prices during the months preceding enactment of the legislation.

As for the issue of taxes and interests, it seems that it was not subject to the controls of the Anti-Inflation Board. That is why we claim today that the government has failed with regard to inflation and that it did not do any better with regard to unemployment. When I hear the tenors of the Liberal party, the party which runs the country, say that they will eliminate unemployment and replace it with full employment, when everybody knows that the main cause of unemployment is the advent of the machine which replaces man and technology which increases productivity immeasurably. To create full employment, we would have to destroy all machines, suppress all technology in order to go back 100 years and get everybody back to manual labour.

Such regressions can be seen in non-industrialized or marxist-communist countries, such as Cambodia, where the entire urban population was expelled from the cities and forced to work in rural areas with the most primitive tools. At that rate, they will soon be using soup spoons as shovels. But as long as

we live in an advanced democracy, it is impossible to consider going back to such practices in Canada. Nothing short of a marxist regime could force Canada to destroy the work of past generations. However, the government cannot be commended for one million unemployed, not to mention all those on welfare. When you realize that almost half of the unemployed are young people between 18 and 30, this is quite demoralizing. It is urgent to take strong action to get these young people on the labour market. They were led to believe in a great future, provided they completed their schooling and graduated, only to find doors closing on them, now that they are trying to enter the labour market.

The problem facing young people is a crucial one, Mr. Speaker, because not only are they rejected but they were fooled. About a hundred of them must have filed through my office recently not knowing where to turn. At the Quebec Construction Federation, which is controlled by union leaders, they were told that there was no work for them because there are plenty of workers in all fields. These young people had job offers in their pockets, Mr. Speaker, yet they could not get the working permit issued by the Quebec Construction Federation. On the one hand, you have these hundreds of young people who want nothing better than to work, yet they are being refused this right because they cannot get the working permit required by the unions.

On the other hand, the employers want to hire these young people but they cannot because the authorities refuse to grant this famous working permit. Yet, this generation has diplomas that the older generation, today's workers, never had. What kind of society do we live in, Mr. Speaker? Do you think that young people will tolerate such rejection much longer? Never! They will not accept being turned down when employers are running after them with job offers.

So, Mr. Speaker, I believe the best reform to open the door to the labour market for young people aged between 18 and 30 is to allow all workers from 60 and over who want to retire voluntarily to take old age security pension if they so wish. I have already stated in the House that the government would spend far less paying retirement benefits to that group of elderly than to support thousands of young people through unemployment or welfare benefits, for there is nothing they would like better than taking over from their elders. We find that citizens having reached retirement age do not cease to be active for our economy; on the contrary, they take a different orientation and develop other activities in areas still unexplored and likely to give a new impetus to communities those pensioners live in.

As for the young people who are to take over, they will carry on the work of their predecessors and spend their energies developing their country by introducing their own techniques for ever greater modernization. All these young people, instead of spending their days searching for work which will never materialize and staying idle, which is something unbearable at that age, would be able to set up a household, an institution which is the basis of our democratic society and they could then carry on a normal social life. Again I say this will of course depend on the lowering of the old age pension for all Canadian citizens who have reached the age of 60.

During the last elections, Mr. Speaker, the present government received a majority mandate after having promised the population that if it were elected it would grant the right to a pension at age 60 to anyone reaching that age. We were quite convinced that the government would not break its promises. Yet once again the voters have been deceived and are very disappointed to notice that only a few spouses who are 60 years old will get that pittance because I call it a pittance, Mr. Speaker, or if you prefer alms for the poor since it is based on the income of the other spouse. I suggest that by acting this way the government has grossly and intentionally deceived the population and I can assure you that the people over 60 will not forget it. They are only waiting for an opportunity to make known their discontent and the fate they have in store for those who betray their promises.

For several years we have been asking for a true old age security pension, that is a pension which would not be based on the degree of poverty or the marital status of Canadian citizens. Let me explain: that 50 per cent pension and 50 per cent supplement based on the income of the spouses is the most unfair and sneaky formula ever devised to discriminate against those who have toiled all their life to save a few dollars or collect a little annuity. If we were to grant full pension to all citizens who are 60 and over, we would thereby make substantial savings by eliminating thousands of civil servants. If we give these senior citizen a full pension there would be no need for inquiries. It would be just like a family allowance, and it would be the birth date which would determine when the cheques are to start being sent out.

And this way we would get rid of the thousands of civil servants whose job it is to go and search in the old folks homes like police investigators to check whether or not a pensioner has a few hundred dollars hidden in a wool sock or under his mattress. Imagine the millions of dollars that would be saved if tomorrow all auditing offices were to disappear with their hundreds of thousands of over-paid civil servants simply because in the future only a birth certificate would be required to issue cheques to everyone 60 years of age. No more searches, no more discrimination, no more possible injustices and even less favouritism.

Pensioners who end up with no income at 60 would get their full share of the cake and would suffer no injustice, as they would receive their full pension without even an investigation. As I said, retiring at 60, on full pension, would not be mandatory. Those who managed to put together a few hundred dollars for their old days would then have an additional income on top of their pension. They would have to file their income

tax return and pay back the government every year, as they are now doing for that matter.

However, there would be this very important difference: they would pay taxes on their supplementary income only once whereas today in addition to being checked every month or every three months, and getting a cut-back in their pension cheques every month, because they made sacrifices and put a little money aside for their old age, they still have to file their income tax returns. By allowing this situation to continue, we not only make the lives of 50 per cent of our senior citizens miserable, we actually give them the Tantalus treatment day after day as we put them through the water drop torture.

To ensure equal justice for all pensioners I have asked the government on many occasions to issue pension cheques on the basis of citizenship rather than marital status, as is the case today. At present, a married couple receives $22 less every month than a registered non-married couple or two persons living under the same roof. Yet each has contributed in the same way as all Canadian citizens, so why not pay them back on that basis?

That is just another discrimination that must be corrected for people 60 years of age and over in addition to reducing the purchasing power of the legally married couple who deserve their rightful participation in the Canadian economy, just like anyone else.

If we blame the government today for having failed in its fight against inflation and unemployment, we can blame it even more for having introduced bills whose social impact are clearly antisocial. I have mentioned that several times in this House: almost 80 per cent of our so-called social laws are in fact antisocial. Take them one by one and you will realize it; besides, all the examples I have mentioned are proof of it.

Mr. Speaker, in closing my remarks, I urge once more the government to consider the two points I made earlier in my motion, namely, workers 18 to 30 years of age, and a pension for all persons aged 60 or over who want one.

I am convinced that if the government would heed my suggestions it would then have a most efficient weapon to launch a real attack on inflation and unemployment.

● (1242)

[*English*]

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, on an opposition day the normal practice is for the mover of an opposition motion to speak first and then for a government spokesman to rise, but today it appears that the government does not want to speak too early.

I would like to start by pointing out that the first three lines of the motion put down by the Social Credit party are very interesting, as is the second part of the motion. I think I shall have to restrict my comments today to the first three lines, or the first part of the motion which states:

● (1252)

That this House strongly condemns the government:

(1) for having failed at the task in the fight against inflation and unemployment which are affecting mostly the workers between 18 and 30 years of age.

In the time allocated to me I should like to speak on that topic for a few moments. It can be said of the situation in which we find ourselves in 1978 that the young people of this country can be referred to as the Canadians forgotten by this Liberal government. The present government has paid lip service to their cause. It has put out flyers, printed posters, and prepared a number of advertising programs on what it is doing for the young people, but in effect it has not even scratched the surface. I can remember the 1972 election campaign when the Liberal candidates and the Liberal government were telling the young people that at that time there was a high rate of unemployment, especially among the youth of this country, but that by 1975 demography showed there would be a shortage of young people ready to contribute to the work force of this country. That propaganda did not turn out to be true because by 1975 there was a higher rate of unemployment among the young people, which continues today in 1978, three years later than predicted in 1972.

The second matter that concerns me is the fact that the government has frequently said that this is a temporary problem which will be overcome by 1980, implying that the baby boom will have passed and that there will be fewer people seeking work. The true fact is that we have had at least ten years of problems with unemployment among the youth of this country, and that we have at least ten years of them ahead of us. I hope that the government will start to recognize this fact and will start planning on this basis.

The first part of the Social Credit motion refers to how inflation has hurt the young people today. First of all, unless a young person is from a wealthy family, that person is not established and does not have a bank roll enabling him to live through inflation. When a young person gets out into the work-a-day world and lives as an adult member of society, he wishes to buy a house. But the cost of a house has gone up from, perhaps, $21,000 in 1971, to $46,000 or $47,000 today. That is the price of the smallest type of housing unit you could find in any urban area where most young people are. It is harder for them to get that money because they cannot get the jobs, and also because in the last few years salaries have not increased as fast as inflation as regards basic commodities such as housing.

Another basic commodity required by a young family starting out is an automobile. Whereas an automobile would have cost $3,400 in 1970, today it costs $6,200. Again the price has doubled in eight years, whereas salaries of young people have not doubled, that is, if they can find a job. So those young people do not have a bank roll, and inflation is hitting them really hard.

The other problem is that inflation is probably what is most devastating, whether it be in Germany in the 1930s, in Brazil, or in Canada, because in the long run inflation causes more unemployment. I think the government must be taken to task for not solving a number of problems.

First, the federal government has not co-ordinated its youth programs. There is not one department to which one can write asking what are the youth programs available to the young people of Canada. I know, because we ended up going to all the departments asking for all the programs. We have found through our research that there are 58 federal programs dealing with young people, which are spread through 16 different departments. We were asked by one department to give them the compilation which we had made of the various programs so that they might know what programs were available. I think this is rather sad. There should be some bureau or some official organization at the federal level to which the young people can write, asking what programs the federal government is providing for them. I have here a 91-page list with a description of every type of program available for young people, what program was phased in and what program was phased out in the last three years, how much money the government has spent, how many people have been employed, and at what cost.

The second problem is that although there is a rather large section in the Department of the Secretary of State which deals with young Canadians, the Secretary of State (Mr. Roberts) has no idea of what the department is dealing with. When I was first invited to become the youth critic for our party, I wrote to the Secretary of State asking him to give me a list of all the post-secondary institutions in Canada. His officials could not do so, and yet we spend through that department tens of millions of dollars a year financing post-secondary instruction. But they could not give me a list. They asked me if I could give them a list, if I had one. We then wrote to the ten provinces and territories to find out what post-secondary institutions they had.

Prior to concluding at one o'clock, Mr. Speaker, I would like to point out that nowhere at the federal level is there a list of the volunteer organizations in this country dealing with young people, whether it be the Red Cross, the St. John's Ambulance, or Boy Scouts. We have now compiled a list of well over 250 of these organizations.

I should like to continue my comments at two o'clock, Mr. Speaker.

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair until 2 p.m.

At one o'clock the House took recess.

● (1402)

AFTER RECESS

The House resumed at 2 p.m.

The Acting Speaker (Mr. Ethier): Order, please. Prior to the luncheon adjournment the hon. member for Lanark-Renfrew-Carleton (Mr. Dick) had the floor. He has ten minutes remaining.

[Mr. Dick.]

Mr. Dick: Mr. Speaker, I thought I had 12 minutes remaining, but in any event I appreciate Your Honour's notice. As I was indicating before lunch, it is unfortunate the federal government does not have an organization within its entire bureaucracy which can inform young Canadians of the range of programs that are offered. The government does not have a list of its own programs in any one location. It is necessary for people to go to various government departments when seeking such information.

The government does not have a list of the Canadian post-secondary institutions which it funds. We were anxious to receive such a list, but were unable to get it. It does not have a list of the voluntary organizations which help young people and the youth groups in Canada, although lip service is paid to those organizations and they are under government direction. This is unfortunate and the federal government should do something to remedy the problem as soon as possible.

● (1412)

One thing the government has done is to blame its problems on youth unemployment and everybody else, without taking any responsibility for itself. A few years ago the government blamed it on a world recession, then it was on world inflation, and now it blames it on a world-wide phenomenon, but of course it is not as problematical in Austria, Germany or England as it is in this country. Our problem is magnified over that of the other countries.

Recently, of course, the government blamed it on the baby boom. If ministers had been looking at the statistics they could have seen how many children were born some years ago, and predicted that they were going to have a large influx of people into the work force at this stage. They were also blaming it on the young people, saying that they have too high an expectation and they are not prepared to take any job, but only a select type of job.

It is not fair to blame the problem on people who happen to have an education and who aspire to a certain type of job, by saying that they are afraid to take any job. People are entitled to these aspirations. Last year we heard the Prime Minister (Mr. Trudeau), when he was at the University of Toronto, telling the young people there that if they did not like it they could leave Canada and fly to another country in which they could find work. That is great advice for a government which has done so little, considering such a large job has to be done.

I hear the Minister of Employment and Immigration (Mr. Cullen) is going to speak later this afternoon. He is doing a lot of chattering right now. Perhaps he can give some advice on new plans because the existing ones are not doing anything. Hopefully the minister in charge of youth unemployment will have some new ideas. Maybe they will announce them during the election campaign.

One thing this government has not recognized is its own federal statistics. If we take five-year groupings of young people in this country or of people of any age group—the 0 to 4, 5 to 9, 10 to 14, 15 to 19, 20 to 24, and the 25 to 29—we find that the five largest are those which are 5 to 9, 10 to 14,

15 to 19, 20 to 24, and 25 to 29. Indeed, those in the 15 to 19 bracket who in 1986 will be 25 to 29 years of age, number over 2,300,000. Those who are 10 to 14 years of age, who will be 20 to 24 years of age in 1986, number 2,276,000 of them. And of the ones who are 5 to 9 and who will be 15 to 19 years of age in 1986, there will be almost two million. In rounded figures, we have almost six million people who, in eight years from now, in the middle 1980s, when we are told by the government we are going to have a shortage of people to do work, will be eligible for work. There will be six million young Canadians who will be able to work, between the ages of 15 and 30 years of age.

I am not suggesting that they are all going to work, but if there is a participation rate of anything approaching what we have today when it is becoming the trend for two members in the family to work we can expect at least 60 per cent of them to be looking for jobs. This will amount to something in the neighbourhood of 3,500,000 new jobs that we will have to find for these people, and I am not talking about the people unemployed today who are over 24 years of age and number approximately 500,000. So we have almost four million jobs that we have to find in this country in the next ten years if we want to get down to full employment. The government should bear that in mind.

The government has spent a lot of money on short-term job measures, and I have gone through them in detail. Some of them are modestly effective and some of them are completely ineffective, but the problem is they are all short-term jobs. For example, Canada Works is going to spend $48 million on Young Canada Works this summer for a maximum hopeful employment of 30,000 young Canadians under 25 years of age. They are not going to have any skills after working 18 weeks. They will have cleared a plot of land in some municipality for a park, made a boat ramp, raked brush at the side of a road, taken over a day care centre, or tried to run a summer camp, but they are not going to have life skills which they could use in other jobs in the future.

There is the same problem with Canada Works where you can work up to 52 weeks. There are a number of people in those jobs, but they are not ongoing jobs. They are merely band-aids. The problem is that at the end of the 18 weeks for Young Canada Works, or 52 weeks for Canada Works, these people will be dumped back into the unemployment force again, and they will not have learned a skill or trade.

Another problem I would like to point out, although I know I will not be able to expand on it today, is that the federal government has been very lax in dealing with teaching skills, and teaching skills through apprenticeship programs. I realize that this would have to be done in co-operation with the provinces. It would be much more beneficial if the government were to take a long-term view of what it is teaching the young people in order to give them skills which will last them throughout their lives.

I would like to summarize a few things before sitting down. Youth unemployment has been a problem in Canada for several years. The long-term dangers to Canada's newest entrants into the labour force—still forming their initial attitude to work, being frustrated and turned off by bleak employment prospects—are obvious, but the young unemployment crisis in this country has been all but ignored by the present Liberal government.

When the present government has referred to youth unemployment its ministers have characterized it as "unusually high", or "temporary". The government's own statistics prove that the unemployment rate has risen consistently and predictably. When the present government says that these rates are temporary or recent, it is misleading the Canadian people.

If we look at Statistics Canada we find that in December, 1973, the unemployment rate among the 14 to 24 age group was 9.7 per cent. By December, 1974—

The Acting Speaker (Mr. Ethier): Order, please. I regret to inform the hon. member that his allotted time has expired. He may proceed if there is unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Dick: Thank you, Mr. Speaker. I will try to wrap up as quickly as possible. In December, 1974, the figure had risen to 10.6 per cent, and continued to rise to 12.5 per cent in December, 1975. It went to 13.4 per cent in December, 1976, and hit 15.2 per cent in December, 1977. As of March, 1978, the adjusted unemployment figure for this age group was 15.1 per cent, but the actual figures indicate over 16 per cent.

If the government would only read its own figures it would realize that the problem has been steadily growing over the past five years. The present situation was predictable, yet the government has ignored this and tried to pretend that the problem will solve itself in the very near future.

Also, according to Statistics Canada, the government's own direct youth job creation response, including summer student employment, has been going down over the years. In 1973 the government spent $85.4 million to create 67,000 jobs for young Canadians. In 1974 the federal government spent $85.4 million to create 67,000 jobs. In 1975 the federal government spent $67 million to create only 37,000 jobs for young Canadians. In 1976 the federal government spent $24 million to create 12,000 summer jobs. In 1977 the federal government spent $106.2 million to create 81,400 jobs. In 1978 it reduced the amount to $96.2 million to create some 60,000 jobs. I point out that is 60,000 summer jobs, which is 3,000 more than was in its comparable figures for last year. I think it is inconsistent with trying to upgrade the youth employment problem.

● (1422)

I should point out that even the minister has indicated that the statistics they have often quoted in reference to how many jobs they create in the summertime are deceptive. Just the other day I asked a question about this in the House and the minister said that they did not like to play with figures, that they are more interested in jobs. Yet as he goes around the country he says that last summer Canada Manpower found

190,000 jobs for students and young people. In actual fact 65,718 of those jobs were casual placements. That means a job for the duration of one week or less, but the minister does not say that. He talks about placements, not about full-time jobs. When you are dealing with placements, a person could have a job in one place for two or three days, then in another place for three or four days, and in still another place for a few days—the same person would be placed six or seven times during the summer. The department counts that as six or seven jobs, and so the figures are deceiving. That is why I asked the minister last week if they would consider dealing in man-days or man-weeks of work, rather than placements.

Members will have noticed press reports on this subject in the past. A headline in the Toronto *Star* just a year ago in May, 1977, read "Grads Job Outlook Grim". A headline in the Ottawa *Citizen* about the same time read "Job Garden not Rosy for University Graduates". In the Montreal *Gazette* of Thursday, May 18, under the heading "Students' Summer Jobs Outlook Bleak" there appears this statement:

> But government statistics indicate that no more than 75,000 or about 20 per cent will find jobs through federal and provincial government employment agencies.
>
> Last summer 53,000 students found work through Canada Manpower Centres, and Manpower counsellors predict that this summer they will place no more and perhaps less, than last year.

This prediction by Manpower counsellors in Montreal indicates they are expecting less this year than last year.

Perhaps I can close by reciting a poem by Kipling. The blame for the very gloomy prospects for young people at the present time lies with the government which has been in office for the last 15 years. It has known about these statistics for that length of time. Why did it allow this to happen? Why will our grandchildren say? They will probably curse the current group of politicians. Perhaps they will have some right to curse them and feel cynical.

I think that a suitable epitaph for the graves of some of the people in cabinet who have known of the problems but have not come up with a solution could read as follows:

> I could not dig; I dared not rob;
> Therefore I lied to please the mob.
> Now all my lies are proved untrue
> I could not face the land I slew.
> What tale shall serve me here among
> Mine angry and defrauded young?

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the hon. member who has just taken his seat concentrated his remarks on one of the several paragraphs of the motion before us today. It will come as no surprise to my colleagues if I state that it is my intention to concentrate my remarks on another of the many sections of this motion.

I congratulate the hon. member for Roberval (Mr. Gauthier) and his friends in the Social Credit party for including in today's motion the important issue of making pensions available on a voluntary basis at age 60. Perhaps I might be permitted to read the preamble of the motion, together with paragraph (2):

> That this House strongly condemns the government:
>
> (2) for failing to present to parliament new and effective measures such as granting at age 60 the right to the voluntary benefits of the old age security pension;

I want to assert once again that this issue of lowering the pensionable age will not go away. I know that the government strives to blur the issue by telling us that we are in a time of restraint. I heard that message when I first came to parliament a long time ago. I know, too, that the government likes to talk about the desire of many people now to work beyond age 65 or 70. I join in that sentiment, I may say. I know also that the government emphasizes its concern to do something not only for those between ages 60 and 65, but for those who are having a tough time between ages 50 and 60 or, indeed, at any age. Those points are all valid, but they do not wipe out the urgent need in our society for giving more consideration to people between the ages of 60 and 65.

When I think of this issue I think of two main groups. If I indicate that one of them consists mainly of men and the other consists mainly of women, I shall probably be told there are no others, but in any case I have two main groups in mind.

My constituency of Winnipeg North Centre is one in which very large numbers of workers are employed in heavy industry. They work day by day, month by month, year by year in the railway shops, the steel mills, the rolling mills, the packing plants, the clothing establishments, and so on, where the work is heavy and sometimes not the most interesting. These workers find that when they reach age 55 or 58 the rat race gets pretty hard for them. If there is one request that is made to me by my constituents, particularly when I meet them at their places of work, it is to get that pension age down to 60.

I plead that it is just as urgent an issue in this day and age as it was a number of years ago to get the pension age down from 70 to 65. As I say, I join in the various views that have been expressed about doing something for other groups as well. I just say that instead of talking about any of these issues, something should be done. This issue is one that sooner or later this parliament must grapple with and, in my book, it should be done sooner rather than later.

In urging that there be pension available at age 60, I want to make it clear, as I have done so often, that I am not advocating that there be a universal pension at age 60 as there is at age 65, but rather—in line with the words of the motion—that it be available on a voluntary basis. My suggestion is that the rule that should be applied is simply the rule of whether one is in or out of the work force. My contention is that if a person is out of the labour market, whether by withdrawing from it or never having been in it, that at age 60 that person should be entitled to the full amount of the pension under the Old Age Security Act, and also that that person, if he has been a contributor thereto, should be entitled to the full amount that he has earned under the Canada Pension Plan.

• (1432)

I like the fact that the suggestion about reducing the pension age to age 60 in this motion is placed in the context of our economic problems, including the problem of unemployment,

and there can be no doubt but that it would be a significant contribution to the solution of the unemployment problem faced by our younger people if more of our older people were given the opportunity to retire. The opportunity to retire, of course, means nothing unless there is with it sufficient income on which to live. It can be argued that if persons could enjoy their old age security and their Canada Pension Plan benefits, together with any other savings or pension rights that they might have, then retirement at 60 would be possible.

Every time I raise the subject with people I meet at shop gates or whom I meet in my constituency they impress upon me their point of view, namely, that the reform they would like to see most is the reduction of the pension age to 60 on a voluntary basis.

The other group I have in mind when I am pressed for pensions at age 60 is the other half of the human race, the women.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): As I have said in other debates, for all that we have tried to do in modern times to establish equality between men and women in our society, we are still a long way from that goal in terms of pensions. We do not have pension equality between men and women. The proposal I make for pensions to be available at age 60 to all of those who are out of the labour market redresses that wrong to an extent, because it would provide pensions to those women who have chosen to remain at home. They are out of the labour market, and pensions at 60 would thus be available to them. As I say, that would correct one of the elements of discrimination suffered by women in our society. But they have suffered in other ways. I will however, come back to the main point about pensions for women at age 60.

Hon. members will say they have heard me say this before. I tell them they will hear me say it many more times until something is done about it. It is not fair and it does not square with a society that believes in equality between men and women for us to have so many pension plans under which, if the woman dies first, the man's pension is 100 per cent, but if the man dies first, the woman's pension is only 50 per cent.

An hon. Member: Right on.

Mr. Knowles (Winnipeg North Centre): Do not give me the line that he was out working, and that he made the contributions. If marriage is anything, it is an equal partnership. Both partners contribute to whatever they save or earn. That concept of partial pensions for widows and full pensions for men, whether they have a wife or are widowers, is completely wrong.

There are many other ways in which there are pension inequalities. I think of the kinds of actuarial tables that are used which are pursued in such a way as to discriminate against women; the different rates that have to be paid under certain pension plans whether one is a man or a woman. All of this is completely for the birds, certainly in a society in which we say that we believe in equality between the sexes.

I suppose the most glaring example of unfairness to women in terms of pensions has to do with the spouse's allowance. This was something that was brought in after it had been promised by the Prime Minister (Mr. Trudeau) in the 1974 election campaign. I well remember the day that he made that promise. I remember hearing and seeing it that night on the national television news when he was quoted as saying that, while it would solve certain problems, it had to be a transitional measure because it would create other problems as well. If ever the Prime Minister said anything that was right, that was so on that occasion. The spouse's allowance may have helped, and indeed it has helped in many instances. It has helped out where there was a man and wife one who was over the age of 65 and the other was between 60 and 65 trying to live on one pension. They now get two pensions.

In the process we have divided the people between the ages of 60 and 65, and most of the persons affected by the spouse's allowance are women. Do not give me the line that this is an equal thing—it could be his or hers—it could be a younger husband with an older wife. The fact is that most of the persons who draw the spouse's allowance are women. We have divided the women of Canada between the ages of 60 and 65 into two groups, those who have a man and those who do not have a man. The idea of determining one's rights to a pension on that basis is so foreign to all the concepts of fairness and equality that I really do not understand why the government, even after the Prime Minister made the promise in 1974, went ahead with it—

Mr. Baker (Grenville-Carleton): It is a shameful position for them.

Mr. Knowles (Winnipeg North Centre): Some of us said so in 1974 when the legislation was brought in and did our best to get it corrected at that time. Some of us in our platforms in the 1974 election campaign did not say, as some others did, that they wanted the pension only for women at a younger age. We said we wanted to lower the pension age to 60 for all who were out of the labour market.

Under the spouse's allowance arrangement, a woman who is between age 60 and 65 can get the spouse's allowance, which in amount is the old age security rate plus the guaranteed income supplement, if she is married to and living with a husband who is over the age of 65. But if she is already a widow at age 60, or if she is a spinster, in other words if she is a woman who does not have a man or never had one, there is nothing for her. What kind of a society is that?

An hon. Member: That is the just society.

Mr. Knowles (Winnipeg North Centre): On top of all that we have this gross and inhuman injustice under which the government says, that if a woman is 62 years of age and she is married to a husband who is 67, she gets the spouse's allowance all right. But then, if next year he, at age 68 dies, and she is now 63, she is no longer a spouse; she is a widow and so her

spouse's allowance is cut off at age 63 and she must wait until she is 65 to qualify for old age security and a guaranteed income supplement. I do not know which is worse, the widow or the spinster who never receives the allowance, or the spouse who becomes a widow and then loses it. Either way it is an act of complete unfairness and I insist, Mr. Speaker, that this cannot go on.

One of these days—I do not know when—we might have another election in this country—

An hon. Member: It may go like the spouse's allowance.

Mr. Knowles (Winnipeg North Centre): That is an interesting remark that perhaps the hon. member might expand. But if we do not get something solved about this issue before the election, I hope that in the election campaign the Prime Minister may complete the promise he made in 1974. Election campaigns do have that advantage. All sorts of promises get made. It is quite a study afterwards to line up the promises that were made and notice how many of them go unfulfilled. There is not time today to list the 1974 promises that were not fulfilled. In this case the fulfilling of the spouse's allowance promise left the very problems which the Prime Minister had in mind at that time. If they are not solved before the 1978, 1979 or the 1980 election, I hope that during that campaign, if it is for no other reason that to try to get votes, the Prime Minister will say, "We are going to correct this situation."

● (1442)

It is completely false and unfair to say to women between the ages of 60 and 65 that their entitlement to a pension is not based on their need or on what they have done in terms of work to raise a family or work in the community. Their entitlement to a pension between the ages of 60 and 65 is based on their being able to give the correct answer to one question: have you got a man? That is a blot on parliament and, in particular, a blot on the government which brought in this legislation.

I suggest that a solution to it is very simple. It is the solution in paragraph (2) of the motion we are debating this afternoon, namely, that pensions should be available at age 60 on a voluntary basis for all those who are in that bracket.

There are other things as well that can be done to correct the unfairness in the Canada Pension Plan and the public service plan. Also, something should be done about plans in the private sector. We should look at this in the concept of providing jobs for persons who can be employed at younger years if we move these people out, but we must not let this issue of the right of women to pensions in that age bracket sit around any longer.

I congratulate my friends in the Social Credit party on placing this issue before us this afternoon. Again, it is a motion that does not come to a vote. As a Liberal said the other day, on another issue, he was glad that issue did not come to a vote. What he meant was that he could speak in favour of it without having to risk voting opposite to the way he spoke.

[Mr. Knowles (Winnipeg North Centre).]

This motion does not call for a vote. I hope some of the Liberals who speak today will recognize that the Prime Minister was right in 1974 about the spouse's allowance, that it would create problems. I hope they will express their views to their government to the effect that this ought to be changed. It is not good enough just to continue the allowance to the spouse who has become a widow. That ought to be done, but it does not solve the problem. It is not good enough to keep that tied in any way to the marital status of the woman.

The best answer is to make pensions available at age 60 on a voluntary basis. That should be done with regard to old age security and the Canada Pension Plan. Private plans should be encouraged to do the same. That would start to improve the lot of those hard working men to whom I have referred who have spent 30 to 35 years in the rat race and have looked forward to a few years' retirement. Do that and you will correct the situation for the women in the same age bracket. But for God's sake, let's not just talk about it year in and year out. Let's do something about it right away.

[*Translation*]

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, never in my short life have I seen so accurately stated the ideology of the Social Credit Party of Canada than in the motion it brought forward through its visible leader, the hon. member for Roberval (Mr. Gauthier), and interim creditist House leader. Indeed, Mr. Speaker, upon close scrutiny of the motion moved by the interim leader of the Social Credit Party of Canada, it can easily be seen that this masterpiece, reflects exactly the Social Credit philosophy. With your permission, Mr. Speaker, I will read the motion:

> That this House strongly condemns the government: (1) for having failed at the task in the fight against inflation and unemployment which are affecting mostly the workers between 18 and 30 years of age;

Secondly, and this is where it begins:

> (2) for failing to present to parliament new and effective measures such as granting at age 60 the right to the voluntary benefits of the old age security pension;
>
> (3) for not having paid a national dividend . . .

. . . and this is where things get worse:

> . . . as a means to increase the buying power of Canadians in order for them to benefit by the surplus of production deriving from progress and technology; and
>
> (4) for not having agreed to present new legislation that would have stimulated the consumption of Canadian products, such as a discount on retail prices of Canadian-made products of which the percentage would be determined by the volume of the gross national product, and that the financing not be done by means of income tax, but by creating new credits emanating . . .

. . . and here is the cure-all:

> . . . from the Bank of Canada and loaned to the government at an interest rate relating to the cost of administration.

And at the end of that disturbing paragraph Social Credit sympathizers can see that mention is made of an interest rate, and until now there was never any talk of interest. But now the Social Credit Party of Canada has recognized that when one

has money to invest, from time to time something must be expected in return if only to pay administration costs.

Mr. Speaker, after listening to the arguments of the mover of this motion, who in fact shows very little interest in it—he has disappeared—I wonder why, after having complained through his motion that the government has done nothing, he did not stay in the House to listen to the learned speeches of the opposition as well as the government. In support of his motion, it is easy, Mr. Speaker, and I think my colleagues understood and understand easily how our colleague for Roberval came to his conclusion; with all the respect I have for him as interim leader of his party, I say he has not changed at all and, worse still, he has failed to understand the policy of the Canadian government.

I say he has not changed at all when he blames the lack of jobs, for the young and part of the Canadian population, on the unions. I am not prepared to say that all is rosy and that everything union leaders do in Canada is fine; to approve the pressures they put upon their members, and to overlook all that is bad or reprehensible in what some union leaders do, but I must say to the leader of the Social Credit Party of Canada that unions were a necessary institution and still are for the protection of the workers.

● (1452)

It is true that at times, unions go to the other extreme, but I submit that we cannot deny workers the right to become members of a trade union. Moreover, the hon. member blames technology. He says the government should blame technology, the mechanization of work. He even said that we should go back to manual work in order to give everyone a job. Frankly, Mr. Speaker, if the hon. member for Roberval is serious, he should remember that society has evolved and that technology creates jobs.

Why have we changed the whole education system in Canada and more particularly in Quebec? The evolution of society and of technology has made it necessary to retrain our fellow citizens who had not had a chance to further their education in order to enable them to adapt to the development of technology. Of course, I have seen technology on the farms of Roberval where they do not use horses only and do not sow as our grandfathers did in the early days. Today with tractors and expensive machinery, and not more in Roberval than elsewhere, who wants to return to the old ways?

But all this machinery, all this advanced technology, Mr. Speaker, gives work to specialized workers, and that is why this government has provided large amounts of money to retrain workers, to ensure their mobility and show them how to work with modern technology. Millions of dollars, if not more, have been made available to Canadians for that purpose. Technology and machinery cannot be blamed entirely for the present unemployment.

Unemployment exists, it is a fact and it is a source of concern to everyone but the government is doing all it can to create jobs in order to alleviate the situation. When we say that the unemployment rate in Canada is 8.4 or 8.6 per cent that in this country a million people are unemployed, we forget to mention how many do work. An unemployment rate of 8.4 per cent, if my figures are correct so far, means that 91.6 per cent of the working population are employed. In March 1978, just two months ago, how many people were employed in Canada? 9,884,000 as compared to 7,767,000 in 1968. Therefore, an employment rate of 91.6 per cent means that 9,085,-440 people out of 9,984,000 have a job. It is all very well to say that we have a high rate of unemployment, but we should not forget to mention those who contribute to the economy of our country.

As I said before, we would certainly like everybody to have a job. When the hon. member for Roberval says for example—I am sorry, Mr. Speaker, I was looking for another paragraph of his motion. I would like to go over the figures for the last decade. In 1968, we had 7,500,000 workers. Today we have 9,984,000, almost 10,000,000. On the average 250,000 jobs were created each year for the past ten years. In percentage points, the number of people over 15 years of age who have a job, is a now higher than ever. In 1968, it was 54.5 per cent and in March 1978, it was 57 per cent. The rate of participation in the economy is higher than ever: in March 1968, it was 57.1 per cent, today it is 62.4 per cent.

The youth participation rate was also higher in 1968, when it was 57.1 per cent, and in 1978, when it reached 64.1 per cent. Our gross national product has also increased, even though our economy is said to be in a bad way, by 45 per cent in real terms between 1968 and 1977; there was a real increase of 32 per cent in the gross national product per capita during the period 1968-77; the average family income increased by 35 per cent in real terms during the period 1969-76; the average income of Canadians increased by 25 per cent in real terms during the period 1969-76; and the per capita personal available income increased by 118 per cent from 1968 to 1977. Mr. Speaker, these figures show that even though our economy has not been in top shape, it is certainly not the worst among industrial nations.

Today, most Canadians have a much higher standard of living than a few years ago, and to those who are unfortunately unemployed because of the slowdown in the world economy, this government has provided generous assistance so that they can at least enjoy a minimum basic income. Pessimists like those on the other side, not only in the Social Credit party, but also other opposition members, including those of the official opposition, who compare our living conditions with those of the 30s during the depression show that they do not have first-hand knowledge of that period.

Mr. Munro (Esquimalt-Saanich): Do you?

Mr. Béchard: Yes, I do, and perhaps even more than the hon. member for Esquimalt-Saanich (Mr. Munro). Instead of a moderate economic growth like we have now, Canada witnessed in the 30's massive job losses and an economic downturn. On the other hand, this year in March, there were 330,000 workers more than at the same time period last year. Canadians only have to look around them to see the tremendous progress made in the last ten years. As I said earlier, not only has the real income of Canadians increased significantly, but the quality of health services, for instance, of transportation, the number of community centres, schools, universities, national and provincial parks as well as recreational centres have considerably increased.

For example, by striking off low income earners from the tax rolls, and by implementing an enlightened social policy, we managed to make poverty regress in the last ten years. According to reliable criteria, the percentage of Canadians below the poverty level dropped from 20 per cent in 1967 to 10 per cent today in 1978. This is a 50 per cent improvement and I think it is rather significant for an unsound economy, for an administration which is said to be inefficient. I think that the present administration is to be commended for increasing the standard of living of the Canadian people by 50 per cent.

The Canadian people who took advantage of the social justice measures implemented by the present government may ask themselves, and rightly so, what the Progressive Conservatives are thinking about when they propose to reduce the federal budget by $2 billion. This morning, the hon. member for Roberval (Mr. Gauthier), and the hon. member for Winnipeg North Centre (Mr. Knowles) stressed the fact that old age pensions should now be universal, which means they should be paid to all persons of 60. Well, meanwhile, the opposition, not the New Democratic Party, but the official opposition, criticizes the government for spending too much money and asks us to extend the old age pensions universally at the age of 60.

Mr. Lambert (Edmonton West): We never asked for that.

Mr. Béchard: Not you, the hon. member for Edmonton West (Mr. Lambert), but others. And the hon. member for Roberval (Mr. Gauthier) even said that pensions—and if I understood proprely, he meant pensions plus guaranteed income supplements—should be paid to every one at the age of 60 without a means test. This is the Social Credit theory. So, Mr. Speaker, while we are asked to lower the eligible age, I do not know if you have figured out what would represent paying pensions at 60. Here on this side of the House, we would like every 60-year old to get it, and within ten years the eligible age will probably be lowered to 50, including us state pensioners at 50—

Mr. Lambert (Edmonton West): Who will work to pay for it?

[Mr. Munro (Esquimalt-Saanich).]

Mr. Béchard: Yes, who is going to work to pay for those pensions? So, Mr. Speaker, I consider that those proposals cannot be serious particularly when we are asked to cut expenses and taxes. As the sponsor of this motion suggested earlier, even if we would like everybody to receive that pension at the age of 60, we should not forget the taxpayers, and as my colleague from Edmonton West so ably put it, we should not forget those who are still working.

I also heard the two previous speakers, I refer to the hon. member for Winnipeg North Centre (Mr. Knowles) and the hon. member for Roberval (Mr. Gauthier) say that the government party had promised the pension at 60 during the last election campaign. We have never promised such a thing. It may be possible that the pension at 60 for everyone has been promised in the heat of an election campaign, but this is not the platform I had to defend and put forward. And those who did it were probably not elected and are not in this House.

Mr. Speaker, before moving on, another thing that was said for the umpteenth time by the hon. member for Roberval is that the government party, and it will surprise also those of the official opposition, was opposed to the wage and price freeze during the last election campaign. Well, as in the case of those who promised the pension at 60 for everybody, we never objected to price controls, but we objected to a price freeze. We objected to the Canadian people being sent to freeze in the cold lands where the official opposition party, namely the Progressive Conservative party, wanted to lead us. We could not have objected to controls because we already had some in some areas. So I think it is not too honest for the opposition to play petty politics and show partisanship in this matter.

The progress made in this regard in the past ten years has allowed senior citizens, large families and the unemployed to keep their dignity despite the high rate of inflation and economic problems at the world level. In 1967, for example, the old age security pension was $75 a month, and I would not be surprised to hear the official opposition say—in fact, they already said it—that the pension should be paid at the age of 60. However, bearing in mind that since the advent of social security measures, all the official opposition party has managed to offer Canadians is a meagre $16 compared to the total amount of $156.66 paid today. I wonder whether the Canadian people can take them seriously. Today—

An hon. Member: How much?

Mr. Béchard: $156.66 less $16. The difference is what the party led by the Prime Minister (Mr. Trudeau) and his predecessors have given Canadians. Today, those eligible for those benefits get a basic amount of $156.66 a month, and a guaranteed income supplement of $107.62 is paid to those who need it.

• (1502)

I heard a while ago the hon. member for Winnipeg North Centre (Mr. Knowles) refer to the spouses' allowance. He never mentioned the spouse. If you noticed, as the member for Roberval did, he mentioned the wife. The allowance is not only meant for the wife between 60 and 65, but for the spouse, either husband or wife. Then, the husband remains without a pension if he is 62 years old when his wife dies at 68.

Mr. Knowles (Winnipeg North Centre): How many are there?

Mr. Béchard: I will count them and let you know next week. The member for Winnipeg North Centre added that the spouse was left with nothing when the Department of National Health and Welfare pays welfare allowances in every province to all needy individuals. The federal share of those allowances is 50 per cent, thanks to a policy implemented by this government.

The Acting Speaker (Mr. Ethier): Order. I regret to interrupt the hon. member but his time has expired. But he could go on if there is unanimous consent.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): The hon. member for Bonaventure-Îles-de-la-Madeleine.

Mr. Béchard: Thank you very much, Mr. Speaker. I thank you for that generosity as well as my colleagues. As I was saying, those who are in need, whether they be widows or widowers, whether they live alone or not, are entitled, whether they are spouses—because today you don't call those people widowers or widows, you call them spouses—but the spouse has the right to apply to the provincial department and he or she will have his or her pension or allowance set by the Quebec department of social affairs, and I repeat that this social allowance that senior citizens in Quebec, Ontario, Manitoba, all across Canada will be receiving is shared on a 50 per cent basis by the Government of Canada. And that is made possible once again, as the guaranteed income supplement, thanks to the measures passed by this bad government, according to the opposition.

So tomorrow I would like those who want to cut the budget by $2 billion to tell us exactly what they are going to do to cut it. What they are going to do, well, those who receive social security pensions or allowances will find out because it is already rumoured, and we can see the reaction, that certain things are going to be cut in those social security measures. You cannot go and get it elsewhere. So, that is the program that is not being talked about openly but which will be implemented if by misfortune the official opposition were to be called upon to form the government of this country.

Spouses over 65 and the others between 60 and 65 get a maximum allowance of $249 a month. Family allowances are other social security measures passed, it must be acknowledged by a Liberal government and increased by a Liberal government, by Parliament, but at the instigation of a Liberal government, a good government. Family allowances are a very important source of revenue for Canadians. In 1967, they amounted to $6 a month per child under nine. Nowadays the average is $25.68 per child.

I would like to see the opposition try and advocate the reduction of these allowances in their constituencies. Now let us talk about the much criticized unemployment insurance. It went from $26 a week in 1967 to the present maximum of $160 a week for the unemployed with dependants. Allowances for veterans and the handicapped have also increased considerably. I would like to take advantage of this opportunity to thank the Minister of Veteran Affairs (Mr. MacDonald) for his active support of veterans.

• (1512)

As did my colleague from Winnipeg North Centre (Mr. Knowles), I would also like to beg him to improve the lot of veterans' widows who are not entitled to anything when their husbands die unless they are getting a pension of at least 48 per cent. So this afternoon, since to ask is to receive, I am asking the Minister of Veterans Affairs to consider that matter, to think of it even more seriously so that the lot of veterans' widows can be improved considerably.

At this time, Mr. Speaker, when some are tempted to yield to pressures and reduce those programs, we must give credit where credit is due, that is to the government, to various departments, because they took those measures. The other side can laugh but when they praise what a Progressive Conservative government has done in some provinces, they hold it up as a model.

We are trying to say what this government has done and I know that it has made mistakes: *Errare humanum est*, to err is human, and since the government is made up of human beings, just like the opposition, nothing is perfect on this earth. We are only trying to say that this government took those measures to make sure that the less advantaged people in our society will not suffer an unfair setback. Here again, I believe our society is much more just than it was ten years ago with all those measures that ensure the well-being of all citizens even though they are not all well off yet. Those who say that Canada is less prosperous today than it was ten years ago are closing their eyes to the facts as the members of the official opposition and others are doing. The hon. member for Rimouski (Mr. Allard) is shaking his head. He says it is clear to him. We will see later when he takes the floor.

While as I said, the real per capita income rose nearly 52 per cent in Canada over the 1968-1977 period, the increase

was 24 per cent only, in the case of our neighbours down South, the United States.

Recent budgets improved the Canadian workers' position. I would have liked to insist on this during the debate, but time is not available because I would like to give a chance to other members. Because members from Quebec allegedly do not wish to express their views on the sales tax matter, I would have welcomed the opportunity to do so, but I shall, on some other occasion.

The automatic escalation of income tax exemptions amounts for this year to some $900 million in income tax reductions. This certainly is a significant help to Canadians. In addition to the $100 income tax reduction announced earlier, consumers will benefit from a provincial sales tax cut. I would have liked to elaborate on this, but I will have to wait for some other time.

I must also refer to measures like the amendment extending to capital gains the $1,000 exemption for interest and dividends, the amendments to the registered retirement savings plan to give it more flexibility in the use of revenues, and the tax exemption on transfers of incorporated farms between family members.

This, Mr. Speaker, concludes this very brief outline of the current situation, as developed by this government for the well-being of Canadians. As I said, I realize this is not paradise on earth, but apparently we cannot expect it in this world.

I believe that under this government, headed by a Prime Minister who entered politics to help his fellow Canadians, and give them a greater share of our great Canadian economy so that they could benefit more, such a goal has been achieved with flying colours, as all available figures and statistics prove this government will endure, and I hope for a long time to come, for the greater benefit of all Canadians.

Mr. Eudore Allard (Rimouski): Mr. Speaker, it is with great pleasure that I support the motion put forward by the hon. member for Roberval (Mr. Gauthier). It is always regrettable to have to correct a colleague, but I should like to point out to the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) that if the hon. member who has presented the motion today is absent, it is because he was called away on serious business. And I would also point out to him that we are only eight members in this House and that without boasting about it we take an active part in all the proceedings of this House. I think that we are one of the most diligent parties along with the New Democratic party, because the hon. member for Winnipeg North Centre (Mr. Knowles) is always here to follow the proceedings and try to see to it that this country gets a fair and honest administration.

Mr. Speaker, the speech of the hon. member for Bonaventure-Îles-de-la-Madeleine reminds me a little of one of my friends who one day went to confession. He started telling the priest all about his numerous conquests, and the priest finally said to him: My good friend, this is no place to boast, just tell your sins. So, Mr. Speaker, I think this is no place to boast of oneself but rather a place to realize the numerous problems of our country, to realize the enormous unemployment situation and to realize that inflation has been eroding the fabric of our society for several years. I therefore intend, Mr. Speaker, to deal with inflation this afternoon.

Mr. Speaker, we, from the Social Credit party, are naturally the target of a lot of attacks and our philosophy is being criticized on all sides. Unfortunately, I must say that the enemies of the Social Credit party are precisely those who know nothing about the whole doctrine of Major Douglas, and they are often the first, like my colleague the hon. member for Bonaventure-Îles-de-la-Madeleine, to intervene and try to ridicule the philosophy of the Social Credit party. I would therefore urge him to read about it and to realize like many others that the present system is not that great and that there is certainly good reason to look for something better and see to it that men live as they should on this earth, and not in a system which does not meet all the needs of our modern society.

So, Mr. Speaker, the phenomenon of inflation which we have tended to neglect for several years is still with us. Inflation continues to thwart the realization of our individual and collective objectives. We in Canada have to face rising prices caused by shortages and soaring prices in foreign countries. To overcome this situation, the best thing we can do is to substitute home-made products for imported products. We could easily produce here a great number of the products we import.

On the other hand, a large percentage of the price increase is due to international factors that can be blamed mainly on the chartered banks and the Bank of Canada. The chairman of the Royal Bank, Mr. McLaughlin, said last March, and I quote: "The fact still remains that the money supply is growing too rapidly if we are to check inflation." Thus, the managers of the chartered banks themselves confirm what I have always said in the past, namely that the chartered banks have expanded the credit volume inconsiderately, without taking into account the economic situation, without governmental controls and at rates of interest far too high. Consequently, these credits have not benefited the whole population, as we have created poverty in the midst of plenty. Let us not forget, Mr. Speaker, that the price mechanism is directly related to the monetary system. Theoretically the chartered banks can issue up to 16 times more money in the form of credit than they have in actual reserves. The high interest rates on bank loans are responsible for the ever growing rate of the cost of living.

● (1522)

The producers who have to repay the capital and interest will reflect those costs in the price of their products. Consum-

ers buying goods and services with borrowed money must therefore pay their own interest and that of the producer as well since it is already included in the price of those goods and services. Mr. Speaker, when the government members tell us that inflation cannot be controlled because it is due to a number of external causes, they show how little they know about the problem. I do not pretend that there are no external factors involved, but I think we should first consider domestic factors such as our money supply, and in that respect bankers recognize that I am right. Since the reasons for inflation have been identified by economists, why is the government unable to come up with an aggressive policy to control spiralling prices and do for prices what they have been doing for salaries for over two years? Must we believe that the government has abdicated in front of the financial power of chartered banks and big concerns?

It seems that the Canadian government has adopted the American president's declaration that any hope to control inflation is a myth. And yet Germany and Switzerland have done just that. Why do we not lead the way for once? I would like to quote here the projections for 1978 of the Friedbert and Co. Ltd. group in Toronto: "In 1978 and 1979, more than $10 billion in net financial requirements will be needed by the private sector, a fact which will push interest rates to record levels". And since the government itself goes to the private sector to finance its debt, it will be victim as well of these higher interest rates. The end result will be unprecedented profits for chartered banks and lending institutions. These last few years inflation has been the most controversial economic problem, but there has been no real action to control it. We must not let inflation become part and parcel of our system, already bad enough as it is. History tells us that the surge of prices gives way to economic instability and threaten the personal financial security of social groups such as people living on pensions and the unemployed.

We can easily see how important it is to revamp our system. Unfortunately the longer we allow inflation to stay with us the more problems we must expect to have, in number and complexity. All government policies so far have proved useless. Indeed I had the opportunity to discuss this question at length during the debate on Bill C-18 about anti-inflation controls. Perhaps government policies were not entirely useless but they did not go to the heart of the problem. As I said earlier, inflation is related to prices and prices are a monetary measure. Money is created by chartered banks, their reserves being controlled by the Bank of Canada. No one here can deny that these institutions have a decisive influence on the conditions determining our purchasing power. One of the determining factors in extending credit to the people is that borrowed money has to be paid back with interest. For the mere fact that he is paying interest on his credit, an individual sometimes happens to pay three times the value of the products he buys. A typical example would be the case of a house bought with a mortgage loan. We are faced with much the same situation as regards the national debt.

Not later than this morning, Mr. Speaker, we could read the following headline in the economic pages of *Le Devoir*:

> Hydro-Quebec invested $2 billion in 1977, half of the hydro bill goes to pay the interest on the debt.

Just think of it, Mr. Speaker, half of the bill goes to pay the interest on the debt.

A little further, we can read this and I quote:

> The interest on the long term debt amounted to $620.8 million against revenue of $1.2 billion. The decrease in the value of the dollar cost Hydro-Quebec $10 million in 1977.

We also see in the annual report that the average interest rate for this public company was 8.32 per cent in 1977, and that it got a $55 million loan from ten chartered banks in the country at a rate of 9.25 per cent.

Mr. Speaker, such indebtedness is unacceptable when we have all the tools required to make these funds available to the quasi-public sector at administrative interest rates. Interest rates are no longer related to administrative costs. High interest rates are therefore a direct cause of high prices. If the interest rates were lowered to reflect the administrative cost of a loan, the current trend towards rising prices would obviously be greatly reduced. This is what I have suggested on many occasions by explaining that the issue of new credit by the Bank of Canada to finance the public debt as well the financial requirements of the public and quasi-public sectors would not have an inflationary effect and would at the same time contribute to lighten the financial burden of our present high unemployment rate.

The major legal responsibility of the Bank of Canada is to administer the money supply in the best interest of the Canadian community, and the increase in the cost of living is directly opposed to this interest. The Bank of Canada therefore has a duty to control these high interest rates which are a major cause of the ever higher cost of living. Our present monetary system is clearly at the source of the inflationary trend of interest rates. I therefore suggest, Mr. Speaker, that the centre of gravity of financial control, which is now solely in the hands of the bankers as concerns the population as a whole, be transferred so as to create an economy which would truly serve the consumer. I also suggest the distribution of a basic income to all citizens to enable them to obtain the necessities of life. Finally, I would like the obvious defects of the present price system to be eliminated since these defects lead our economy from inflation cycles to recession cycles. To this end, the Bank of Canada, the last resort institution of money and credit, must steer its monetary policy to achieve a harmonious development of our economy. Such a philosophy of credit will greatly contribute to stabilizing the purchasing power of the consumer.

I also wanted to talk about a national guaranteed income. Mr. Speaker, we now have a tendency in this country to want

to divide a national dividend, but we must consider that the monetary capital is now the only one to obtain national dividends each fiscal year while the labour capital and the intellectual capital are penalized for having contributed to the development of our country and for having increased production as required to serve the consumer. People are penalized because they have paid taxes on these products while someone else controls the economic life blood of our country. In fact, Canada receives a national dividend in the form of a reward. I thank you, Mr. Speaker.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, before dealing with the substance of the motion, I hasten to congratulate and thank the hon. member for Roberval (Mr. Gauthier) and his party for their cunning in drawing up the orders of the day. At the same time, I also want to thank him for having given me the chance, considering the terms of his motion, of pointing out once again the shortcomings and even the failure of this government in the area of general economic policy.

Notwithstanding the comments we heard from the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) in trying to whitewash the government, it is obvious and there is every indication that the economy of this country which possesses almost endless wealth and opportunities, has never ceased to deteriorate since the coming into power of this government under the Prime Minister (Mr. Trudeau).

Our country has experienced incredible economic ups and downs since 1968. Unfortunately, time does not allow me today to mention the constitutional ups and downs we have also experienced, but I want to submit evidence that proves my case. The Consumer Price Index which was pegged at 100 for the year 1971, amounted to 89.4 per cent in 1968, while today, it reaches the 171.8 per cent level as of the month of April. That is almost twice the 1968 figure, Mr. Speaker.

Besides, in another area, the inflation rate was 4.5 per cent in 1968 and, for the current year, it is up to 8.8 per cent, which is almost twice. Our national debt is yet another example. We had an indebtedness of $32,900 million in 1968 and this has increased to $67 billion today; that means $32 billion against $67 billion today. Once again, it has increased almost twofold.

Each Canadian has seen his personal indebtedness, as reflected by the national debt go up from $1,600 to $2,861. In order to finance this debt, the increase in interest went from $2.3 billion in 1968 to $5.4 billion today, which is close to twice as much. To pay the interest to finance the national debt, to face this terrible cost, each taxpayer in Canada had to pay $162 in 1968, whereas today the government takes $744.50 from him, which is close to four times as much. The government levies four times as much income tax as it did in 1968 in order to be able to meet this interest on the national debt.

While I talked about inflation in general terms, we have just heard the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) praise the efforts made by the government to check unemployment, but the record is also depressing. In April 1968, the month when the Prime Minister took office, there were only 375,000 jobless in Canada. Today we have more than one million unemployed. We have seen a three-fold increase in the number of unemployed, of people seeking a job. The unemployment rate is also an indication of the failure of this government: it went up from 4.5 per cent in 1968 to 8.6 per cent in 1978.

• (1532)

[*English*]

I could give a good many more figures, but I want to concentrate, having set that scene, on section (2) of the resolution which is before us. If time permits I would like to say a word on section (4) as well.

Section (2) condemns the government for failing to present to parliament new and effective measures in connection with the elderly. The hon. member for Winnipeg North Centre (Mr. Knowles) expanded on this to some extent. There is another aspect on this that has captured my attention. I have spoken about it before in the House, but I find sometimes one has to come back again, again, and again to the same matter because only by going over it does the government gradually get the idea. They eventually find there is some value in what they are hearing from the other side of the House and they adopt pieces of it and, of course, present it as their own to derive full political advantage from it.

The matter I would like to speak about this afternoon arises out of the consumer price index which is used for the adjustment of pensions. It is a misleading index when applied to all sectors of the population, and I will explain why. The consumer price index is made up of a basket of things. The basket consists of food items, housing, clothing, transportation, health and personal care, recreation and finally, an interesting category that I shall come to in due course, tobacco and alcohol. These items in turn are broken down into individual portions. It is through these portions and their allotment that I hope to show that it is an unrealistic basket as far as those who are on pensions are concerned. The government has not been sufficiently imaginative and thoughtful in its presentation of policies, programs and procedures to deal with the problems facing these people.

On the food side 24.8 per cent of the whole basket goes into the consumer price index. Out of that, 3.3 per cent is for dairy products, 7.2 per cent for meat and 3.2 per cent for fruits and vegetables. It stands fairly well when you compare one with the other, 3.2 per cent for dairy products, 7.2 per cent for meat, poultry and fish and then 3.2 per cent, about the same as dairy products, for fruits and vegetables.

However, if you look at it in relation to the larger picture, food in relation to housing and so on, the distortion in the consumer price index becomes a little more evident. I will read the breakdown that makes up 100 per cent of the basket: 24.8 per cent for food, 31.4 per cent for housing—one quarter for food and about one third for housing—11 per cent for clothing, 15 per cent for transportation, 4.5 per cent for personal

hygiene, 6.8 per cent for recreation and 5.9 per cent for tobacco and alcohol. I do not know why they did not go into recreation, but it is cited separately.

If you had these figures in front of you, Mr. Speaker, you would agree that those who are on pensions and have limited funds to spend would not be spending, for example, 6 per cent on tobacco and alcohol and only 31 per cent, five times as much, on housing. Even the housing is subject to certain corrections because a person on pension either gets special concessions, as they do in my province where they get a special rate on rent, or they are fortunate enough to have bought their house by the time they reach pensionable age. Therefore, 31 per cent of their expenditure is not going to housing. I suggest that 4.5 per cent for hygiene is away out of line. Even where most medical expenses are taken care of, it is not enough when you relate it to the 24.8 per cent for food.

● (1542)

Then there is recreation. How many elderly people can spend 7 per cent of their income on recreation, travel and movies? Included in recreation is admission to events, movies, sports, entertainment, stereo combinations. How many of our elderly people are buying stereo combinations when they are on pension? They either have them already or manage to do without them. They also are likely to have their television sets. Then there is TV repair and recordings. Under sports equipment comes boats, motors, bicycles, camera film and processing, cameras, camping equipment, toys, games, pet expenses. I think many people on pensions have pets and are fortunate to have their dogs and cats. Vacation lodging is listed. How many are able to have that? Education fees, tuition fees, driving licence; if they have not learned to drive by the time they go on pension, I suggest it is a little late. Reading includes newspapers and magazines.

Those are the various components of this 7 per cent set aside for recreation. I say this is out of line, just as the personal hygiene cost of 4.5 per cent is out of line.

One of the things the government ought to have been doing is directing Statistics Canada to draw up a more realistic consumer price index for those on pensions, relating it to their needs and style of life. How many of them buy children's clothing? How many can afford a sirloin steak?

Another interesting things about this index is that it was devised in 1967. At that time gas cost about 30 cents per gallon, and home heating fuels something the same. Our electricity bills were in line. The bits and pieces contained in the consumer price index have swollen between 1967 and today. It is time the consumer price index was updated for the general public, let alone the elderly.

I said that the CPI is completely improper as a basis for pensions for the elderly. I am going to say quite clearly, so that there will be no mistake, that there has to be an adjustment in pensions for the elderly if inflation is going to continue.

The prime purpose of this party when it assumes government will be to conquer inflation. Meanwhile, there can be no question that a realistic index will have to be applied to those who are on pension. They do not have the organized power to apply pressure to governments that other organizations in our community have and, therefore, they must be taken care of. They are our parents and the parents of our friends; let us not forget that. Those of us who are sitting here will one day feel that perhaps we would like somebody to look after us. Let us not forget that these elderly are ourselves ten or 15 years down the road.

I have said that what is needed is a more realistic consumer price index for the elderly. I want to deal with one other element in the resolution, the last paragraph which says that we strongly condemn the government for having failed to present new legislation which would stimulate consumption of Canadian products.

That is one of the things that I suggest this government might have done and did not do. Instead, it did something for political advantage, namely, it worked out by some devious means a confrontation with the provinces and invaded provincial jurisdiction on the matter of sales tax.

As soon as I heard this sales tax gimmick in the budget I said, "Why in the world did this government not just decide to reduce the federal sales tax?" Within its own jurisdiction it could have done this to the advantage of all of Canada. But not this government. This government wanted a confrontation. It wanted to invade a provincial domain and so proposed this exchange: "We will leave a couple of points on the sales tax and reduce income tax by $100; you come in and increase provincial income tax and get back that $100." They conned a lot of Canadian people into believing that the individual taxpayer was to gain something. That is not so. They are not being taxed by the federal government but by the provincial governments.

The other thing that I think is so reprehensible about the manner in which the federal government approached this is that in October there will be some tough decisions to make and it will be the provincial governments that have to make them. October sounds to me like an election month. The federal government will say, "Fine, you got that adjustment for six months so you are in clover. Now you are either going to have to continue with the tax abatement—we are not going to go any further than we did—or you are going to have to re-apply it."

If that is not the sneakiest way of dealing with the provinces that I have ever heard, then I have a lot to hear. It absolutely baffles me that a respectable federal government would try to put all provincial governments in this corner six months down the road, but that is exactly what they did. They fell for it but the day of reckoning will soon come.

On top of that they put forward this extraordinary method of deciding to return to one particular sector of the population in the province of Quebec, the federal taxpayers, something up to but not more than $85. Again, that is a method of creating a confrontation situation with the provinces.

I think whatever else is said, this motion has a great deal in it. I think this House should strongly condemn the govern-

ment, first of all for having failed to bring effective measures forward to deal with those who have reached age 60, and also for having failed to present legislation that would stimulate the consumption of Canadian products. If the federal government had reduced its own federal sales tax, that would have been of universal application.

● (1552)

We worked on the sales tax and dropped the building tax from 12 per cent to 5 per cent. We managed to persuade the government to reduce sales tax on children's clothing, even eliminating it completely. Why did they not reduce the sales tax and make it universal for all people, whether those people were buying gasoline or building houses? If they had removed the tax entirely on building materials, this would have been the greatest stimulus to the house building industry of this country. Not only the consumption of Canadian products, but the whole Canadian economy would have received a great shot in the arm. Therefore, I want to thank the proposer of this motion and the Social Credit party for having brought this motion to the floor.

[*Translation*]

Mr. Claude Tessier (Compton): Mr. Speaker, I am happy to participate in this debate, but also very unhappy because I must object to a motion which, although it may appear acceptable at first sight, must be rejected out of hand because it is overly simplistic, because it is irresponsible, in short because it is not rational, that is neither logical nor serious.

Mr. Speaker, one cannot try to sell anything under the pretence of sincerity and good-heartedness, but I think what we should heed from that motion is the sincerity and the philosophy of its movers. However, Mr. Speaker, when someone makes up half-truths and incomplete statements and then believes in them, which is more serious, he ends up making up falsehoods and, if it were not unparliamentary, I would even say becoming a liar. It is first and foremost unworthy of the unquestionable credibility and efficiency of a representative at the government level. As far as I am concerned, it is a sign of dishonesty to try to subtly deceive right-minded people—perhaps demagogically would be more accurate. It is about time to be serious, that is logical and realistic. The problems stated or described in the motion, I might rather say denounced, such as unemployment among youths aged between 18 and 30, I would have liked the motion to tell us what those young people could do. What can they do, at what cost, and of course who will be able to buy the goods thus produced?

As for the old age security pension at 60, then again the question is how much, and who will decide? Does the decision lie only with the federal government or does it involve consultations that some hon. members consider necessary at times while on other occasions they advocate lavish spending to finance programs such as the old age pension at 60? As for a national dividend to increase buying power, the federal government and particularly the Minister of Finance (Mr. Chrétien) in his last budget tried to introduce a measure which would actually increase the purchasing power of the Canadian taxpayer, and there again for reasons that some would call constitutional and others nothing but political, objections were raised in this House to the government's proposal aiming at putting more money into the Canadian consumer's pockets. We did provide for that, but the opposition parties seem to enjoy thwarting our efforts.

This motion suggests stimulating consumption by discounting retail prices or doing away with interests. I wonder, Mr. Speaker, when I hear motions like the one before us today, whether the Créditistes are not simply turning communists. One of these days they will have to tell us whether they do in fact advocate private enterprise, and what role, what place and what rules they want for it. As far as the government of Pierre Elliot Trudeau, is concerned, I feel that the Minister of Finance, the President of the Treasury Board (Mr. Andras), the Minister of Employment and Immigration (Mr. Cullen), have introduced many solutions to the various problems we have today.

Nonetheless, the problems that exist in the areas of unemployment, old people, rates of interest, are actual problems, but it remains to be seen whether the government proposals can be considered as beneficial and until we have evidence to the contrary, I consider them such. We must recognize, Mr. Speaker, that when it comes to implementing solutions, we have partners who have their own viewpoints and their own compulsions. I think it might be well for us in this House to realize that we are not here to establish heaven on earth; but we should at least be convinced that we can render hardships more acceptable; I think that some day we shall have to accept living with problems without blinding people to the facts in a totally irresponsible way and trying to have them believe there are miracle solutions that can be applied. I wish the opposition would at least account for its proposals. It definitely would have helped the House today if the opposition had really accounted for its proposals since, with a budgetary deficit of some $11.5 billion, it is quite easy to add or subtract. And I believe this is as much the responsibility of the opposition as that of the government. I am sure that the day when the opposition agrees to account for its proposals, we will be able to spend more time working effectively to meet the needs of our constituents, as they will become more realistic and responsible instead of constantly trying to win votes and campaign on strictly demagogic issues.

● (1602)

The hon. member for Roberval (Mr. Gauthier) seems to think that interest rates, income tax and taxes in general are the cause of inflation. Obviously, interest rates and income tax have always been considered too high, but, Mr. Speaker, I think one should realize it is the income tax and the taxes we pay which allow the federal government to give taxpayers the

quality of services which they can judge for themselves. And in that sense, we do not have any choice or alternative even if we object to or condemn income tax and taxes in general. Therefore, we should find the courage to propose reduced services as a logical result of income tax and tax cuts.

The hon. member raised an issue which is also an image, almost a Creditiste ghost, that is master financiers, monopolies and the triumph of the financiers, forgetting that our government established an Anti-Inflation Board. Obviously, he noted, as we did, a stupendous price increase before the setting up of the Anti-Inflation Board. It was set up as an effective measure against inflation, but of course, some believe it to have been completely inefficient, but one must admit that it has at least succeeded in restraining the inflation rate. They raised the issue of one million unemployed and welfare cases, but the Social Credit has failed with all its logic to convince us that our rate of inflation in 1978 is responsible for one million unemployed, and not realizing that the real reason is a series of problems we do not want to face but with which we should try not only to live but also improve our situation. And I think that is the government's philosophy.

The hon. member for Roberval said that it was time to resort to radical means. That is all very good, but I was hoping to find out what those means are. I did not. He told us about the young people. He said they had been lied to and even rejected. He mentioned work permits and what the government could achieve with them, but does he not know that this is a matter of provincial jurisdiction? He tells us that employers should hire young people but it is impossible because they do not have working permits. Here again would he want the federal government to interfere in provincial responsibilities.

The hon. member went as far as saying that young people will no longer tolerate closed doors. I wonder if that is an incitement to violence. I suggest we do not have the right to lie to young people, we do not have the right to engage in demagogy to try and incite them. Indeed, I think young people are much too intelligent to fall for that political game. This is the kind of game which makes young people completely distrust public figures precisely because too many of those young people or too many of those public figures are trying to mislead them with old stories that are definitely outmoded and which to say the least do not reflect reality. Yes, of course, the hon. member for Rimouski (Mr. Allard) talks of the just society, a more humane society, but that more just and more humane society was not and will not in future be based on lies or stories.

Mr. Speaker, it is certain that the solution for 60-year-old workers might be to offer them the possibility of retiring early, we agree on that, but once again how do you find the money for such a proposal? Another example. We on this side have been talking for a long time about guaranteed minimum income schemes. I understand that the proposals are drafted, that they are ready. On the other hand, we do not have the means right now to implement them and it is precisely the reality with which we must deal on a daily basis, meaning that it is all very nice to have social projects but one day and more than ever it is high time we looked at the cost of proposals such as those which are being made. I consider that most of today's motion is a heap of old clichés on which everyone agrees. There is no possible objection, except for the fact that we must obviously learn to set a price on our proposals.

I would also like to slip in a few comments concerning an area which the members opposite have once more said that the government was wrong, and I mean the area of dairy policy. In a week or two they will again be blaming the government for cutting down the quotas. Is the government to be blamed if at the present moment, in Quebec especially, there has been a distribution that exceeded the quotas? The federations that are at fault must then adjust these quotas to the Canadian demand. I think that in this case again the government will be blamed, and some people will try to mislead the public by saying: See that lousy government again; they told the farmers that they had to produce. They do and now they are affected by reductions. I think we should be honest enough to recognize that some day it will be necessary in all areas of economic activity to adjust our supply to the demand. It is about time we acted consistently but this does not seem to mean that it is time to accept the Créditiste theories. I think these two things are completely different. It is time to be consistent, to show some courage, and it is time we tried to stop harping on the same string and even fall for demands we might consider as legitimate.

I repeat, Mr. Speaker, about the subject matter of the motion before us, we would certainly agree to rid the country of unemployment this very day once and for all. Likewise, if it had been possible to grant pensions at age 60, perhaps tomorrow at 55 and then who knows, perhaps at 50. We agree in theory but not in practice; the government cannot be the be-all and end-all of everything. This is a fact which should be recognized and understood because it is a fallacy to say that the government should provide a solution to all ills.

● (1612)

Today's motion is a complete statement of what is left of the Social Credit party which, far from coming, is going, because it is no longer relevant, because it has no original and responsible, that is realistic, views, to offer. It is not enough to be sincere you have to find the appropriate means. That calls for courage and imagination as well as a new democratic consciousness which through long and complete consultations would make it possible for the government to act with a sense of responsibility in the best interest of the people and for the House of Commons to be really responsible and aware of the needs of the people.

Of course, Mr. Speaker, on our side too we have people in our ridings who are unemployed. We have senior citizens,

people paying interest rates, and young people. And we must provide social services. We have built houses but there are more to build. And we agree that the needs of all those people are real. But we must stop creating new needs because we do not have the means to pay for those already created. So we must either stop creating needs or we must establish new priorities and I think that the government is quite prepared to discuss and readjust its priorities in co-operation with the Opposition and the people, to make them more efficient, more sensible and more realistic.

There is something strange in this debate, Mr. Speaker, which goes to prove that there is still some hope. In its motion, the Social Credit party did not mention our deficit. I wish they had because in our party the election campaign had already begun and mention was made of the government deficit.

I think that if the opposition, the press and anyone else want to denounce the government deficit, they should have the honesty to tell what government services they are prepared to cut off.

There should be co-operation among governments and I think that here we have a lesson to learn. We tried to act with the province of Quebec as we did with the other provinces but we have failed up to now with regard to the sales tax. However, it is very important the various governments, provincial and municipal, work together toward job creation as I consider it to be an essential prerequisite.

The Acting Speaker (Mr. Ethier): Order. I regret to interrupt the hon. member, but the time allotted to him has now expired.

Some hon. Members: Carry on!

The Acting Speaker (Mr. Ethier): Does the House give its unanimous consent to allow the hon. member to continue.

Some hon. Members: Agreed.

Mr. Tessier: Thank you Mr. Speaker and I also want to thank my colleagues for their kindness. I think that my colleague from Rimouski (Mr. Allard) would want me no doubt to change the tone of my comments. I would like to do so but on the other hand, I would feel that I am betraying those who elected me here.

I will therefore try to conclude my remarks as rapidly as possible, Mr. Speaker, by telling you that my primary objective is to give work to all those who can and must work. However, the question I wish to share with all the members of this House is at what price could we give work to everybody and naturally what type of work could we find to give back to our workers their right to work? It is all very well to talk about employment but if tomorrow morning for instance and that is a fact which we have experienced in my area, we decided to build campers and there were no buyers I wonder if that is what is really meant by creating employment and it is precisely at this stage that we must be realistic enough to know in advance what will have to be produced tomorrow and to whom those products may be sold. If our consumer goods cannot be sold, how do you expect the system to survive, Mr. Speaker?

Mr. Speaker, asking each other questions will obviously lead us nowhere and today's motion proves it once again blatantly. How can serious and responsible public administrators have any faith in politicians who keep advocating demagogical and unrealistic solutions? What credibility, Mr. Speaker, can an institution such as this parliament retain when it tolerates such demagogical endeavours which have become synonymous with inefficiency and dishonesty? It is high time to put an end to farcical situations such as we have experienced today if we want to restore the necessary credibility of this House and ourselves as members of parliament, which seems to me to be one of our major problems at the present time.

I think that the opposition must go a lot further regarding the proposals it made and I have to denounce today the absence of the Socred members who on a day set aside for the opposition have been noted for their absence during the study of a motion which should particularly interest them and which should have given them an opportunity to present us with solutions. I am even wondering today if we did the right thing when we accepted to allow them to retain the status of a recognized party when this same party presents us with solutions such as those we have heard today, yet is absent for all practical purposes when it comes to making this House work efficiently.

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, I am glad to be given the opportunity to participate in this debate even though I got here a few minutes late. I had to go to the CBC studios for the recording of a program dealing with social credit. I think it is worth-while talking about it and I even feel it is the only way out of the economic problems we are experiencing now.

When I got in the House, I heard the hon. member for Compton (Mr. Tessier) say that it was kind of a waste of time to discuss this motion today. I naturally respect his opinions. He has a right to voice his feelings about it. But I would like to know if he has a solution to our unpaid and unpayable debts situation. Ever since I was elected to this House—and I have said this before—I have not heard a single minister say that he was aiming at finding ways and means to pay the public debts. I see what they can do and I see that they have great difficulty in doing it. The present situation and what is going on in the House lately are eloquent proofs of it.

● (1622)

All they can do is try to pay the interest on our debts. Finally, this system boils down to a formula of management for the country that no Canadian citizen is allowed to use for

his own private affairs. Certainly anyone is compelled by law to pay his debts sooner or later, even if that takes years, and if he does not, sooner or later he is deprived of whatever he has by the law.

But the government of the land goes on piling up debts, and the result is that this year Canadian taxpayers will be paying an excess of $6 billion in interest costs. Of course, no one on the government side, including the speaker who had the floor when I came in, is considering ways of repaying some of the principal. All they can do is try and pay the interest. At times they have to get deeper into debt just to pay the interest. And it was not so long ago that we discussed the transfer of the CN debt. In the final analysis, the Canadian government increases its indebtedness in order to absorb another debt. The same thing happened with the St. Lawrence Seaway. The same thing goes on and on, and this is unacceptable. Sooner or later, citizens with a sense of duty and responsibility will have to try seriously and honestly to find a way out, because this cannot go on forever. We hear of various projects, and I know that most hon. members here in this House, and especially on the government side, would be quite happy to accept many of the worth-while projects prepared and submitted by students, by the people involved in Canada Works programs. But the answer we get from departmental officials and the minister himself is that they do not have enough funds to accept any large number of projects. They themselves publicize this to encourage young people, students, to submit projects.

In my constituency of Kamouraska, projects were submitted for a total of nearly $1 million, while available funds amounted to $192,000. Clearly, those responsible for selecting projects had a difficult task, that of trying to deal with projects totalling $1 million when they only had $192,000. The same thing occurs every year when the program is reactivated. I am not criticizing the program in itself because it is a good program. We were given a chance to see that there is quite a lot of ingenuity among young people and the not-so-young, among those who are interested in the Canada Works program. I was myself involved with the officials of the government in the selection process, and I know, having seen many of those projects, that there were some good ideas, that there were for instance, young people who spent several evenings, and worked very late in the night, drafting projects which seemed acceptable to them. Unfortunately, only 26 out of more than 60 projects were accepted. After first instilling some hope, this program becomes a source of frustration for many students who are now without jobs for the summer season. They will have to travel from one area to another, in the province and in the country, without finding suitable enployment. All that, because ours is a financial system which lessens the possibility of accepting good ideas.

We, from the Social Credit party, maintain the monetary system which can and should be improved, especially as we know this is what is wrong. Almost every day we see headlines in newspapers stating that such and such item could not be accepted, for want of money; such project, such organization, they will have to fire workers, because they have not enough money. Therefore, we suggest methods to improve that monetary mechanism which operates backward.

I will not say, and we Créditistes never suggested that, that a Social Credit government will solve all issues overnight, that Social Credit is a cure-all for all human ills, that is not what we say. How many times have I heard politicians of different stripes mention the "Caouette's buck", for instance. I beg your pardon if I mentioned the name of our chief that we loved so much, who did so much for Canada to arouse public opinion to this issue. But anyway those people will say: this one or that one's buck, or the buck machine or the Bank of Canada. Yes, indeed, the Bank of Canada. Why have they created the Bank of Canada? Was it only to change little nickels, to make bigger metal pieces of different value, resulting in confusion between nickels and quarters? Is that the responsibility of the Bank of Canada? The Bank of Canada has been created by a past prime minister who once stated very clearly: As long as a nation does not control money, it is useless to speak of a responsible government.

Why is it then, that we can read many statements made by distinguished people? Presidents of the United States of America. By the way, I could name Abraham Lincoln assassinated in a theatre at ten o'clock in the morning, who was one of those who wanted to improve the monetary system which resulted in so many difficulties. Also, a statesman, a military leader, Napoleon who said that on many occasions he wanted to do something, but was prevented by the monetary system from reaching his goal.

Everywhere we see people ready to sell their conscience in order to get money, people with power holding on to power in any form and who do not dare criticize a financial system which is crushing people. The federal government prefers to keep fighting with provincial governments, in order to decide who will be allowed to tax people more in never ending bickerings.

I remember in 1941, at a federal-provincial conference when the premier from Alberta who was then the Hon. William Lyon Aberhart expounded his theory on Social Credit to the provincial premiers. He mentioned: "We are here in order to try to find ways and means to provide all Canadians with happy living conditions and a formula which would enable everyone to use goods in plenty." But the issue was laid to rest and discussions went on on who could take the most out of the taxpayer's pockets.

This bickering has been carrying on for a month, following the budget speech of the Minister of Finance (Mr. Chrétien), which was given here and, of the Quebec minister of finance, a few days later; one sees immediately the same response and it is now threatening what a few people like to call Canadian unity, simply for a question of dollars. Why should this be? I

would like to know and I regret that the speaker who was addressing himself to the House when I came in did not stay longer—

Some hon. Members: No, he went because he was frightened.

Mr. Dionne (Kamouraska): —I would like him to tell me how he thinks this money is generated. The angels do not come down to earth every six months or every year to manufacture dollars. Money is made by human hands. It should therefore not be considered as a sign of wealth. Money is not wealth. Wealth is in material things. That should be easy to understand. What is important for a nation is to have enough food, to be able to dress properly, to have the necessary materials to build appropriate and comfortable housing. There is no lack of all that in Canada.

● (1632)

We have had the chance to be born in an extremely wealthy country, as our politicians are always saying. But wealthy in what way? Is it wealthy in natural resources? Yes. But how is it that to obtain the right to develop our natural resources, the national government has to go down on its knees to one group of men, the bankers who control the nation? It is not for nothing that the Pope, in the encyclical *Quadragesimo anno*, wrote very clearly: The manipulators of money and credit hold the economic life in their hands to such an extent that no one can breathe without their consent. This is a fact as anyone who wants to look seriously at the situation as it is and without red or blue glasses can see. Our government is always paralyzed by a corrupt and corrupting financial system.

We have heard about guaranteed income. I have been hearing about this for 10 years. Investigators from the Senate have made a study throughout the country. They found out what everyone knew already, that there were many poor people in Canada. Thousands of families lived under the poverty level. Since then, there have been occasional discussions about a minimum guaranteed income for everyone. That is what the Social Credit party has always recommended. For my part, I have been studying the principles of social credit since 1939 and I did not become a prophet all of a sudden. Of course not! However, I must say that before then, I was a Liberal party organizer and that I tried to tell my supporters that the Grits were a little better than the Tories. However, after a few years, I realized there was not much to choose between them. It is then that I decided to study the social credit doctrine.

In passing, I must add that social credit as such is not a political party but an economic doctrine. Has someone ever thought of the financial system as a political party? No, it is a financial doctrine. Nobody would say that the Catholic religion or any other religion are political parties. Those are religions which have their own ways of thinking, of observing and of offering to people the opportunity to assess the value of their beliefs or of their system. It is the same thing with social credit. It is an economic doctrine.

That a political party was formed under that name does not change anything to the social credit doctrine. It was established by a Scottish civil engineer and mathematician. He was always faced with monetary problems, so he tried to find out why. Since then the Douglas doctrine has been discussed in various countries of the world. Some will contend that it has not been implemented anywhere. Indeed, it is the main argument of our opponents. They do not study that doctrine. They say: if it was that good it would have been implemented somewhere. But I can still bring evidence that a Canadian province has applied the social credit doctrine under provincial jurisdiction. It was not the social credit as taught by Mr. Douglas. They could not do it because the monetary reform comes under federal jurisdiction. They even pleaded their case before the London Court.

● (1635)

Lucien Maynard, the Alberta secretary-treasurer, went up to the London court in an attempt to have the judges of that court understand that the legislation he had passed had to be implemented. The federal government, of course, had hastily declared it ultra vires because it affected the monetary system. They were afraid to lose a little of their power. The fact, of course, is that our lords from London who have the same conception of the imperfect monetary system as we have, confirmed the judgment which had been passed, with the result that the Alberta premier could not then implement the social credit system as developed by Major Douglas.

But even though the social credit system was not fully implemented, nobody could deny that the Social Credit party succeeded, when it came into power in Alberta in 1937 during the depression, at a time period when I, as well as thousands of other people, were trying to plan our future properly faced with an economic crisis, and our leaders both in the federal government and in the provincial government, when we talked to them about the possibility of improving our lot, used to answer: It's too bad, we don't have any money. Some answer! but it was at that time that the government took over in the province which was in debt as all the others.

After a few months, the laws were passed with the result that the debt of the province was extinguished, paid off. That government, had a social credit mentality, it believed debts must generally be paid. So they found a way of operating Alberta's oil wells. And people hasten to say: Of course, Alberta is filthy rich, it has the oil. But at the beginning of the Alberta administration, the Aberhart administration, there were no oil wells, there were no oil operations. So he undertook to find suitable administrative methods. Later on, after a few months, the oil fields were developed but in a special way, so

as to yield a decent return based on the values of national resources.

The government that replaced it today is a Conservative government in a rich, pretty rich, province, and we often hear it said these days that the province of Alberta is not like the others. It does not pay taxes. The oil is flowing but the development of Alberta's oil wells was set in motion by a Social Credit government which saw to it that it brought revenues to the province. But that is part of social credit, and the doctrine itself on the whole—

The Acting Speaker (Mr. Ethier): Order. I regret to interrupt the hon. member but his time has now expired. Nevertheless, he may continue with the unanimous consent of the House.

Some hon. Members: Agreed.

Mr. Dionne (Kamouraska): I am grateful to hon. members for letting me go on.

As I was saying, that is Social Credit, but that also is practical common sense, no more and no less. Nobody can deny this. There are so many things that can be said. Just an hour ago I was speaking with someone who seemed well-educated. He told me: "We are too deeply involved in the current system, it would be too difficult to get out of it." And this was my answer: "When your car gets stuck in a snow drift, do you leave it there or do you try to get it out?"

I suggest it is still time to make a worth-while effort. But as I said at the outset, if it were that we should have to wait for some divine power to come down from heaven and give us a certain amount of money at various points in our history, we could say: "Let us wait!" But such is not the case. We have but to see how things go. Of course we know that in almost every one of our educational institutions, there was never much talk of how money is created. they are now starting to do so.

I have had the opportunity to meet students in CEGEPs and elsewhere. Clearly those young people get no explanations on the workings of our monetary system. Our crazy system is hard to understand. Why is it that people get so deeply into debt and are never able to get our of it, and this is true first of the government. How is money created and how is it distributed? Not many people understand those things. However, it is a crucial issue as money is behind everything and today, money is more important than man, man will suffer if he has no money, he will be deprived of the basic necessities. Money is absolutely necessary. If we wanted to, it could really be a service as money should be at our service but it is more important than man, than the family, than all the basic necessities. We condemn that adoration of the golden calf resulting from a deficient system and that is why we suggest different methods, a new approach. I am always surprised to see the reluctance in some areas to study the problem. They say: it is difficult to understand but we must admit frankly that we do not understand the present system.

● (1642)

This week, explanations have been given, and not by anybody, but the Minister of Finance and the Prime Minister of Canada who seemed to understand why they are proposing to give money back to the people of Quebec following the great blunder made in the initial budget, but according to the comments made in the House it seems that they were the only ones to understand how their gimmick would work. This is very complicated as there are only two or three people who can understand it. We know how the income tax legislation works.

I think that Bill C-259 ran to 710 pages and had many loopholes for clever people and all kinds of traps to catch the small wage earners. Ways are found to get their money and such legislation, as I said earlier in this House, is the result of a deficient financial system under which people try to get away with everything they can. What is taking place in this country, is a little bewildering. Some people think it is the same thing in all countries but those people do not seem to have better answers or arguments themselves. You have the case of the taxpayer, the worker who toils to earn his living and who realizes by reading the press that big corporations and big businessmen succeed in using loopholes in their income tax reports and end up paying the least possible amount of tax. He then tries to act the same way but he soon ends up being caught by the civil servants, is subjected to inquires and finds himself in hot water.

Yes indeed we are caught in a perverted system in Canada. One half of Canadians watches the other. This is what you come to realize. You need permission for doing this or that. There are restrictions for doing this or that, there are adjustment formalities for this or that in all laws. I have said it on occasions but I wish to repeat it and I am not afraid to because I can prove it in just about any instance, we have laws and particularly those which should protect the unemployed, that poor fellow who finds himself in the worst possible position. When he loses his job, he still has to try to get an income some way. An act has been passed and modified several times, but it is always with the intent of protecting the treasury because the protection to be given to the unemployed comes second and protecting the treasury is the first priority.

I know it because I often have to go to the Unemployment Insurance Commission every week, almost every Monday, and certainly every two weeks, in order to defend unemployed workers besieged with problems arising from a law which has been badly worked out. I have often said it to the House and I have evidence of that in my office, hundreds of proofs for those who would want to check if what I am saying is true. I have already said in the House of Commons that the defrauders of the Unemployment Insurance Act, and I could include those who defraud the Income Tax Act, or other acts, are to be

found without as within the commission. There may not be more but there are just as many.

So I am saying that the employees of the Commission because of a badly drafted law are making mistakes and it is obviously not their fault because they have to proceed according to the law and I am not trying to criticize them more than is necessary. There are well-intentioned people among them but they have to abide by a poorly phrased law and to comply with all kinds of administrative nonsense which prevent an unemployed worker from collecting his benefits. I am wondering if they are not actually defrauding people in the sense that they are depriving them from revenues to which they would be entitled.

Why is it that when a decision is taken and an appeal made to the arbitration board, regarding someone and sometimes the case goes as far as the arbitration judge where the individual succeeds in solving his problem and winning his case, why is it then that this individual gets paid some six or seven or eight or even ten months after. Yet he was entitled to that money in the first place. Why should he have to endure that situation for ten months? I am talking about the case of one unemployed worker, you must realize. Yet that example can be multiplied by the hundreds. I am talking about a law in particular, but it is the same thing with others.

We are not suffering from a shortage of laws in our parliament, on the contrary we probably have too many but most of them are poor.

Most are inspired by well-paid jugglers who are not always good advisers. We know that those who advised the Minister of Finance (Mr. Chrétien) are surely not the best government advisers; they are responsible for his blunders and for the stalemate situation where he now finds himself. I have much sympathy for the Minister of Finance, but I have noticed that sometimes he turns livid and that he has difficulty defending himself in our defective system. Now if he only tried to understand the social credit theories, he would realize that there are ways to get out of a problem and to distribute assets in a more equitable fashion. This is what we want to achieve through Social Credit methods and nothing else.

We know that we have boundless wealth in Canada and that there are still many untapped natural resources. Thousands of unemployed are waiting for a chance to make a valuable contribution to the development of this country, to make society profit by their technical and other skills, but they are hindered by a monetary system, by a defective financial system. What is the use of sending our children to school if after graduating they can't find a job. It is time for a change because the situation has become impossible.

The Acting Speaker (Mr. Ethier): Order, please. I think the House unanimously agreed to giving the hon. member extra time, but I think it would be useful to know of which part of the motion he is speaking.

[Mr. Dionne (Kamouraska).]

Mr. Dionne (Kamouraska): Mr. Speaker, I thank you for that remark, but I am speaking of the part of the motion—Of course the motion deals with many things. The government is being condemned for having failed in the task of fighting against inflation. Inflation is a product of a defective monetary system and of unemployment. That is what I was talking about. I believe that comes from the motion, and I quote:

(2) for failing to present to parliament new and effective measures such as granting at age 60—

This is because of the monetary system. Ministers have told us that it would cost billions of dollars to grant pensions at age 60. So I am discussing the possibilities of making our monetary system more flexible, and then we might consider lowering the pension age for those who would voluntarily accept that benefit. I quote paragraph 3 of the motion:

for not having paid a national dividend as a means to increase the buying power of Canadians in order for them to benefit by the surplus of production deriving from progress and technology;

We find in the motion what I talked about in my speech. I mentioned the guaranteed income. I mentioned the inquiry on minimum guaranteed income made by our friends in the other place, so dividend or guaranteed income is almost the same thing, only the word is changed. According to the dictionary, a dividend is a surplus, a return to shareholders on the production of some industries. I have always believed that Canadians were shareholders of the Canadian government. What is now unbelievable is that according to many of our politicians—

Then, I shall give someone else a chance. I thank the hon. members for their goodwill, their generosity in allowing me, a while ago, to complete my remarks. I think the hon. member for Compton (Mr. Tessier), when he came into the House, had obviously prepared me well. I wanted to explain to him what people think of the Social Credit party and its erroneous understanding of the system.

According to the concept of politicians of every stripe with whom I have occasion to discuss, not all but unfortunately the majority, according to them, from Champlain and the courageous men who planted the cross, the plough and civilization in the forests of Canada, to their successors who for three centuries have improved agriculture, built cities, developed road systems and all the wealth we see about us, according to them, those people instead of inheriting wealth, have inherited debts. It seems to me we could hear, at times, a voice coming from our forests, our plants, saying in parody: You shall pay your taxes and your debts by the sweat of your brow. That is what we want to change, that infamous system of slavery which has been maintained far too long.

● (1652)

[*English*]

Mr. Bruce Halliday (Oxford): A day such as this, Mr. Speaker, which is officially known as an allotted day but more colloquially is called an opposition day, is very appropriately chosen. I would like to congratulate the Créditiste party

because they have done something that is very important. On an opposition day the idea is that the opposition parties attempt to identify the issues in Canada which are of some significance and which are probably being ignored by the government. I want to congratulate the Créditiste party, for having chosen the motion on a subject that is very important to all parties on the opposite side.

The basic clause in the motion we have before us reads:

That this House strongly condemns the government:

The important word there is "condemns", and there is no doubt that all of us on the opposite side are condemning the government. It is not only us on the opposition side, however, because only two weeks ago the government found that the people of Canada were condemning them as well, and consequently they backed off from an election.

In looking at the balance of the motion that is before us, it is obvious what the Créditiste party is aiming at, and that is condemning the government because of their failure to give serious consideration to the economic problems that are facing this country. When you look at the four parts to their motion, each and every one of them deals with the economy in one way or another. The economy is possibly the most important of the issues facing Canada today.

One might ask, what does the government think of the important issues facing Canada today? It was not very long ago when the Prime Minister (Mr. Trudeau) was interviewed by the press, and as reported in the Ottawa *Journal* on April 18 in an article by Mr. John Best the Prime Minister was asked what he felt were his greatest accomplishments in the last ten years. The Prime Minister said firstly the "linguistic equality". That is what the Prime Minister thought was his main achievement in the ten years of his reign as Prime Minister.

The second thing was this:

Right next to language came a whole series of supposed accomplishments in the foreign affairs field.

If those are the two areas of priority for this government and the two areas the Prime Minister wants to brag about, having made the greatest accomplishments in linguistic equality and foreign affairs, it is no wonder this country is in a sad way and that the opposition is condemning the government. It is no wonder the people of Canada are finally coming to life and realizing what is going wrong with this country.

I would like to read the important parts of each clause in the motion and comment on each. The first one reads:

—for having failed at the task in the fight against inflation and unemployment—

To get evidence of that we simply have to go back to April 10 and the speech of the Minister of Finance (Mr. Chrétien) on the budget. I would like to quote from an article in the St. Catharines *Standard* by Charles Lynch. The heading of the article is "Budget is an admission of failure". It is a quotation from the minister himself.

"This is a time," he says, "for Canada to face our problems critically and realistically."

He goes on:

—"we can see that we did not always use our good fortune wisely . . . We all come to expect too much of the economy. Governments increased their spending too quickly. The money supply was increased too fast."

It is obvious what the problems are when the minister himself indicates the difficulties this government has got the country into.

The second clause in the motion before us reads:

—for failing to present to parliament new and effective measures—

The government has presented some new measures, but the question is whether they are effective. They have presented bills such as the Canada Labour Code, the act to recapitalize CNR, the transfer of offenders, compensation for former prisoners of war, and language in the courts. There is not very much in there dealing with the economy at all.

One bill they presented about the economy had to do with the inauguration of employment tax credits. One of the most leading and active business people in my constituency who has a business which makes springs tells me that it is a complicated mechanism, that the extra tax he has to pay because of the tax credit is in no way meaningful to him and he is not going to bother applying for it.

I will skip the third part of the motion because it is dealing with Créditiste philosophy on economics and I personally do not understand it.

The fourth clause reads:

—for not having agreed to present new legislation that would have stimulated the consumption of Canadian products—

The government has failed to act in this area completely. I would like to read a quotation from the minister of finance of Manitoba. After he heard about this new measure of the government to give the sales tax credit, he said:

"The initiative to give a major sales tax reduction to all taxpayers in Manitoba is one to which all reasonable persons subscribe, provided it is done in a fiscally responsible manner," Craik said. "However, for a federal government whose spending continues to careen out of control to espouse such a major tax reduction—$1.3 billion—without concurrent and matching reductions in federal expenditures, represents fiscal irresponsibility of the highest order."

That is our complaint. We have a sales tax credit abatement but the government is still spending more and more money.

I would like to wind up by saying that if we are going to get at the real issues behind the economic difficulties facing our country, the one area the government must look at seriously, which it has failed to do thus far, is the philosophy of taxation. There are two basic philosophies. The first one is to tax people as we do now on the basis of ability to pay. In other words, you tax profits, you discourage production and so on. The other one is to tax on the basis of services received.

The Acting Speaker (Mr. Ethier): It being five o'clock, it is my duty to inform the House that pursuant to section (11)—

Mr. Baker (Grenville-Carleton): There is still half a minute.

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

Mr. Baker (Grenville-Carleton): There is still half a minute.

The Economy

The Acting Speaker (Mr. Ethier): Order, please. It being five o'clock p.m., it is my duty to inform the House that, pursuant to Standing Order 58, section (11), proceedings on motion have expired. Pursuant to Standing Order 2(3), this House stands adjourned until Tuesday next at two o'clock p.m.

At five o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, May 23, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

ADMINISTRATION OF JUSTICE

PROTESTED FORM OF TRIAL FOR ALEXANDER TREU—MOTION UNDER S.O. 43

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. I am encouraged to do so by the strong and unanimous vote of condemnation last Thursday at the instance of the Leader of the Opposition (Mr. Clark) expressing indignation at the form of certain trials in the Soviet Union, despite domestic law, because they were contrary to principles of natural justice and against the practice of Canadian courts. On a similar basis, I would move if leave be given, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That this House deplores the dangerous form of secret trial and the continuing restrictions involved in the case of Alexander Peter Treu which are contrary to the usual practice of Canadian justice.

Mr. Speaker: In accordance with Standing Order 43, such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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PUBLIC SERVICE

PROPOSED RED-CIRCLING OF CERTAIN POSITIONS—MOTION UNDER S.O. 43

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the fact that the matter that has recently been raised regarding public service overclassification is having an adverse effect on public service morale, I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That this House direct the President of the Treasury Board to release his department's October, 1976, report on overclassification in order that public servants will know how they are affected; and, secondly, that the subject matter of this report be referred to the Standing Committee on Miscellaneous Estimates for full discussion before the Treasury Board undertakes wholesale red-circling of public servants, the policy of red-circling not having been designed for use on such a massive scale.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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YOUTH

CRITICISM OF APPLICATION FORM FOR SUMMER EMPLOYMENT—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise on a matter of urgent and pressing necessity. The Solicitor General's office is hiring students this summer to work on a project called Puppet Theatre. Students are being required to fill out a personal history form—I have the form here—which asks, among other things, "Have you travelled to a communist country since July 1, 1945?" It also requires fingerprinting of applicants. I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That this information should be excluded from the application form for a summer job in the Solicitor General's department.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

REQUESTED SUSPENSION OF AID TO CUBA—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, pursuant to the provisions of Standing Order 43 I rise on a matter of grave urgency. In view of the tragic episode this weekend in Zaire, where hundreds of innocent civilians from home and abroad were massacred on the streets of Kolwezi, and because it has been learned that military advisers from Cuba trained and possibly led the Katangan rebels in this

horrendous bloodbath, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That this government discontinue its support of Cuba and its dictator, and that all present and future aid to Cuba by the government be suspended forthwith.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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TRANSPORT

CALL FOR FURTHER STUDY OF WELLAND CANAL CROSSINGS—MOTION UNDER S.O. 43

Mr. S. Victor Railton (Welland): Mr. Speaker, under Standing Order 43 I would like to present the following motion. Since the policy of total removal of all overhead bridges on the Welland Canal envisages an eventual move to tunnels only for cross-canal traffic, since this policy is completely impractical and since all developed countries use both tunnels and bridges on rivers and canals for crossings and will continue to do so far into the future, I move, seconded by the hon. member for Lincoln (Mr. Andres):

That the Department of Transport and the St. Lawrence Seaway Authority be now instructed by the government to modify or reverse this unrealistic policy, and forthwith make plans to rebuild the canal bridge in Port Robinson in the city of Thorold after a new study has been done.

Mr. Speaker: Presentation of such a motion for debate at this time requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

REVISION OF POLICY FOR CONSTRUCTION OF ICE-BREAKERS—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. In view of the urgent need to encourage Canada's shipbuilding industry and restore our former pre-eminence in the construction of ice-breaking vessels, which until recently gave Canada the distinction of having designed and constructed the largest ice-breaker in the world, I move, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

That the Minister of Transport revise and report to the House before the end of this session on the policy which transferred the design staff giving Canada this capability to the Department of Supply and Services, where they have been steadily downgraded and reportedly recently ceased to exist as a design authority as a result of a decision reached at meetings held by Treasury Board and DSS senior management, a decision allegedly having been taken without any input or discussion with this important and prestigious design group who were never invited to the meetings.

[Mr. Jelinek.]

Mr. Speaker: Presentation of such a motion for debate at this time would require unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

CANADA COUNCIL

GRANT TO PULP PRESS, VANCOUVER, B.C.—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgency concerning the continued giving of Canada Council grants to assist terrorist purposes, and refer specifically to a grant to Pulp Press of Vancouver, publishers of a book entitled "Minimanual of the Urban Guerrilla", by Carlos Marighella, dealing with how to commit assaults, raids, ambushes, murder, sabotage and kidnapping; and another book entitled "Anarchists Peril", by Augustine Hamond, which follows the type of terrorism of the Italian Red Brigades. I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That the methods of deciding on Canada Council grants be made fully public at once, that all grants to organizations, groups or individuals under investigation by Canadian security services be immediately suspended, and that the Prime Minister is forthwith ordered by this House to call a judicial inquiry into the shocking aims, decisions and actions of the Canada Council.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

BELL CANADA

TELEPHONE SERVICE AT HALF RATE FOR ELDERLY AND HANDICAPPED—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43, and seconded by the hon. member for Sault Ste. Marie (Mr. Symes), I move:

That this House notes that Bell Canada provides extensive telephone service, both local and long distance, completely free for life to its top and highly paid executives, together with free or reduced rates to some 26,000 of its employees, and this House therefore calls on Bell Canada to provide telephone service at half rates to senior citizens and to others to whom telephone service is a necesssity because of health or handicap.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

OFFICIAL LANGUAGES

SINGING OF NATIONAL ANTHEM AT SPORTING EVENTS—MOTION UNDER S.O. 43

Mr. D. M. Collenette (York East): Mr. Speaker, pursuant to Standing Order 43, I request the unanimous consent of the House to present a motion dealing with an urgent and important matter. I move, seconded by the hon. member for Davenport (Mr. Caccia):

[*English*]

That this House joins in commending the Toronto Blue Jays' organization and team for its presentation of Canada's national anthem during the Victoria Day weekend . . .

[*Translation*]

. . . thus showing their confidence in a united Canada and in both official languages.

[*English*]

Mr. Speaker: Presentation of such a motion at this time requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

Some hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

SUPPLY AND SERVICES

PRACTICE IN AWARDING COMPUTER CONTRACTS

Mr. Ron Huntington (Capilano): Mr. Speaker, my question is directed to the Minister of Supply and Services: it concerns the contracts to IST in Montreal. Since there were five companies involved in bidding for the two contracts, one for the Department of National Health and Welfare and the other for Central Mortgage and Housing Corporation, can the minister indicate whether all of the companies bidding were made aware of the additional criteria prior to submitting their bids?

[*Translation*]

Hon. Jean-Pierre Goyer (Minister of Supply and Services): Mr. Speaker, first of all I must say to the hon. member that my department did not call for tenders for Central Mortgage and Housing Corporation. The latter attends to its own needs. As for the Department of National Health and Welfare, I have already answered that question, I believe, giving all the necessary details. My parliamentary secretary also answered the question, and I indicated quite clearly that of the five companies, three were highly qualified technically. The three made similar bids. So, it was a matter of deciding, according to other criteria, who would be awarded the contract. That is when I applied the criteria for ensuring a better distribution of government purchases among the various parts of Canada. I have done so for the west and for the maritimes and am doing so now for Quebec. That is one way of achieving the objectives Parliament itself has set. When parliament approved my budget, it accepted that socio-economic considerations occasionally, and exceptionally, apply. That explains what happened.

● (1417)

[*English*]

Mr. Huntington: Mr. Speaker, my supplementary question concerns government policy in connection with the award of computer contracts. Testimony before the public accounts committee has revealed there are some 17 computers within the Department of Supply and Services' system and that there is available capacity at the moment. Can the minister explain why the government, in this period of restraint, persists in seeking outside computer facilities when its own hardware is perfectly sufficient to fulfil services of this type?

[*Translation*]

Mr. Goyer: Mr. Speaker, the hon. member's information is somewhat outdated. There was a time when the department had an over capacity. This is no longer the case and we are using our computers in a most economical and profitable way. As to the policy of purchasing outside the government cheaper and more efficient services, I am not telling the House anything new when I say that such is my department's policy, a policy which I feel is a good one. We intend to pursue this policy because we feel that it benefits the Canadian taxpayers.

[*English*]

Mr. Huntington: I have to advise the hon. gentleman that testimony before the public accounts committee has shown that an updated program could make all kinds of capacity available within the government's computer system. The minister has mentioned the need to apply socioeconomic criteria when considering the allocation of computer contracts. When 78 per cent of those contracts are for Ontario and 15 per cent are within the province of Quebec, can the minister advise us how these criteria can apply to the other eight provinces which are trying to share the remaining 7 per cent?

[*Translation*]

Mr. Goyer: Mr. Speaker, I did not say that I was making exception in the case of computer data processing contracts for socioeconomic considerations. Such considerations apply to all government contracts, but in fact in a most exceptional way—

Mr. Clark: Most exceptional!

Mr. Goyer: —indeed, in a most exceptional way. I said that they were applied under certain circumstances to the benefit of western Canada, and if the Leader of the Opposition is against that policy, let him say so and explain his policy to western Canada. I for one think that it is the government's duty to strike a better balance and to pursue national objectives. If the policy of the Progressive Conservative party is different, the Canadian people will be the judge.

[*English*]

INTRODUCTION OF "SOCIOECONOMIC CONSIDERATIONS" IN COMPUTER CONTRACT BIDDING

Mr. James Gillies (Don Valley): Mr. Speaker, my question is also to the Minister of Supply and Services. One might applaud what the hon. gentleman says, but I am sure he will agree that the institutions of democracy are ruled by law, not by people. I ask by what authority he introduced the criteria of socioeconomic considerations into the process of calling for tenders.

[*Translation*]

Hon. Jean-Pierre Goyer (Minister of Supply and Services): Mr. Speaker, perhaps the hon. member was absent or absent-minded when I answered a few minutes ago. I said that policy was clearly specified and in the objectives of the department and that it is reviewed each year by the committee of the House which considers and approves my departmental estimates. Moreover, it is the objective pursued by my department under the act and we must try to achieve the aims which the government sets for itself. One of those aims is a better distribution of government contracts. But we must keep in mind the golden rule that, in so doing, we must abide by the rules of competition. But when a choice must be made because competition does not make that choice obvious, what criterion must we go by, if not criteria relating to a better distribution of government contracts throughout the country? I think this is quite legitimate.

[*English*]

Mr. Gillies: I am talking about questions of legality and of propriety which arose during consideration of the awarding of this contract. Was a definition put forward by the government to all bidders making clear what "socioeconomic considerations" meant? There were ten criteria listed for the bidders: "socioeconomic reasons" was not among those defined. Has the government made public a definition, approved by parliament, of what "socioeconomic considerations" means when tenders are being called?

● (1422)

[*Translation*]

Mr. Goyer: Mr. Speaker, I am repeating myself because the questions are the same. But following an analysis of the tenders submitted by the five companies, when the departmental officials come to the conclusion that three of them are most satisfactory and the prices are similar, how do we make our choice? We could do it in a quite arbitrary way, maybe by tossing a coin. We could also proceed in a more sensible way by following the principles which the government has set for itself and try to alleviate regional disparities. If I had chosen to award the contract myself or if my officials had advised me categorically to award it to one particular company, I would have done so. And if I had used my discretion to pick some other company than the three, let us say one from Ottawa, would the hon. member have asked the same questions under the same conditions, or would he have been satisfied that it was an Ontario company? Personally, I think that one must refer to other objectives and not simply to what the hon. member has in mind, that is mere party considerations.

[*English*]

Mr. Gillies: Mr. Speaker, let me go back to the Minister of Supply and Services and tell him I would have put precisely the same questions because the issue at stake here is not the general objective; the issue at stake is fairness and propriety in the awarding of contracts. How can the minister say what he says if socioeconomic conditions are not defined? If they are not defined for tenders, how can there be justice, fairness or propriety?

After the Lockheed mess, I would think the minister would want to get these things defined effectively so that we know what they are. If a person is contracting with the Government of Canada, can he go to the Department of Supply and Services and find spelled out in some sort of administrative bulletin a definition of the policy of the government with respect to socioeconomic considerations, what they are and what the government considers them to be, so that if I am bidding or anyone is bidding on a contract, I will know what they are?

Mr. Hees: It is what Keith Davey says.

[*Translation*]

Mr. Goyer: Mr. Speaker, to be still more specific if the hon. member will listen to me for a few moments, I will say that when three companies are equal, how do you administer the decision process within the department if not by referring to more global objectives, to general government objectives? I wonder just how the hon. member would have decided which one of these three equal companies would be given the contract. By plain patronage, or on the basis of socioeconomic considerations, which are well known to the hon. member and are widely used by the Department of Regional Economic Expansion, and with which I totally concur.

[*English*]

FINANCE

ALLEGED SPECULATION ON DOLLAR BY MPs

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to put a question to the Prime Minister regarding the serious allegations which were made over the weekend concerning the possibility that a number of Liberal members of parliament and perhaps even some cabinet ministers speculated with respect to the rise or fall of the Canadian dollar. I ask the question because of its serious nature. It is very serious if there is any truth to it, and equally serious if charges have been made without foundation.

In view of the fact that reports indicate that Mr. Michael Pitfield has conducted some kind of an investigation into this matter, and in view of the concern of the whole House about this, will a statement be made to the House on the results of Mr. Pitfield's investigation, or will the matter be referred to one of our standing committees so that it can be sorted out in its entirety?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as you know, we intend to raise a question of privilege on this matter at three o'clock. Perhaps at that time we can state the government's point of view more explicitly. However, I want to tell the hon. member that this kind of insinuation, innuendo and accusation without any substantiation or proof is something which is not only harmful to this side of the House but, I believe, to all those in public life.

Some hon. Members: Hear, hear!

● (1427)

Mr. Trudeau: When the hon. member who made these accusations has made this type of accusation before, he generally fails to follow up on a Monday what he has said on a Friday and gets enormous coverage on it. We hope that he will be able later today to either withdraw his allegations or substantiate them.

* * *

HOUSE OF COMMONS

CONFLICT OF INTEREST LEGISLATION

Mr. Stanley Knowles (Winnipeg North Centre): I thank the Prime Minister for telling us that his side intends to raise this matter at three o'clock. As Your Honour knows, I gave similar notice because I agree with the Prime Minister that the matter is serious, no matter which way it goes.

I should like to put a supplementary question perhaps to the Deputy Prime Minister. In view of the fact that this kind of thing could not happen, or could not be alleged if we had proper, airtight conflict of interest legislation, can the Deputy Prime Minister say when action will be taken to have such legislation considered by the appropriate committee and placed before the House?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, as the hon. member knows, I have had this matter under consideration. In fact, there is a bill ready and if there is a disposition on the part of hon. members to deal with it, I will bring it forward very quickly.

* * *

[*Translation*]

FINANCE

INQUIRY WHETHER $186 MILLION IN SALES TAX DISCUSSED WITH QUEBEC

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of Finance. In view of the continuing dispute between Quebec and Ottawa over the remittance of a certain amount of money to the Quebec government, can the minister tell the House whether he has had talks with the Quebec authorities during the weekend over this famous matter of the $186 million to be reimbursed to that province?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, last Monday, when the bill was introduced in the House, I spoke over the telephone with the Quebec minister of finance, Mr. Parizeau. He told me that he might phone back, yet eight days have passed since the telephone conversation and I have not heard anything from him.

SUGGESTED MEETING WITH QUEBEC PREMIER TO DISCUSS SALES TAX

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, given the present situation, one can look back to the fifties when the government of Quebec adopted its income tax legislation which caused a dispute between the provincial and the federal government. I am talking specifically to the right hon. Prime Minister. At that time, this conflict was settled by a meeting of the two heads of government following two excessively harsh speeches delivered the same day respectively by Quebec Premier Duplessis and the Prime Minister of Canada, Mr. St. Laurent. During the following days, the two men agreed to meet at the Windsor Hotel in Montreal to try and find some common ground between them. Would the Prime Minister be prepared to repeat this gesture and to arrange a meeting with the premier of Quebec before it is too late?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have not delivered any harsh speech, but I answered a similar question last week and indicated that the federal government and I were ready to discuss that question with Quebec representatives, including the premier. But I would remind the hon. member that from the beginning we had very extensive talks with the province of Quebec regarding that matter. Our

Minister of Finance had talks with Mr. Parizeau for three weeks but unfortunately we never got an answer. At the time of Mr. St. Laurent and Mr. Duplessis, both parties could talk to each other and reach conclusions. Now it is difficult to know where we stand when we try to have talks and the other party does not answer.

* * *

[*English*]

EXTERNAL AFFAIRS

CALL FOR IMMEDIATE END TO AID FOR CUBA

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Prime Minister. It arises out of the horrifying slaughter in Zaire over the weekend. At the present time, while there is no evidence that Cuban troops were engaged there, nonetheless 32,000—-incidentally, transported to their destination by Air Canada—have been acting in such a way as to give leadership in undermining governments in Africa which would lead one to conclude that the leadership of Cuba has been taken over by others in this regard.

● (1432)

A few minutes ago the hon. member for High Park-Humber Valley endeavoured to move a motion to have this question looked into. In view of the utter lawlessness, dangerous to world peace, which has been perpetrated regularly since Angola was occupied by Cuban troops, will the government advise the administration in Cuba that the millions of dollars Canada has given by way of technical assistance and the contributions through the Canadian International Development Association will end once and for all, so that Canada will not be placed in the position of being an accessory to the disreputable international brigandage on the part of Cuba?

Will the Prime Minister give that assurance, because all over the world people wonder why Canada continues to give repeated assistance to a nation which has become lawless internationally?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, something was said in the preamble to the question which I did not quite understand. In some manner the right hon. member linked Air Canada to the presence of troops in Africa. I think this is another of the many unsubstantiated allegations which we hear from—

Some hon. Members: Oh, oh!

Mr. Diefenbaker: I will substantiate it right away.

Mr. Trudeau: It is another of the unsubstantiated allegations which we are hearing constantly from the other side. If the hon. member wants to raise a supplementary question, I am sure Your Honour will recognize him.

[Mr. Trudeau.]

As to the substance of the question of foreign aid, I would point out to him that the aid program to Cuba was initiated some years ago under a regime of co-operation with Cuba which began, if my memory is correct, in the right hon. member's day. This program of co-operation began several years ago, before the Angolan incident. It is being brought to termination: the Secretary of State for External Affairs has said so. There are no present plans for any future projects in Cuba. The present projects are either terminated or are on the verge of being terminated.

In so far as concerns representations to Cuba, I would remind the right hon. member they have been made in various circumstances, including by myself to Premier Castro, indicating the degree to which Canada disapproves with horror the participation of Cuban troops in Africa.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Mr. Speaker, that is a typical kind of evasive answer one would expect from the Prime Minister who had a love affair over the years with Castro which began, or at least was participated in by him, by canoe. That is not unsubstantiated. I will go into the particulars, if the Prime Minister wants to hear them.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Diefenbaker: Will he give me the assurance that this love affair will end, that Cuba will be told it is an international brigand, and that we are not going to do anything to assist it by loan, or otherwise make available further funds for the continuance of its aggressive, unjustified actions dangerous to world peace?

Mr. Trudeau: Mr. Speaker, the hon. member is suggesting that we do things which have been done already: disapprove of the Cuban action in Angola and not continue our foreign aid.

Mr. Diefenbaker: Done when?

Mr. Trudeau: As to having a love affair in a canoe, either the hon. member knows nothing about love affairs, or canoes.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Diefenbaker: Mr. Speaker, if the Prime Minister wants proof as to his "canoedling", he can get in touch with the CIA of the United States which entered into the equation and caused him to be denied entry to the United States for years and years.

Some hon. Members: Oh, oh!

Mr. Speaker: The hon. member for Joliette.

Mr. Trudeau: Mr. Speaker, I just want to—

Some hon. Members: Order.

Mr. Baldwin: You are up the creek without a paddle.

Mr. Trudeau: The hon. member has not substantiated his allegations on Air Canada. But I must point out to him that I was denied entry to the United States in the middle fifties. I attempted to paddle to Cuba in 1961 or 1962. Therefore, the CIA is wrong again, if that is where the hon. member gets his information.

* * *

[*Translation*]

FINANCE

SUGGESTED MEETING WITH QUEBEC PREMIER ON REIMBURSEMENT OF SALES TAX

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to put a question to the Prime Minister.

He said a while ago that he already had discussions with other premiers and that perhaps communications were smoother then than they are now. I remember quite well, for example, the case of universities when the premier and prime minister at the time had succeeded in finding a solution to a deadlock, and the Prime Minister knows exactly what I mean.

Under the circumstances, in the present conflict and in view of the deadlock between the two levels of governments, would the Prime Minister who is responsible for the administration of Canada be prepared, considering the failure of negotiations by his Minister of Finance, to initiate and arrange a meeting with the Quebec premier to endeavour to find a fair solution for his government as well as for the Quebec government?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Minister of Finance has just answered that question. He tried to arrange such a meeting when he phoned to the Quebec minister of finance on the day he introduced his bill, that is last week or the week before, and he has yet to receive a reply.

SALES TAX—INQUIRY AS TO FORM OF PAYMENT OF $40 MILLION TO QUEBEC

Mr. Roch La Salle (Joliette): Mr. Speaker, the Prime Minister is certainly aware that the Minister of Finance is finding it increasingly difficult to go on with those negotiations. Such was the reason that prompted my question, because many Canadians in my view are concerned, and rightly so, that the minister may not assume responsibility for those negotiations. My supplementary, however, is for the Minister of Finance. Many Canadians I am sure would like to know exactly where the Minister of Finance will find those $40 million he indicated he will be paying the province of Quebec? Under what form and from which account will they be paid to Quebec?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in the legislation that has been put forward, there is provision for the Canadian government, in addition to making fiscal room for the other provinces, to provide compensation because under the agreement entered into with the provinces calling for a 3 per cent sales tax cut over six months, we cannot beforehand determine the exact amount of revenue that will be lost by each province in the process. There is provision in the bill before the House that, if they lose more than the $100 we have recognized as being the normal rate for the tax cut at this point, payments could be made, and we would be using the same provision for the $40 million.

Mr. La Salle: Mr. Speaker, I have a supplementary.

In interviews with the *Gazette* during the weekend, the leader of the Liberal party of Quebec stated about the sales tax that Quebec has just applied its normal jurisdiction by refusing the conditions imposed by the federal government. In the face of such a statement, could the Minister of Finance think a little further and recognize that he made an enormous error, and withdraw his proposal to meet the wish expressed by the leader of the Liberal party of Quebec on this matter?

Mr. Chrétien: Mr. Speaker, in the circumstances, we offered to withdraw from a taxation field to ensure that the taxpayers in Quebec will not suffer because no agreement can be reached between the provincial government and myself. We do so according to the formula used in 1959 by the universities and in 1965 on the general agreements on the withdrawal of the federal government from some activities. So we follow the tradition which has been applauded in Quebec as being the most normal means in the absence of an agreement between the federal government and the province, namely the withdrawal from a taxation field, and if Quebec wants to increase its taxes, it can always do so because it is its own field.

● (1442)

SALES TAX—INQUIRY WHETHER GOVERNMENT PREPARED TO REIMBURSE QUEBEC $186 MILLION

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I have a question for the right hon. Prime Minister.

In view of the declaration of Mr. Ryan, the Liberal party leader in Quebec, that the recent inflexibility of the federal government as concerns the sales tax proposal has greatly encouraged separatism in Quebec, I would like to ask the right hon. Prime Minister if he is now prepared to change his policy of reimbursment for Quebec taxpayers and to negotiate directly with the province of Quebec to give the province the $186 million?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, since I have not seen Mr. Ryan's statement, I cannot comment on it, but as concerns the suggestion of the hon. member, I would like to say that he is suggesting that the money be paid

to the Quebec government while his chief, the Leader of the Opposition, suggested some days ago that this money be distributed fairly to all Quebec citizens. His party should first of all come to an agreement about the method to be used so as to put an end to the whole matter.

SALES TAX—POSSIBILITY OF WITHDRAWAL OF BILL C-56 AND RENEGOTIATION WITH PROVINCES

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I have a supplementary for the right hon. Prime Minister.

In view of the clear statement by Mr. Ryan that the federal government's position is helping separatism in the province of Quebec, is the government now prepared to support the amendment suggested by the opposition, that is that Bill C-56 be withdrawn for one month and that the proposal be renegotiated with the provinces to correct the situation?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if the hon. member could only tell us what we should do after one month! Renegotiate what? If his party had an idea about this, we could at least listen to their suggestion, but they cannot agree amongst themselves about what should be done.

* * *

[*English*]

EXTERNAL AFFAIRS

UN DISARMAMENT CONFERENCE—GOVERNMENT POSITION

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is addressed to the right hon. Prime Minister. I note that he will be addressing the special assembly on disarmament at the United Nations on Friday next, May 26.

Will the Prime Minister, either before he speaks there or upon his return, make a statement on motions in the House of Commons on the disarmament conference and Canada's initiatives, so that the Canadian Parliament and the Canadian people can participate in a serious effort to reverse the present trends toward immensely wasteful expenditures on arms which are a curse and a scandal to the world as a whole?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I appreciate the support and the feelings of the hon. gentleman. I would be interested in debating these matters with the House of Commons and, hopefully, gaining support for the position of the Canadian government. I must point out to him, however, that the special assembly of the United Nations will be going on for as long as a couple of months and we would not be able to report to the House on the results of the conference until it is terminated.

If the hon. member wishes, we could debate the subject either on motions or on a special day. The time will be difficult to find as far as special days are concerned, but there are 8 or 10 opposition days which might be a good occasion to discuss this important subject. We would participate with pleasure.

[Mr. Trudeau.]

Mr. Brewin: A supplementary question, Mr. Speaker. I should like to ask the Prime Minister whether it would be possible, after his visit, for him or the Secretary of State for External Affairs to let the Parliament of Canada know the progress and the prospects of this disarmament conference. I fully appreciate his point that a complete report must await completion of the conference, but I hope that we may not be here at that time. In any event, I think the people of Canada would like to know what is going on in this matter that so much affects their lives and the lives of everybody throughout the world.

Mr. Trudeau: I repeat, Mr. Speaker, that the government is willing to discuss this matter. The hon. member knows that between now and the end of June the government has less than 20 days at its disposal, and every day there arises a suggestion from the opposition that we do certain things with that time. Today the opposition has suggested we should bring back the independence of parliament. The government House leader has stated that he can bring that forward too, but time is limited between now and the end of June.

The hon. member may want to follow my suggestion of doing it on an opposition day, or having me answer questions on the subject from members of the opposite side when I return. I would gladly give answers as lengthy as the House permits.

* * *

FINANCE

SALES TAX—REQUEST FOR WITHDRAWAL OF BILL C-56 AND RENEGOTIATION WITH PROVINCES

Mr. Gordon Towers (Red Deer): Mr. Speaker, my question is directed to the Minister of Finance. In defence of the federal income tax rebate to Quebec taxpayers, the Minister of Finance made the unfounded statement that Alberta receives its share in grants to the oil industry, completely disregarding the fact that all Canadians benefit therefrom through lower than world oil prices, thus leaving Alberta out in the cold.

I ask the minister if he is now prepared to admit his error, to amend Bill C-56 by removing the tax refund provision, and to renegotiate this policy in the best interests of Canada's ten provinces.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the first day that I talked to the minister of finance of Alberta I said that the scheme of the federal government was to compensate the provinces that were faced with sales tax. Some provinces have a sales tax of 11 per cent, so we wanted to help them to reduce it. I told this very clearly to the minister of finance of Alberta.

At the same time, I said that as they do not have any sales tax in Alberta, there were other provisions in the budget that would be helpful to that province. Evidently the oil tax break that was given to heavy oil and the tar sands will help the economy of Alberta. For that matter, when we decided to do

something for incorporated farms, I think per capita in Alberta is where there are the most.

Mr. Towers: A supplementary question, Mr. Speaker. The provision respecting incorporated farms affects farmers all across Canada. Bill C-56 is one of the most divisive pieces of legislation presented to any parliament.

In light of the fact that senators and members of parliament representing Quebec would ordinarily qualify for the $85 tax refund and, if resident in Ontario for a major part of the year, would benefit as well from the 3 per cent sales tax reduction in that province—having the best of two worlds—why has this government ignored Albertans who pay income tax on much lower incomes yet do not receive any benefit?

Mr. Chrétien: Mr. Speaker, I have explained many times that we decided to compensate the provinces where there was a sales tax, and in Alberta there is none. The hon. member speaks about people who have a better deal. When he is in Ottawa he pays sales tax, but he does not pay it back home in Alberta.

I do not think this is creating an injustice to the rest of Canada under my scheme. The maritime provinces could not afford to contribute to the cut in sales tax from their own treasury, so I paid the total sum to them because I recognize that there are some provinces richer than others.

* * *

SUPPLY AND SERVICES

SOCIOECONOMIC CONSIDERATIONS IN AWARDING CONTRACTS

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I have a question for the Minister of Supply and Services which is supplementary to earlier questions asked by the hon. member for Capilano and the hon. member for Don Valley.

In introducing the question of socioeconomic considerations, the minister has introduced a new factor in adjudicating bids for government construction: at least it is new to members on this side of the House.

Could the minister inform the House whether there have been other circumstances where socioeconomic considerations have resulted in a firm being awarded a contract when the other details of the bid such as price, performance and reliability of service might not have indicated such a choice?

[*Translation*]

Hon. Jean-Pierre Goyer (Minister of Supply and Services): Mr. Speaker, first I must insist on the fact that my department awards the contract to the company which offers the best product at the best price and which complies with the conditions of the tender call. That is the policy of my department. Exceptionally, we introduce the socioeconomic concept. I will give an example for members from western Canada, from Alberta, who are interested in this question. We went farther than selecting among firms with similar bids, in one case we awarded a contract directly to a company without calling tenders for manufacturing furniture to satisfy the needs of western Canada where there were no factories which could fill our requirements. We gave a contract to a company from Edmonton. This factory expanded and today it can be competitive on the national market, so much so that three years ago when we called tenders for furniture for the Canadian Royal Mounted Police headquarters in Montreal, this company from Edmonton submitted a bid and got the contract ahead of companies from central Canada, from Quebec and particularly from Montreal. That is a very intelligent supply policy, Mr. Speaker.

• (1452)

[*English*]

Mr. Andre: Mr. Speaker, the minister has not explained to those of us on this side of the House and the public just what socioeconomic factors are and how one introduces those in submitting one's bids. Perhaps we could get some guidance on this if he would tell the House why a company like IST, which is headed by a personal friend of the Minister of State for Urban Affairs, was awarded a contract for computer services, when it is widely held that it is incapable of meeting some of the technical performance standards of the other bidders for the contract.

[*Translation*]

Mr. Goyer: Mr. Speaker, the remarks of the hon. member are trite and really out of place in this parliament. If the hon. member can tell me how this company was not technically qualified, I am prepared to listen to him, and the same thing goes for the hon. member for Don Valley. Concerning the contract which was awarded, Mr. Speaker, not only was it awarded upon my recommendation but also with the authority of Treasury Board.

* * *

[*English*]

PUBLIC SERVICE

PERSONS PROPOSED TO BE RED-CIRCLED BECAUSE OF OVERCLASSIFICATION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would like to direct a question to the Prime Minister. I am sure he is aware of the study undertaken by the Treasury Board involving overclassification, a study which revealed that in the Ottawa-Hull area, having looked at some 2,000 cases, 16 per cent of them were overclassified. I am sure the Prime Minister realizes this is a very serious matter for those who have been overclassified.

I ask the Prime Minister if it is his intention and that of the President of the Treasury Board to indicate just who those persons are, as the Prime Minister can readily understand that this is affecting morale in a significant way.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do know the Treasury Board is constantly attempting to improve the efficiency and proficiency of government and inquiring into its administration and the administration of other departments. This study is one of such initiatives of the President of the Treasury Board. As far as details are concerned, I would ask the hon. member to hold his question and I will ask the minister to answer it the next time he is in the House.

Mr. Alexander: Following that answer—after all, the Prime Minister does not know everything that is going on in the country—I would put the matter to him this way. There is a study, and there has been some indication that the government is intending to impose red-circling on a massive scale. Would the Prime Minister, when he is discussing this matter with the President of the Treasury Board, also ask him if he would be prepared to see to it that that 1976 study is referred to the appropriate standing committee, perhaps miscellaneous estimates, in order that the whole matter can be looked into prior to any red-circling, given the fact that red-circling was never envisaged to be used in such a massive way as is indicated in today's press? Would the Prime Minister tell the House that he will be pleased to take this matter up with the President of the Treasury Board as well?

Mr. Trudeau: Mr. Speaker, the President of the Treasury Board is presently appearing before a Senate committee on some of his policies. The hon. member knows the President of the Treasury Board is available in the House almost every day to answer questions. Of course, he appears before committees of this House, notably on his estimates, where the hon. gentleman can not only put these questions but make some proposals of his own, about which he is always very generous.

Mr. Alexander: Mr. Speaker, why cannot the Prime Minister answer my question, or does he want to continue governing in secrecy? I am asking the Prime Minister whether he will see to it that this matter is brought to the attention of the President of the Treasury Board. After all, this matter has hit the fan over the past two or three days. Would he ask him whether he will see to it that the 1976 report is directed to the appropriate committee before further consideration is given to wholesale red-circling? That is all I am asking the Prime Minister.

Mr. Trudeau: Mr. Speaker, that is all I am answering, and the hon. member does not have to wax indignant over it. I told him I would note his questions and transfer them to the attention of the hon. minister.

An hon. Member: And keep them under cover.

[Mr. Alexander.]

SMALL BUSINESS

PROGRAMS TO ASSIST

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question is for the Minister of State for Small Business. In view of our continuing insistence that action dealing with small business problems in this country is long overdue, and because the minister has now had a full week to absorb the latest positive recommendations made during our opposition day last Tuesday, could the minister confirm to this House his intention to introduce much needed incentive-oriented programs to small business along those lines today or in the near future?

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, as I indicated last week, notwithstanding the helpful intervention of the hon. member we have been planning for some time to initiate new programs of assistance for small business. I hope to be able to announce some of them very shortly.

Mr. Jelinek: Mr. Speaker, I am naturally pleased that the minister is finally succumbing to our initiatives and I look forward to his announcements. However, I wonder why small business rates so low with this government that it was virtually ignored in the recent budget and is now looked at as an afterthought.

Could the minister tell us whether we can look forward to hearing him on motions when he makes these announcements in this House, as is customary, or will he follow the recent examples of his cabinet colleagues and the Prime Minister and once again ignore parliament by making his statements outside the House? Which is it going to be? I hope it will be in the House.

Mr. Speaker: Order, please.

* * *

AGRICULTURE

PROBLEMS OF DAIRY INDUSTRY

Mr. Bruce Halliday (Oxford): Mr. Speaker, my question is for the Minister of Agriculture. Since I have only one question, perhaps you will permit me a little longer preamble. The concern of the dairy farmers of Canada for the future of the dairy industry was heightened this past week by three events. The minister was defeated in a live milking contest by the hon. member for Elgin, the official opposition critic for agriculture.

In view of the obvious need to improve the skills of the minister and his department, some concerned constituents in Oxford have asked me to provide the minister with this new gadget for solving dairy problems. The directions read as follows:

This rather complex gadget
Is one you pull and squeeze
It's a Dairy-Problem-Solver—

Gives answers in a breeze.
Provides the need for tranquil thought
For skim milk, take one udder,
It's 2 for cheese and 3 for cream,
Grab 4 if you want budder.

An hon. Member: Table it.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. Does the hon. member for Oxford have a question?

Mr. Halliday: Mr. Speaker, my question relates to the provision of milk and cheese and the other two events which came to my attention last week. I ask the minister if he can confirm that last week at a banquet in the Chateau Laurier, a CN hotel, given by the National Capital Commission in honour of over 250 students from across Canada, no milk was available for those students.

Some hon. Members: Oh, oh!

Mr. Halliday: Could he confirm that CEMA, the Canadian Egg Marketing Agency, has negotiated a deal with companies such that they now provide this kind of coupon worth 15 cents in a box of—

Mr. Speaker: Order, please. I gave the hon. member more than sufficient leniency and I think he has overextended it.

An hon. Member: Come on, Gene.

An hon. Member: He wants an answer.

* * *

PRIVILEGE

MR. BASFORD—FINANCE—ALLEGATIONS MADE BY HON. MEMBER FOR YORK-SIMCOE REGARDING SPECULATION ON DOLLAR BY MPs

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I rise on a question of privilege relating to the matter raised during the question period by the hon. member for Winnipeg North Centre (Mr. Knowles) involving statements made on Friday evening, in a Canadian Press story, by the hon. member for York-Simcoe (Mr. Stevens). I regret that having occupied the headlines of the news media for the week end the hon. member is not in his seat today—

Some hon. Members: Shame!

• (1502)

Mr. Basford: Mr. Speaker, on Friday, May 19, 1978, a Canadian Press story was transmitted and subsequently broadcast on a number of radio and television stations, as well as published in a number of newspapers, quoting the hon. member for York-Simcoe (Mr. Stevens). The story in part reads as follows, and I am quoting from the Canadian Press story as published in the Ottawa *Citizen* of May 20, 1978:

Privilege—Mr. Basford

Conservative finance critic Sinclair Stevens says he has been told by bank sources that nine Liberal MP's, including two or three cabinet ministers, have been involved in speculation against the dollar . . .

In the interview, Stevens said: We've learned through the banks that nine Liberal MP's played the Canadian market as it was going down . . .

Stevens said in the interview that about two or three cabinet ministers were supposed to have been involved. "Presumably they've broken their oath for secrecy" Stevens said.

The seriousness of this story and these statements was underlined by the hon. member for Winnipeg North Centre (Mr. Knowles) who, in his question to the Prime Minister (Mr. Trudeau), pointed out the serious nature of these statements.

For our part, we on this side find that they have no validity. This interview and the unsubstantiated and grave allegations, in my opinion, constitute a question of privilege, and adversely reflect upon members in our capacity as members or as ministers.

There can be no doubt that such untruths are intended to cast doubt on the honesty and integrity of members on this side of the House. In so doing, the hon. member for York-Simcoe has gravely reflected upon all of us on this side. As the Prime Minister in his answer a moment ago pointed out, he has in fact by these unsubstantiated and, if I may say so, reckless statements, reflected upon all in public life.

Since making them, he has done nothing to substantiate them, withdraw them, or correct them, except, I understand, to explain that he was fairly "relaxed". I would not think that loose lips would be a desirable characteristic of an official financial critic of the official opposition.

Some hon. Members: Hear, hear!

Mr. Basford: He has done nothing to alert the Prime Minister as to the persons involved or the seriousness, or any facts that he may be in possession of. In my view these statements clearly constitute an abuse of privileges of members of the House. If Your Honour so finds, I am prepared to move a motion.

Having had occasion recently to reflect on a number of cases, I think Your Honour will be familiar with the authorities. May I simply quote Erskine May on Parliamentary Practice, nineteenth edition, page 152:

"Written imputations, as affecting a member of parliament, may amount to breach of privilege, without, perhaps, being libels at common law", but to constitute a breach of privilege a libel upon a member must concern the character or conduct of the member in that capacity.

Your Honour recently had occasion to refer to Beauchesne's citation No. 140, and I quote:

The ruling relating to personal reflections occurring in debate may be stated thus, namely: that it is doubly disorderly for any member, in speaking, to digress from the question before the House and to attack any other member by means of opprobrious language, applied to his person and character, or to his conduct, either in general, or on some particular occasion, and tending to bring into ridicule, contempt, or hatred with his fellow-members, or to create ill blood in the House.

Your Honour's citation at page 11999 of *Hansard* for March 22, 1976, continues:

The House itself has developed a regime or practice which has grown up to protect members who feel themselves aggrieved by an allegation; it is a protection in the form of a challenge that the allegation either be substantiated, explained, qualified sufficiently or withdrawn.

The story that I have quoted, in my view clearly reflects upon members on this side of the House. Without substantiation or facts, it puts all of us under a cloud. There has been no denial, or clarification. It seems to me, Mr. Speaker, clearly a question of breach of privilege, and that the hon. member either has to be specific in his allegation, or withdraw it. As I say, Mr. Speaker, if you find that my submission is in fact a prima facie case I am prepared to move the necessary motion, that the article as quoted be referred to the Standing Committee on Privileges and Elections.

Mr. Speaker: As the House knows, I received notice of such a question from the minister and as well from the hon. member for Winnipeg North Centre (Mr. Knowles).

MR. KNOWLES (WINNIPEG NORTH CENTRE)—FINANCE—ALLEGATIONS MADE BY HON. MEMBER FOR YORK-SIMCOE REGARDING SPECULATION ON DOLLAR BY MPs

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as you just indicated, I gave you notice earlier today that if this matter was not raised in some other way, I would do so.

Let me say at the outset of what will be a very brief statement that if this were only a conflict between a member of the official opposition and the government, I would stay out of it. I would let the two of them fight it out. However, when this kind of thing can be said and I refer to the charges that were made over the week end by the hon. member for York-Simcoe (Mr. Stevens), it casts a shadow over parliament itself.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): As I see it, that shadow is cast either way. If there is any truth to the charges, it is a very serious cloud that hangs over us and it ought to be cleared up right away. On the other hand, if there is nothing to the charges, if the allegations are without foundation, that too is a serious thing to happen on the part of any member of parliament. I feel very strongly that the whole question should be referred to the Standing Committee on Privileges and Elections.

As I said earlier, there have been indications that Mr. Michael Pitfield conducted investigations. I am not sure from the reports whether it was some time ago or recently. This concerns not only Mr. Pitfield and the Privy Council office. This concerns us all. If the matter is referred to the Standing Committee on Privileges and Elections, Mr. Pitfield should be called before that committee.

I realize that in the absence of the hon. member for York-Simcoe, Your Honour will not want to finalize this matter today. However, I strongly urge that you give favourable consideration to referring the matter to the committee. By saying that, I am really admitting quite openly that I do not know the facts. I doubt if many members of the House know the facts. I do not think we can settle the issue by cross-fire in the House, but it certainly does need to be looked into.

Perhaps as a bit of a sideline, I may say that it concerned me to discover that the Toronto *Globe and Mail* in its issue of yesterday admitted or reported that it had stopped the run of Saturday's paper, after some 26,000 copies had been printed, to remove a story that it had run because it had been told by the office of the Leader of the Opposition (Mr. Clark) that the story was not true.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): There are times when the papers report things about us that we think are not true, but I do not know of any instance where they stopped a press run because of our appeal. I think that part of the story ought to be looked into by the committee.

I say, Mr. Speaker, we cannot settle the matter here. We could not settle it even if the hon. member were present. It is interesting that he has denied making certain statements, but over the radio certain statements he made have been played back from a tape. I believe the case is clearly one, not for argument and debate on the floor of the House, but for reference to the appropriate committee.

• (1512)

The Minister of Justice (Mr. Basford) has indicated that he would be prepared to move a motion and I suspect that, under the scheme of things around here, he would have priority over me. But in case his motion does not fit the bill and mine does, I am happy to read the motion I would be prepared to make if your Honour found there was a prima facie case of privilege. It reads:

That the allegations reported to have been made recently concerning speculation by Liberal members of parliament, including two or three cabinet ministers, be referred to the Standing Committee on Privileges and Elections for a full inquiry as to whether there is any foundation for such allegations and as to the circumstances under which they were made.

It would be my hope that at a meeting of that committee we might come more closely to grips than we have done as yet with respect to the whole question of conflict of interest and the independence of parliament. It is time we had this place tied up so tightly in these matters that such things as have been charged could not take place and, therefore, that such charges could not be made.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I want to say how grateful I am to the officials at the Table who were the first to inform me that a question of privilege would be raised today.

The hon. member for York-Simcoe (Mr. Stevens) is not in his place today. He is in his own constituency attending a function which was arranged some time ago and which could not be avoided. He will, however, be in the House tomorrow at which time he intends to have something to say, and I would naturally hope Your Honour would allow him to make a contribution before you adjudicate on the matter. I wonder if I

could reserve that right for my hon. friend from York-Simcoe by asking that the matter be held in abeyance until tomorrow.

Mr. Trudeau: What about the *Globe and Mail*?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, the hon. member for Winnipeg North Centre (Mr. Knowles) has read his proposed amendment into the record, and it might be useful, for the sake of the orderly conduct of our discussion on this matter, especially tomorrow, if I were to read mine as well. I propose to move, if your Honour finds there is a prima facie case of privilege:

That the allegations purported to have been made by the hon. member for York-Simcoe, namely that members of the House of Commons, including two or three cabinet ministers, have been involved in speculation against the dollar and that the ministers have broken their oath of secrecy, as referred to in a Canadian Press story published by the Ottawa *Citizen* and other newspapers on Saturday, May 20, 1978, be referred to the Standing Committee on Privileges and Elections.

Mr. Speaker: Order, please. As all members will recognize, it would be quite inappropriate to proceed with this matter in the absence of the member for York-Simcoe (Mr. Stevens). His absence has been explained by his House leader. In these circumstances the least we can do would be to postpone further debate until the hon. member can be here to make his contribution. It would then be appropriate that hon. members who have contributed to the discussion today be given an opportunity to make further contributions after which it can be determined whether a prima facie case of privilege exists.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 934, 1,195, 1,203 and 1,357.

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

[*Text*]

MR. PAUL GÉRIN-LAJOIE

Question No. 934—**Mr. McKenzie:**

1. Did the former chairman of CIDA, Mr. Paul Gérin-Lajoie receive retirement or pension benefits from CIDA or the government and, if so, what were the benefits and in what amounts?

2. Does Mr. Gérin-Lajoie hold, at present, a position in the government and, if so, what is the position?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Department of Supply and Services as follows: 1. During his employment in the federal public service, Mr. Paul Gérin-Lajoie was a contributor under the Public Service Superannuation Act and the Supplementary Retirement Benefits Act. Upon the termination of his employment, he became entitled to receive at his option either a refund of his own pension contributions, a full pension payable at age sixty, or a slightly reduced pension payable immediately. A full pension is based on 2 per cent of the average of the salaries received during the person's six most highly paid years for each year of credited service. As a matter of long standing government policy, the specific amounts of the benefits payable to any individual are considered confidential.

2. No.

CANADIAN FILM DEVELOPMENT CORPORATION

Question No. 1,195—**Mr. Andre:**

1. What is the Crown's precise financial interest in the Canadian Film Development Corporation as administered by the Department of the Secretary of State and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Film Development Corporation as follows: 1. The Canadian Film Development Corporation is a Crown corporation that was created by parliament (14-15-16 Eliz II, c 78, which received royal assent on March 10, 1967). The act set up an advance account for the corporation in the amount of $10 million. In 1971 the amount was increased to $20 million and in 1975 to $25 million. In 1977-78, the corporation began receiving annual appropriations instead of a statutory fund. Hence the corporation is not a private organization of which the government acquired control, but rather a corporation incorporated by a special act of parliament and included in schedule C of the Financial Administration Act.

2. (a) Not applicable. (b) According to the corporation's latest financial statements, the book value of the Crown's interests, that is "Federal Assets", is $2,849,984.

3. (a) $10 million when the corporation was created in 1967; $10 million in 1971; $5 million in 1975; $3.343 million for 1977-78; for a total of $28.343 million from 1967 to 1977-78. (b) The corporation recovered $4,390,000 from its contribution to films it financed, not necessarily in the form of profit but as capital recovery.

4. (a) The members of the board of directors are appointed by the governor in council. (b) The executive director and secretary are also appointed by the governor in council on the recommendation of the board of directors.

5. No.

Taxation

MR. KEITH SPICER

Question No. 1,203—**Mr. McKenzie:**

Did the former Commissioner of Official Languages, Mr. Spicer, receive retirement benefits or a pension and, if so (a) what were they (b) in what amount?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): During his employment in the federal public service, Mr. Keith Spicer was a contributor under the Public Service Superannuation Act and the Supplementary Retirement Benefits Act. Upon the termination of his employment, he became entitled to receive at his option either a refund of his own pension contributions, a full pension payable at age sixty, or a reduced pension payable at age fifty. A full pension is based on 2 per cent of the average of the salaries received during the person's six most highly paid years for each year of credited service. As a matter of long-standing government policy, the specific amounts of the benefits payable to any individual are considered confidential.

OFFICIAL LANGUAGES

Question No. 1,357—**Mr. Haidasz:**

What was the total amount of federal grants to each province and territory for the teaching of minority official language since the inception of the programme?

Hon. John Roberts (Secretary of State): Department of the Secretary of State: Attached is a chart on the assistance granted to second language education at the elementary and secondary levels.

Province	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	Cumulative Total
			(000's)					
Newfoundland	113,608	168,502	185,087	140,316	230,220	189,797	459,358	1,486,888
Prince Edward Island	42,863	50,463	46,508	50,948	50,443	101,995	111,853	455,073
Nova Scotia	310,223	349,733	347,621	296,889	458,441	557,950	694,947	3,015,804
New Brunswick	218,585	320,759	289,475	291,886	253,447	284,951	648,798	2,307,901
Quebec	5,635,954	6,644,155	5,860,970	8,731,620	7,560,566	9,351,686	14,777,074	58,562,025
Ontario	3,061,979	4,674,307	3,971,881	4,229,429	3,722,576	5,871,482	7,022,852	32,554,506
Manitoba	354,959	465,742	408,601	288,114	449,972	543,396	701,566	3,212,350
Saskatchewan	453,518	318,616	348,766	242,650	432,106	461,043	525,797	2,782,496
Alberta	579,653	680,007	578,196	410,827	625,501	756,655	832,021	4,462,860
British Columbia	834,645	961,907	756,577	817,491	732,359	1,376,833	1,319,737	6,799,549
TOTAL	11,605,987	14,634,191	12,793,682	15,500,170	14,515,631	19,495,788	27,094,003	115,639,452

Assistance to second language education at the elementary and secondary levels. (Contributions at a rate of 5 per cent.) For each pupil registered in a second language class, at the elementary or secondary level, the province receives 5 per cent of the average annual cost per capita. The formula takes into consideration the time spent on studying the second language.

[*English*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—SUGGESTION COMMITTEE STUDY FEDERAL TAX STRUCTURE

Mr. Dan McKenzie (Winnipeg South Centre) moved:

That a special committee of this House be established to determine whether the federal tax structure is inhibiting economic growth in Canada and promoting the export of employment opportunities to the United States.

He said: Mr. Speaker, this is a straightforward motion and it concerns a subject the government should have been dealing with long before today. As a matter of fact the serious disparity between the United States and Canada with regard to tax structures was first pointed out in 1966. It is closely tied to a subject which has been raised in the House on a number of occasions by myself and others—the serious outflow of capital from Canada. There is a brain drain, a business drain, a money drain, and a mass exodus of people. All this movement has been in evidence for a couple of years.

I read some figures into the record on May 17, Mr. Speaker, on research done in nine states, and I pointed out that approximately $6.9 billion of investment money had gone into these nine states, and I asked the question: how much has gone into the other 41 states? What are we looking at? Has $50 billion left this country, or $100 billion? We really do not know, and it is time some committee in this parliament started an investigation into this mass exodus to see what we can do to stop the flow.

I have some information provided by Peat, Marwick on the tax problem, Mr. Speaker, it is very difficult information to obtain. The government does not seem to be keeping any statistical information on the exodus of money and businesses or if it has it is keeping it to itself. We in the opposition have to rely on American newspapers, information from the United States government, and research done by investment counsellors in Canada. I have here some examples set out in detail which show the relative positions, after tax, of individuals residing in New York State and in Ontario, Canada. The date for the examples has been taken from the tax files of two Peat,

Marwick files and the information has been simplified somewhat for illustrative purposes.

It is assumed in both cases that the individuals have been transferred to Canada by their employers for a period of more than one year and that their families would also reside in Canada. The housing allowance which the employer pays is an amount to compensate the employee for the higher cost of housing in Ontario and other parts of Canada compared to New York, and the agreed amount is received by the employee in addition to his base salary. The two examples are based on certain assumptions—the employee would file a joint return for his non-working spouse in the United States, each individual has two children under 16 at the end of the year, OHIP premiums are paid by the employers, and 1977 tax rates are used. Also, an employer does not compensate the employee for any difference in tax arising from income which is not employment related, and there is no currency adjustment.

Now, if a United States firm transferred an employee from New York to Ontario and he was receiving a base salary in the States of $19,700, he would need, by way of housing allowance, the amount of $5,328; $384 in the form of OHIP assistance, and $3,968 in tax equalization. He would have to receive a salary of $29,380 in Canada to equal his $19,700 salary in the United States. This means the American firm would have to assist him with a payment of an additional $9,680 in Canada if the employee was transferred here. An American earning $35,460 working for that same firm, who is transferred to Canada, would have to be subsidized in the amount of $18,638. Hon. members can see the vast difference between the two countries.

● (1522)

For an employee to obtain a net disposable income of $15,887 in Canada he would have to be paid $28,996. To obtain a net disposable income in the United States of the same amount, $15,887, all a person has to receive is $19,700. Taxes on that amount in the United States would be $3,813, and in Canada they would amount to $7,781, more than double.

In another comparison, an employee in New York State receiving $19,700 in salary would pay taxes amounting to $3,813. A person being paid the same amount in Canada would have to pay taxes amounting to $7,781.

Hon. members can see how serious is the problem. This problem has much to do with the brain drain and the exodus of capital and business from Canada. That is why we presented this motion. We want to call witnesses, do research in a parliamentary committee, and study our whole tax structure.

There are many other examples which I would like to read into the record. This problem was first highlighted by the Royal Commission on Taxation in 1966. In a document entitled "International Tax Comparisons" the commission stated:

> For many Canadian workers, the market for their services is continental, not Canadian. This is especially true for highly skilled and professional employees who are increasingly sought by United States and other foreign employers as well as by employers in Canada. The so-called "brain-drain" from Canada has been widely noted and deplored by many observers. We are anxious that the Canadian tax system should not contribute to that drain.

So are we, Mr. Speaker.

> Taxes are not the only factor that affects an individual's decision to emigrate from Canada. For example, the persistently large differential between Canadian and United States mortgage interest rates may be as important a factor as taxes for many individuals.
>
> As is emphasized, differences in tax burdens are probably not as important as differences in salaries, working conditions and living costs. For reasons that need not concern us here, Canadian employers generally do not offer competitive salaries and frequently have not been able to offer work as interesting as that offered by United States employers. We are, however, concerned with reducing Canadian taxes on skilled workers and professionals to the point where there are no major tax incentives for emigration to the United States.

I will provide examples of the difference between the income taxes currently paid by taxpayers in equivalent positions in the United States and Canada. The examples will show, in several different situations, the total income taxes paid to all levels of government by a family with two children, both of whom are assumed to qualify for family allowances, and with an income of $12,000 earned by the head of the family. Comparisons will be provided for the average taxpayer earning this amount in the United States and in the Canadian provinces with the lowest tax rates, as well as for the average taxpayer residing in the state of New York and in Saskatchewan. In both of the latter cases taxes are substantially above the average for the respective countries.

As can be seen from the data given in my table, income taxes paid by a Canadian family living in the provinces with the lowest tax rates are even higher than those paid by a family residing in New York State. The differential is especially large for a family living in a house it owns because mortgage interest payments and property taxes are deductible in computing taxable income in the United States.

The examples in my table, which I will read from in a moment, show only the higher taxes paid by a Canadian family with two children at one income level. The percentage differences between Canadian and United States income taxes for different taxpayers with different incomes is given in my next table. In all cases the comparison is between United States taxpayers with average state and local income taxes, and Canadian taxpayers in provinces with the lowest income taxes. The data given in the table thus compare average United States income taxes with income taxes in all provinces other than Quebec, Manitoba, and Saskatchewan. Because 13 states in the United States do not levy any state income tax at all, this comparison is somewhat biased in favour of Canada. In spite of this bias it is apparent from my table that middle income taxpayers pay substantially higher taxes in Canada than in the United States. The difference in taxes arises in part from more liberal deductions in the United States, in part from lower tax rates, and in part from the right of husbands and wives in the United States to file joint returns.

The difference is lowest for a single individual with no dependents who does not claim itemized deductions. Such an individual, on the average, pays less income tax in the United States than in Canada if his income is between $8,000 and

$30,000. If the United States taxpayer lives in a state such as Pennsylvania, which has no state income tax, his income taxes are less for incomes ranging from $5,000 to $30,000.

For a married couple, average income taxes are less in the United States if the couple's income is greater than $7,000, even if only the standard deduction is claimed. However, over 60 per cent of United States taxable returns filed jointly by husbands and wives claim itemized deductions.

I have a few examples. The typical home owner in the state of New York pays an average of $1,419. In Saskatchewan he pays $1,914, or 25.9 per cent more income tax. The average in the United States is $1,318. In all provinces other than Saskatchewan, Manitoba, and Quebec, the average is $1,827, which means that the average in the United States is 27.9 per cent less. The average taxpayer filing itemized deductions in New York state pays $1,529. In Saskatchewan the amount is $1,914, or 20.1 per cent more.

The average taxpayer in the United States filing itemized deductions pays $1,409. In all provinces other than Saskatchewan, Manitoba, and Quebec the average is $1,827, or 22.9 per cent more than in the United States. Hon. members can see the wide variance, and it is time we got down to business and looked at our whole tax structure to see what we can do about lowering taxes so that we can keep Canadians, businesses, and investment money right here in Canada.

The average taxpayer using standard deductions in New York State pays $1,843. In Saskatchewan the amount is $2,178, or 15.4 per cent more than in the United States. The average taxpayer in the United States using standard deductions pays $1,634. In all provinces other than Saskatchewan, Manitoba, and Quebec the amount is $2,060, or 20.7 per cent more than in the United States. The Royal Commission on Taxation also made the following note:

Income taxes include provincial income taxes and old age security tax in Canada, and average state and local income taxes in the United States. They do not include compulsory contributions to government pension plans in either country. In all cases, the percentage difference is calculated using the Canadian tax figure as base.

● (1532)

I have a few other examples which I would like to read into the record. The first is examples of the percentage differences between U.S. and Canadian income taxes. If you earn $8,000 in the U.S. and $8,000 in Canada, you pay 17.3 per cent less in taxes in the U.S. If you earn $10,000, you pay 19.1 per cent less in the U.S. On $12,000 in each country, you pay 22.9 per cent less in the U.S. On $15,000, you pay 27.3 per cent less in the U.S. On $25,000, the difference is 36.6 per cent. No wonder people are moving to the United States.

I have some other comparisons to put on the record. These are more up to date figures. This is a tax equalization table for 1977. If you earn $20,000 in Canada, after all the deductions you pay $3,708 in taxes. On $20,000 in the U.S. you only pay $2,734, or $1,000 less. On $40,000, in Canada you pay on the average $12,369 in taxes, but in the U.S. only $8,472. There are many professional people in the $40,000 bracket, lawyers, businessmen and so on, and on about the same income they pay approximately $4,000 less in the U.S. That is quite an incentive to go to the United States.

In the higher income brackets, in Canada if you earn $61,000 you pay $23,094. If you earn $54,881 in the U.S., you only pay $13,400 in taxes, or $10,000 less. In what is called the middle income group in Canada, if you earn $27,776 a year you pay $12,377 in taxes. On a similar amount in the United States you pay only $6,198. That means $6,179 less in taxes after all the comparable deductions are made.

Some other examples I have here show that a Canadian earning $29,544 has to pay $9,418 in taxes. On the same amount in the United States he pays $5,317 in taxes which is approximately $4,000 less.

A question was raised a couple of weeks ago about the different tax structures in the two countries, and the Minister of Finance (Mr. Chrétien) made a comment regarding the medical and hospitalization costs in the United States. There are private plans there and you can get insurance coverage for medical and hospitalization costs both of which are tax deductible. Also, senior citizens have a social security plan under which medical and hospitalization costs are paid. They are well covered there, and it is not a penalty for them to become sick. You do not become bankrupt when you become sick, but you can claim your expenses in tax deductions. You can pay into private pension plans.

Many firms in the U.S. have their own medical and hospitalization plans. They also have deductions for dental expenses. There is quite an extensive list of deductible medical expenses. People in the U.S. are well covered. I obtained this information from the 1978 U.S. tax guide. We can certainly use these documents for study in committee in comparing the two tax structures.

I have further examples of tax deductions between Canada and the U.S. In the 1977 tax guide you will find information on profit or loss from business or profession, capital gains and losses, supplemental income schedule, credit for the elderly, computation of social security self employment tax, tax computation schedule, and credit for child and dependent care expenses. All these are areas that we can study.

There was a very interesting article in the latest *Executive* magazine entitled, "Trudeau Played To A Great Hush". It reads:

Executive spoke with columnist Janeway shortly after Trudeau addressed the Economic Club in New York City.

There was little doubt Trudeau wished to impress upon that audience that our economic nationalism is behind us, that his government now sees the value of the private sector, and that we wished to be taken back into the North American fold. Did he convince that audience of powerful business figures?

He played to a great hush.

I don't think anyone here believes that Canadian economic nationalism is behind you. I recently was in Fargo, North Dakota, right under Winnipeg. They tell me there that every week end you can't get a hotel room, and that all the shops that are well stocked are cleaned out by Canadian buyers. That is a lot more potent evidence than a press release to a group of stuffed shirts in New York. This has gone on every week in every border market centre between Seattle and Bangor, Maine.

As long as our people see your people flocking down here to buy their preferential merchandise and to park their money, they are not going to believe that economic nationalism is behind you in Canada.

We think, as I see it, the Trudeau visit meant nothing. If you are weak against the U.S. dollar, buddy, you're weak.

There seems to be less worry on Wall Street about Quebec separating. Since you are closer to the Canadian scene than some of those Wall Street people, wouldn't you agree they still have reason to be concerned?

Wall Street's got so much to worry about Wall Street. I don't think it's got Quebec on it's mind. Wall Street can't see beyond Fulton Street, beyond the ferry that goes to Staten Island.

In Grand Forks, North Dakota, they are building a $20 million shopping centre for Canadian visitors. This is a serious situation, but we hear nothing from the government. Actually we are the best boosters of the American economy. It is time we sat down together and found out how we can keep our people here.

Prior to the provincial election in Manitoba last October, financial experts, Peter Jerch and Associates, compiled a list of 19 clients whom they were assisting to move to the United States due to the political climate in Manitoba prior to the change of government there. These people who were moving out of Manitoba were taking some $40 million in investment money with them, and this was going to cost Manitoba 4,000 jobs. We were able to stop this trend in Manitoba with the change of government. Peter Jerch and Associates have done other studies. They are working on behalf of another 30 Canadian businesses which are planning to move to the United States. They are going to take $196 million of investment capital with them. Peter Jerch and Associates say that this will cost Canada up to 17,000 jobs.

The seriousness of the situation is quite apparent. My motion is perfectly legitimate. Certainly we have received no answers from the government in the past year in spite of having addressed questions to the Minister of Industry, Trade and Commerce (Mr. Horner) and the Minister of Finance. Also we have received no answer from the Prime Minister (Mr. Trudeau). This is a serious and dangerous trend, but there is no evidence that the government is doing anything about it. It is time we forgot partisan politics and referred this subject to a standing committee which could start an investigation and study of this serious situation.

U.S. magazines have done a considerable amount of research into foreign investment. One article points out the following:

● (1542)

This year alone foreign interests are likely to reinvest over $2 billion into their U.S. holdings—no small vote of confidence in the U.S. economy.

That is the direction in which they are going.

Last week I mentioned some figures regarding the geographic breakdown of where Canadian capital is flowing. The estimated capital expenditure in the State of Florida is more than $2.5 billion. While Florida is attracting larger amounts of Canadian capital, California has become the second most invested area. To this date over $1.5 billion out of Canadian pockets has ended up in California. Texas and New York comprise the third largest area of investment for Canadians, the figure is $1.3 billion; Colorado is $500 million; New Jersey is $400 million; North Carolina is $400 million; Georgia and Illinois are $300 million. This totals approximately $6.5 billion.

Some of our small businesses and individual investors, as well as our large companies, are moving large sums of money into the United States. For example, Canadian Pacific has moved $185 million to New York. Also 140 Canadian manufacturing firms have moved to the state of New York, taking with them $28.6 million. Union Nationale leader Rodrigue Biron indicated that $4 billion of economic exodus has gone to the United States. As reported in December, 1977, the *Financial Times* indicated that Cadillac Fairview invested $80 million in the United States. Canada Development Corporation invested $50 million; Bell Canada, $30 million; Inco Limited, $25 million; and Asamera Oil Corporation Ltd., $11 million.

Canada is no longer an attractive country in which to invest. Since 1975-1976 the flow of capital coming into Canada has decreased. Certainly it is most disturbing to read articles in Canadian and United States newspapers with headlines similar to: "Canadians Race to Buy up Florida". Approximately $7.5 million went to a north Miami beach apartment complex; $1.3 million for the Hawaiian Inn. The list is endless. Canadians have invested in businesses, motels, banks, and insurance companies.

Much of the Canadian investment from western Canada is going into Colorado. For example, $11 million was invested in two Denver apartment buildings by Hillcrest Investment Ltd. of Calgary. Canlea, a Canadian investment group, invested $16 million in an 850-unit apartment building in Houston.

I should like to refer to some of the larger takeovers. There was a $70 million takeover by B.C. Forest Products Ltd. of a Minnesota paper company plant; a $140 million takeover of a Revere Copper and Brass Company plant in Alabama by Alcan Aluminium Ltd.; and a $95 million acquisition and reconstruction by Co-Steel of Toronto of a New Jersey plant.

Between the exodus of capital and the serious disparities in the tax structure, it is time for the government to take a responsible stand. I hope we will hear some encouraging words from the government today on what will be done about this serious situation. It is not the purpose of governments to see how much money they can take away from the people. But certainly that is the philosophy of the federal government. I hope we receive some words of encouragement today. Tax reductions will stimulate the economy.

I should like to refer to one proposal which was offered by my party. A tax cut can be financed by a massive cut in federal expenditures, and an increase in federal revenues resulting from increased economic activity. As economic expansion takes hold and the restraint program matures, the federal deficit will grow smaller than would be the case with existing fiscal policies. Cuts in federal spending need be neither economically nor socially harmful. In proportional terms,

the room to cut appears small. In terms of taxpayers' dollars, there is plenty of room.

Notwithstanding ministerial statements about restraint, operating costs have increased by 37 per cent over the last two years. Why has that occurred? If these costs had increased only at the target inflation rates of the controls program, which were 8 per cent, and 6 per cent, federal budgetary spending would be $2 billion lower than it is now.

On February 2, 1978, we presented a motion which would give committees the power to examine all government departments and their expenditures, as well as the introduction of sunset laws. Nothing is being done in Canada about various programs. Once a program is established, whether provincial or federal, it carries on to infinity. Every government program does not have to continue for all time. They should be reviewed, along with the functions of all governmental departments. They should be reviewed to ensure they are still necessary and should carry on. Once a program is commenced—

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

Some hon. Members: Agreed.

Mr. McKenzie: In closing, personnel expenditures account for close to 60 per cent of operating costs. These expenditures must bear the brunt of expenditure cutbacks. Firings or layoffs in the public service are not required. A new hiring freeze, in conjunction with a policy of not replacing staff who resign or retire, would reduce on-strength personnel by more than 20,000 per year. Military personnel, prison guards and the RCMP would be exempt. The staff reduction program would apply to the remaining 470,000 in the employ of the federal government.

Further savings can be achieved over the medium-term by sunset laws and zero-based budgeting. Some of the nearly 400 federal Crown corporations can be dismantled, integrated within departments, or sold to the private sector. Non-budgetary or borrowings of Crown corporations must be curtailed, especially where the interest rate does not reflect market conditions.

The only federal department, Crown corporation, or agency which has shown any leadership in attrition has been Air Canada. I heard no objections from anyone in Canada when Mr. Claude Taylor, the president of Air Canada, announced that he was going to implement an attrition program within Air Canada. He reduced the staff by over 2,000 people during the last two years, taking into account deaths, early retirements, and what have you. The net result is a more efficient airline which is making a profit. We should follow the example of Air Canada. When the president of Air Canada announced the attrition program, I heard no complaints from the New Democratic Party or the Liberal party. In fact I received one complaint from an Air Canada employee who did not like where he was being moved. That was the only ruffle I heard. If it can be done in Air Canada, certainly it can done in the various departments of the federal government. We must get started now.

Some hon. Members: Hear, hear!

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, having listened carefully to the remarks of the hon. member for Winnipeg South Centre (Mr. McKenzie), in conjunction with the previous unfounded charges made against members of the House, I should like to indicate that this is not a good day for the Conservative party.

• (1552)

I found it very very difficult to understand what the hon. member for Winnipeg South Centre was trying to say on behalf of the Progressive Conservative party. He quoted a lot of things, and I presume he intended them to leave some kind of impression or message. As I listened to him I kept thinking that when Sir John A. Macdonald was trying to put this country together he must have listened to people like that. There must have been people who said, "Why create Canada? Things are so much better in the United States. Look how much better off we would be if we stayed with the American colonies instead of trying to create a separate country."

There are obviously advantages to being an American, Mr. Speaker, but there are advantages to being a Canadian as well, and I think the advantages of being a Canadian far outweigh the disadvantages.

Some hon. Members: Hear, hear!

Mr. Saltsman: The only conclusion I can come to is that some people say, "Isn't it great to be an American rather than a Canadian" and poor-mouth this country for everything we have tried to do. It may be true that some of our taxes in this country are higher, but it is also true that we have things in this country of which we should be thoroughly proud. To a greater extent than the United States we have brought in programs which have benefited many of the small people of this country.

I sometimes wonder for whom the great Progressive Conservative party speaks. Is it only for the rich? Are there no poor people who vote Conservative? The argument they are making is really an argument against progressive income tax. Let me show by example the kind of virtues they hold up in the United States and encourage us to adopt.

In showing us how much better things are in the United States than in Canada, the hon. member for Winnipeg South Centre used a table—and I think it is fairly accurate—which illustrated that at the $8,000 income level in the United States they pay 17.3 per cent less taxes than Canadians; at the next level it is 19.1 per cent less taxes; at the next level, 22.9 per cent less; at $15,000 income in the United States compared to Canada it is 27.3 per cent less taxes, and at the $25,000 income level it is 36.3 per cent less taxes than in Canada. That is what he is holding up as an example.

How else do we read this except as an attack on progressive income tax? Using those figures it is obvious that in the United States the income tax system is better than it is in Canada because in Canada it is too progressive. Mr. Speaker, we are far from having the most progressive income tax system in the world, but it is better than in the United States. The hon. member for Don Valley (Mr. Gillies) says that is not so. He is a learned economist and a scholar, but I do not see what other conclusion can be drawn from this than the conclusion that it is a good thing for the rich to pay less taxes. I think it is a good thing for everybody to pay less taxes, but let us be honest in this debate. The extent to which the rich pay less taxes is the extent to which the poor have to pay more. There is no such thing as tax avoidance. If some people avoid or do not pay taxes, they have to be made up by somebody else, and that somebody else is at the lower end of the income scale. Otherwise, services must be cut out.

I know the hon. member for Winnipeg South Centre went to some pains—not great pains but some pains, because I think it occupied less than two minutes of his presentation—to say that if the Progressive Conservatives were in power they would have a way of reducing government expenditures, in other words, a way of reducing taxes without hurting anyone. They would do it by attrition and would not cut out essential services. Mr. Speaker, if you look at any budget, provincial or municipal, there is always some fat that can be cut out. An efficient government could do that. Let us be honest, however. Most of the expenditures are in transfer payments; the overwhelming bulk of expenditures at every level of government is the transfer of income from one group of people to another. No matter how efficient you make the administration, no matter how much attrition you have in the staff of that administration, the amount of savings is negligible in comparison to the profits. This does not mean you do not have to do everything you can, but doing everything you can at the administration level is not really going to result in a substantial decrease in taxes.

There is only one way in which taxes can be reduced and that is one thing the Progressive Conservative party does not want to admit, that is, to cut services. If you cut out services you are cutting out the poor.

The Conservative party is showing itself to be the champion of the rich without really caring what happens to those who are not rich. The examples they put forward in this House benefit the rich, not the ordinary citizens, and particularly not poor citizens.

Let us talk now about the brain drain. What brain drain, Mr. Speaker? The brain drain from Canada to the United States? Is there any evidence to support the argument that the brains of Canada are dissolving into the United States? I think there is some considerable evidence that a lot of Americans are coming to Canada because they find it a very attractive place in which to live. I have heard more Americans say they like the way we do things in this country than I have heard Canadians say they like the way things are done in the United States. So what is this brain drain? If the hon. member for Winnipeg South Centre wanted to call it a venality drain or a cupidity drain I would go along with him. We have that kind of drain.

Let us take one example, Mr. Speaker. Recently there has been a series of newspaper articles about doctors moving to the United States. Why is this? Are doctors in Canada so poor, so underpaid? Is life in Canada so miserable that they have to move to the United States? Are doctors at the lowest end of the economic ladder here? Surely no one would say that is the case. It may be true that doctors make more money in the United States, and probably is, but there are other advantages that they do not take into account. In the United States it costs a lot more money for a doctor to receive medical training. It costs him more to practice, because of their system.

Why should a doctor, who has been educated in this country at public expense, costing us close to $100,000, say, "I can make more money south of the border?" It is not as though he needs it for survival. Doctors may not be at the top of the income ladder, but they are close. They work hard and deserve it, and I am not critical of them. However, if we are going to match the incomes of the United States for our doctors, is the Conservative party then prepared to say that medical costs in Canada should rise? After all, the chief cost of medical care is doctors' salaries and the things that surround doctors' incomes.

Hospital services and medical services cost much less in Canada and are of equal quality to those of the United States. Part of the reason for this is that our doctors are not paid as much, part of the reason is that our hospital services are more efficient, and a great part of the reason is that we have a national health system.

What does a national health system mean? Is the Conservative party saying that we should abandon our national health system and that people should pay privately? If they are not saying that, then they are saying we should raise taxes in order to pay for those high incomes that doctors in the United States are earning, and if we want to keep doctors in Canada we will have to pay. They are not talking about cutting services because the bulk of services is paid through the national health scheme—hospital insurance programs and medicare services. Are they saying they are going to raise taxes? That is the implication they are leaving with us. They do not want to say that, but it is the obvious conclusion.

● (1602)

Those doctors who are so ungrateful to this country and who have forgotten how much it costs Canada to provide them with an education and an opportunity, and who want to go to the United States because they can make a few more bucks—the Americans are welcome to them. I do not want them. That is all they care about. It is not a brain drain, it is a venality drain. If their system of values is oriented only to how much money they can make—most doctors are not like that, at least the doctors I know are not—but those few who are, if that is all that life means to them, to shop around to see which country will give them a few bucks more, that country is welcome to them. I have no regrets at losing them beyond

saying that we should make these doctors pay back what it cost us for their education—

Mrs. Campagnolo: Same as New Zealand.

Mr. Saltsman: That is right. Brain drain! That is not a brain drain. It is always popular to argue that we should lower taxes. There are occasions when all of us have to argue that as politicians. It is a worth-while objective to lower taxes. But we should not use those kinds of arguments on the basis of arousing expectations or being dishonest in terms of how that can be done.

I want to take a more specific look at some of the things that the hon. member for Winnipeg South Centre was saying. He was talking about executive salaries. Executives get all kinds of benefits in the United States which they do not get in Canada. Is there one shred of evidence that Canada is short of executive talent? Is there one shred of evidence to suggest that the benefits they get in the United States have deprived this country of the ability to direct its affairs and its economy, and to create a fine society? There is not. I know many people in Canada of the highest calibre. I have matched them against their counterparts in other countries. They know they can get a few dollars more by going to the United States. But they do not care. These people think it is worth while to live in Canada. I do not see any evidence that there is any shortage of brains or talent in this country because of the differences in the tax system.

Those people for whom money is so important that they will switch loyalties and switch nationalities, and bounce around looking for the big take, I say those countries they go to are welcome to these people. There is enough of the others in this country to make sure that we do not have to worry about them.

Not once throughout the intervention of the hon. member for Winnipeg South Centre did I hear him say a good word about Canada—a good word about some of the things we have done in this country—so that the picture is not one-sided and it does not look as though everything the Americans do is good and everything we do in this country is bad. We do a lot of bad things in this country. I wish we had a much better government than the one we have. But judging from what I have heard today that government will not come from the Conservative party. That party would not make a better government. That is just an offset.

How about some of the things we have done in this country? Is there nothing that the Conservative party can find that is good in Canada? Is medicare not good? Is hospital insurance not good? Are old age pensions not good? Is family allowance not good? Is DREE not good? None of these things are good—

An hon. Member: Let us have some honesty.

Mr. Saltsman: The hon. member for Winnipeg South Centre says that I am the one who is dishonest. I would like to sit down, if I may, and give him a chance to say in which way I am dishonest and in which way the arguments I am putting forward are not correct. I ask him for some sense of balance so it does not look as though we are some kind of a pariah country where nothing is any good, and where the only thing in life that is important is taxes.

If I were an archaeologist, and I was in some dig and I wanted to know something about a civilization, the one thing I would hope to find would be the tax tables of that civilization. Those tax tables would tell me something about that civilization. They would tell me what that civilization valued. If one saw a progressive tax table, one would say that that civilization cared about the poor. On the other hand if one saw a regressive tax table, one could conclude that that civilization was run for the benefit of the rich. When history digs up the tax tables of our two countries, if they could ever be understood, it will be apparent, even with all the faults in this country and with some of the higher taxes in Canada, that we have built a more sensitive, intelligent civilization than our friends across the border. The poor in this country benefit more from this civilization than the poor and disadvantaged in the United States.

As a politician and member of this House I am proud that our civilization is that different. The founders of the Conservative party, Sir John A. Macdonald and the people who had the vision to want to create a different kind of society, would also have been proud to see the gamble and the chance that they took to try and create a different kind of civilization worked out, that we did create something worth-while by being independent and separate even though it cost us something in taxing the rich.

Let us talk about the flight of capital. One can argue, as the hon. member for Winnipeg South Centre argued, the reason that capital is flowing to the United States is that the tax system is better in the United States. It does not occur to the hon. member that perhaps the reason capital is flowing to the United States is our tax system is too good to the rich in Canada. There is evidence to suggest much of the capital flowing out of Canada is not because of lower taxes in the United States but because we have enabled people with income to save so much that they do not know where to invest it any more, that the level of savings in this country is too high in the business and the private sector.

Some hon. Members: Oh, oh!

Mr. Saltsman: This constitutes an area of mirth for my friends to my right. The evidence is startling. We have been too generous in this country to those people who have money. An example that was given illustrated that people in higher income brackets, where the husband and wife are working and making a great deal of money, saved a lot of tax in the United States. Should they? We have a number of examples of senior civil servants or senior business executives where husbands and wives are both working and making large salaries. How much solicitude should we have for them? They still have lots of money after they pay their taxes. There is evidence that we are saving more money in this country than we have ever saved

before in our lives. We are doing it because of an over-generous tax system.

We were the last country, as far as the western industrialized world was concerned, to introduce a capital gains tax—

An hon. Member: France.

Mr. Saltsman: France? We were the last country. The United States had it long before we had the capital gains tax. What was the consequence—

The Acting Speaker (Mr. Turner): I regret to inform the hon. member his allotted time has expired. He may continue if there is unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Saltsman: I would like to thank my colleagues in the House. I will be very brief and I will conclude the capital gains example.

• (1612)

One reason this country lost so much of its industry to foreign investors was not because our tax system was tough but because it was too easy for them. The absence of the capital gains tax meant that the businessman who could sell his industry to a foreign investor could take all his money without paying any tax at all, whereas if he operated his business he had to pay tax. Faced with that kind of solution, many Canadians simply sold out because our tax system was so soft, easy, and solicitous that it encouraged them to do so.

You can have tax systems that are too onerous. All members of parliament, in fact all politicians, have to be conscious of that. You can also have tax systems, as we have in this country and even more in other countries, being too generous to those to whom there is no need to be that generous. One of the problems in this country has been that we have been too generous to the well-to-do.

The message we get today from the Progressive Conservative party is that if they were in office, following the American example, they would be even more generous to the rich than this government.

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I thought there would be a speaker from the other side coming on, but I will be glad to contribute to the debate at this time.

Before getting into my main remarks, and while he is still in the House, I was hoping the hon. member for Waterloo-Cambridge (Mr. Saltsman) would explain to the people why he has bought, or is a major shareholder in, a motel in the United States, and whether he is being greedy, venal or whatever, and whether it is cupidity. As usual, he is speaking out of both sides of his mouth.

Mr. Andre: He has too much money.

Mr. Kempling: We should tax him more so he will not have money left to invest in the United States.

The motion put down by my colleague, the hon. member for Winnipeg South Centre (Mr. McKenzie), reads:

> That a special committee of this House be established to determine whether the federal tax structure is inhibiting economic growth in Canada and promoting the export of employment opportunities to the United States.

I think that is a very responsible motion. We have a million officially unemployed. We have approximately another 400,000 unoficially unemployed in that they are not entitled to benefits.

There is a large number of graduate students who will be leaving our universities and coming into the labour market. There are a number who are leaving our secondary institutions who, for one reason or another, have decided not to go on with their education. They are going to be added to the unemployed.

What we are really talking about in this motion is whether our tax structure is inhibiting economic growth. I think it is. There has not been this flight of industry to the United States for nothing. They have gone there for reasons, but not the reasons given by the hon. member for Waterloo-Cambridge. Can you imagine anyone being so silly as to say they went to the United States because the tax benefits are too good for them in Canada? Can you imagine that? That has to be the most illogical reasoning I have heard as long as I have been around.

When we look at why some of these plants have gone to the United States, we must look at some of the difficulties our companies have had here in Canada. The DISC program in the United States is a clear example. There has been an erosion of industry in Canada, moving to the United States, ever since the DISC program has been in place.

We hear, as we heard in January when some of us visited the United States, that the DISC program will be discontinued. We will have to wait and see whether it is or not. However, it would be worth while to have a committee of this House do a comparative study on the federal tax programs and a parallel study of the provincial tax programs as opposed to the state programs in the United States.

What is going on today is a barter. We saw it recently in Ontario when the state of Ohio gave some taxation benefits to one of the automotive companies to put a plant there rather than in Ontario. As a matter of fact there is quite a strategy being developed by many of the southern states of the United States to attract many Canadian companies there.

In my own small company, I have four letters on my desk from southern states which are inviting me to move my company or establish a business there. They are offering tax benefits from the state, forgiveable tax from the municipality, capital tax allowances, or assistance with the construction of plants. They offer to subsidize wages if we employ people who are unemployed and teach them skills and so forth. This is a concerted program on their part. For that reason, and no other, it would be worth while for this House to look into the discrepancies between the two taxation systems in Canada and the United States to see what can be done.

My colleague from Winnipeg South Centre listed several companies and gave several examples of companies and people who have taken money out of Canada and invested it in the United States. They are from every Canadian province.

I wish to quote from an article that appeared in the New York *Times* a week ago Sunday. The heading is "French Canadians in Florida". I quote:

> In south Florida, some real estate men estimate that French Canadian investors have spent more than $500 million in the last three years; a company controlled by Canada's Hudson's Bay Company recently announced that it would finance half the cost of a $1 billion new town of 50,000 people in Dade county.
>
> Canada's Olympia and York Development Ltd. recently bought eight New York city office buildings for almost $350 million, and has made several other acquisitions in this country.

It went on to name another Canadian company, Nu-West Development Corporation Ltd. of Calgary, which recently paid $16 million for 2,000 acres of undeveloped land overlooking the coast at San Clemente, south of Sacramento, near the home of the former president, and recently offered to buy 80 per cent of a major Phoenix homebuilder. If further states that Canadians in Sacramento bought a hotel for some $4 million.

From coast to coast Canadians are moving their money, for one reason or another. It may be the tax rates. I cannot comment. I would have to look at each individual case to determine whether that is correct. However, it is the general temper in the country.

The hon. member for Waterloo-Cambridge mentioned doctors. I thought his comments were very unfair. In my constituency a number of doctors have already left or are in the throes of leaving. One of them circulated a letter, in which he said in part:

> Unfortunately I find it necessary for the future welfare of my family, especially my children, to emigrate to the United States. Some time this summer we will be moving to—

He then names a place in Texas. The letter continues:

> I am a fifth generation Canadian and grew up in a society which valued free enterprise and industriousness. In the last decade our government has become a democratic socialistic government, and individuals and industries who have shown initiative and made profits and expanded have been denigrated by the public and government alike.

It goes on to tell why he is leaving Canada and going to the United States. I have a letter here from another doctor, a copy of which was addressed to me. I quote:

> The Joseph Brant Memorial Hospital is being threatened by a mass defection by its medical staff to the United States.

● (1622)

It goes on to describe the difficulties hospitals are experiencing. People are leaving for the United States for various reasons.

The motion my hon. friend has put down asks that a committee of the House be empowered to look into this whole question and make recommendations to the government about what could be done to halt the flow of capital and people from the country. A few years ago we were encouraging U.S. industries to come to Canada—whether this was right or wrong depends, I suppose, upon which part of the political spectrum one happens to belong to. Some of those industries came here because by doing so they were able to enter the Commonwealth market. The pattern of development which disturbs me is this: they have pulled their operations out and chosen to return to the United States keeping only a shell here, a corporate presence. All the jobs on production, the acquisition of raw materials, transportation and so on, have been transferred south of the border. Why did they go? One reason is, obviously, the incidence of the taxation system in this country. I suppose the capital gains tax was a factor. Then again, they were influenced by legislation in the United States—the DICC legislation was an important factor in many instances. The proposal which the President of the United States presently has on his desk to tax U.S. subsidiaries in other countries on the profits they earn in those countries would, if adopted, no doubt draw more of these companies back.

My hon. friend's motion is really a plea to the government. Why cannot members from all parties discuss this subject in committee, hear witnesses, draw conclusions, and make recommendations? This, really, is all the motion is asking for, not the silly nonsense which was put forward by the hon. member for Waterloo-Cambridge. Every time he speaks we wonder what party he represents; he is a chameleon; he can turn colour from one day to the next.

The situation facing us is serious. We have 1.5 million people unemployed, and the value of the gross national product has to grow if we are to deal with the needs of the labour force. We can only make progress by expanding the private sector. It reminds me, Mr. Speaker, of the book "If This Is Such a Bowl of Cherries, Why Are We In The Pits".

An hon. Member: Who wrote that?

Mr. Kempling: That is about as succinct as one could get on this subject.

To return to the security aspect, my hon. friend from Winnipeg South Centre said we have to get our statistics from foreign publications, private analysts, and so on. I would think it would be of major importance to the government to know just how much money had gone out of the country to the United States, why it had left, and what the effect is likely to be on future employment, tax revenue, and so forth. We do not get this information as members of parliament. I would think the Minister of Industry, the Minister of Finance (Mr. Chrétien) or whoever was concerned about economic policy would be glad to let a study of this kind go forward and have a committee of the House make recommendations, even if only to the extent of proposing that the situation should continue to be monitored.

Another difficulty which we face is the reluctance of the government to make forecasts of future trends. As a result we must go to the private sector and take a look at the forecasts for the Canadian economy put out by Wood Gundy. They say our gross national product for 1978 is likely to increase by 3.8 per cent followed by a decline in 1979 to 3.2 per cent, and a

slight increase to 4 per cent in 1980. This means our growth would not be sufficient to meet the needs of the labour force. Unemployment is, of course, the other factor to be considered. An unemployment rate of 8.6 is estimated for 1978, 9.1 per cent for 1979, and a slight drop to 8.7 per cent for 1980. Those are the forecasts.

This is certainly a subject we should be looking into in committee. The government has enough economists to put forecasts together; there can be no doubt about that. It is likely that for political reasons they do not want such forecasts made. But as a committee, we could ask the representatives of Wood Gundy to appear and question them about the forecasts they have made, the assumptions behind them, and so on. There are many matters which could be discussed in a standing committee, and I commend my friend for putting his motion down on the order paper so at least we could prod the government and urge it to take heed of the warning signals. Until the estimates were brought in, the Standing Committee on Finance, Trade and Economic Affairs held few meetings. Once the estimates had been considered we had, of course, the Bank Act ahead of us. We have had plenty of time to look at this, and I think it would have been a very useful exercise for us to have gone through.

• (1632)

I feel that a committee of this type could look at the report of the Royal Commission on Corporate Concentration which came down the other day. We cannot agree with all its recommendations, but there is a tremendous amount of good, hard information there which should be examined. It is interesting that while there were only three or four pages in the report dealing with taxation, it has been given major play in the media. There are many things in that report at which we should be looking. I was interested in some of the comments about "what else could we expect from a business group?" I think anyone with a brain in his head who looks at the terms of reference of the royal commission would expect the report to come out pro-business but, by the same token, I defend that to some extent.

The Prime Minister (Mr. Trudeau), various ministers of the Crown, some of our own people, and even members of the New Democratic Party say that the only way we are going to employ our unemployed and stimulate our economy is by stimulating the private sector. The report of that royal commission suggests one way to do that, but that is not the only way. We think priorities regarding corporate taxation could be put into a different order. However, many items in the report would be good information to bring before a committee. It would be good background information, and it would be a good exercise for the committee to study that report. Such a study would probably make better committee members out of all hon. members.

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

Some hon. Members: Agreed.

Mr. Kempling: Thank you, Mr. Speaker. I will wind up my remarks very shortly. When we consider the flight of capital, as it is called, and that is just a term, from Canada, the last three years are the interesting ones. The net flow of capital from Canada, particularly in the last two years—$950 million in 1976, and $380 million net outflow in 1977—is what really interests me, and it is interesting to note the climb in direct Canadian investment abroad from $225 million in 1968 to $790 million in 1977, about three quarters of a billion dollars.

We are not suggesting that there should not be investment abroad. After all, there is a normal flow of commerce back and forth. If investment goes abroad for the expansion of a business enterprise, whatever it might happen to be, that is fine. I do not see anything wrong with that. That is a normal flow of capital which should be good, but we are concerned about the fact that much of the capital that is going out now is just closing down Canadian operations and opening up operations in the United States. I suggest that that is not the normal flow of capital. It is more an escape of funds than foreign expansion.

We are concerned when we hear that the Cadillac Fairview's of this world, along with many others—generally Canadian—are major holders of lands and buildings in New York city. That is something about which we should be concerned. There is a more difficult problem. Arcrad Limited, a small Toronto firm composed of an innovative group of fellows who got together to discuss the production of energy devices such as windmills for farms in Canada, sought funds from the government and from private financial institutions, without success. Arcrad Limited wanted to develop its ideas. A large multinational opened its hands and took the firm to the United States. That company is now located in Buffalo. It is developing its product there and exporting it back into Canada. That is one of our problems.

In my own constituency the same thing happened. A man invented a device and had it patented and so forth, but he could not sell it in Canada in any great volume, so he went to the largest market in the world, the United States. He introduced his product at a trade show there and took orders he could not believe. He came back to Canada and found that he could not get the funds required to produce his product. I spoke to him. I went to two or three banks with him. He just could not get the thing off the ground. Consequently, his American customers got together and told him they would help him finance his production. They got together with state of New York business development people. A factory was built for him down there, and he was given all kinds of assistance. He is now manufacturing his product in the United States and exporting it back into Canada. These are the kinds of things we are concerned about. Why is it happening?

It is not necessarily happening because of taxation. In this instance there just was not enough venture capital available. That is why my constituent went to the United States. There was not enough venture capital available in this country. He found it in some other place. What can we say to this fellow?

Can we tell him not to develop his invention? We cannot do that. That is not human nature.

I will close in just a couple of minutes. If I wanted to, I could give the names of many people who, when they saw the patent laws which were proposed by this government, decided not to continue with their developments here. They decided that if they were going to develop, they would patent in the United States and export into Canada because they were concerned that they might lose their patent rights if the patent legislation which was proposed by the Department of Consumer and Corporate Affairs had gone ahead. Fortunately, it was withdrawn, and I commend the minister for withdrawing it because it was dangerous. However, there is a great lesson to be learned, and the lesson is this: do not put that kind of information out. When these great studies are put out, they should not be put out under an official cover stating that what is contained in those studies will become government policy. That is where all the damage is really done. The government should have said that those studies were just proposals. The thing should have been down-played.

It should have been made clear that the studies were put out for discussion by industry and by patent attorneys and so forth. Out of that something reasonable might have been the result. However, that was not done. There was a great outcry by patent attorneys and inventors generally. Finally the government realized it was under the gun, and the proposed legislation was withdrawn. It is undergoing a re-write now. I assume it will be re-introduced at some time in the near future. That particular proposal by the government caused numerous companies to hold back investment in this country. The other day we were talking about why we have no research and development in Canada. That is one of the reasons. People looked at that proposed legislation.

My own little company has three devices it hopes to patent this year. One of my directors asked me if we should proceed here or whether we should patent outside the country and come back. I said that we had no alternative, as far as I was concerned, but to proceed here because I thought the patent laws the government will finally come forward with will make some sense.

There is no one thing upon which we can put our finger which explains why companies and people are leaving Canada. It is a collection of things.

In conclusion, I think the motion put down by my colleague, the hon. member for Winnipeg South Centre is a very sensible motion. I think we should support it and establish a committee of this House to look into this matter and report to the government recommending what we can do to bring a more equitable balance to this situation. I thank the House very much for its kind attention.

[Mr. Kempling.]

• (1642)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Fort William (Mr. McRae)—The Canadian Economy—Value of dollar—Effect on Canadian entrepreneurs; the hon. member for Winnipeg North (Mr. Orlikow)—External Affairs—Bell Canada contract with Saudi Arabia; the hon. member for Surrey-WhiteRock (Mr. Friesen)—Fisheries—Arrangements with U.S. on reciprocal fishing.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—SUGGESTION COMMITTEE STUDY FEDERAL TAX STRUCTURE

The House resumed consideration of the motion of the hon. member for Winnipeg South Centre (Mr. McKenzie):

That a special committee of this House be established to determine whether the federal tax structure is inhibiting economic growth in Canada and promoting the export of employment opportunities to the United States.

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I am certainly glad to be on my feet to speak about small business and its importance to the economy, even though it is the second time in a week. I am sorry that I was not here earlier to hear my hon. friends opposite discuss why we should set up a special committee of the House to find out whether our tax system inhibits growth in Canada.

Mr. Kempling: Read the motion.

Mr. Abbott: It reads:

That a special committee of this House be established to determine whether the federal tax structure is inhibiting economic growth in Canada—

I simply want to say, as I said in the budget debate and during the recent opposition day debate with regard to small business, that our tax structure, far from inhibiting economic growth, is one of the most progressive in the world and has gone a long way toward providing a stimulus in the small business area in particular.

Today I am pleased to announce the beginning of new initiatives with regard to small business, one of the most important of which is with respect to the federal sales tax. When the regulations are changed, manufacturers doing a volume of business worth $50,000 or less will not need to be

licensed and will not be obliged to pay federal sales tax. This will relieve some 11,000 manufacturers of the obligation to pay sales tax, and I think it will contribute greatly to the development of the small business community in Canada.

Some hon. Members: Hear, hear!

Mr. Abbott: In addition to that, greater flexibility will be introduced in the regulations regarding the federal sales tax, which require that a return be filed monthly on any amount, no matter how small. When the amendments are brought forward, the filing of reports will not be required more than twice a year.

Some hon. Members: Hear, hear!

Mr. Abbott: In addition, the Minister of Supply and Services (Mr. Goyer) has announced certain initiatives which we have worked out with his department respecting the procurement policy of the government. The government will now require all major contractors bidding on government work to provide a subcontracting plan. This will show what Canadian companies will be receiving subcontracts, and thus small business concerns in Canada will be assured benefits under government contracts.

Some hon. Members: Hear, hear!

Mr. Abbott: It might be of interest to members to know that some 41 per cent of all government business in dollar volume terms is done by small business for the federal government. This represents some 84 per cent of the 11,640 small business firms which won contracts. A further breakdown shows that these businesses won 71 per cent of the contracts let in Canada, worth a total of $585 million in the year the study was made. We are determined to ensure that this percentage occupied by small business is continued and will grow. We are certain that the monitoring procedures which will be established through the subcontracting obligation will enable us to know better how much is going to small business.

Also, we are able to confirm through the Department of Supply and Service that a faster payment scheme has been put in operation under DSS and that small business concerns doing business with the government will receive their payments faster.

Some hon. Members: Hear, hear!

Mr. Abbott: Hon. members may know that some 90 per cent of the business done with the government is done through the client departments rather than directly with DSS, so that DSS does not have all the information concerning how fast the payments are being made. But judging from the complaints we have received it is none too fast, so I think those measures go quite a way to assisting small business.

There are a number of other measures which I am able to confirm today. One of them is with regard to the important area of paperwork required by the government. As hon. members are aware, the paper burden that is imposed on businessmen, particularly small businessmen, is onerous. Statistics Canada will confirm that the merchandising survey done on a decennial basis will be modified. It is estimated that some 265,000 businesses will be relieved of this reporting requirement by 1981.

A paperwork controller has already been active, although this function has only been established in April of this year. He comes from Saskatchewan, and he has already succeeded in dealing with a number of important areas, among them the Small Businesses Loans Act under which the government has hitherto expected banks not only to complete their own borrowing documents but also to fill in government forms which, as might be expected, are complex. Now a change will be made so that banks will have the option of either using government forms or using their own forms. This is a modest but, I think, significant example of the kind of work that can be done in this area.

There are a number of other initiatives with which, I hope, hon. members will acquaint themselves. Tomorrow I will be introducing for discussion in the House a paper concerned with venture capital.

Some hon. Members: Hear, hear!

Mr. Abbott: I hope hon. members will take a good look at it because I think it represents a thorough study of the possibilities of small business investment companies, and I hope it will elicit a great deal of discussion. We hope, when this paper is tabled, it will lead to legislation which can benefit Canadian business ventures. I understand that on Thursday the Minister of Finance (Mr. Chrétien) will be making some comments on initiatives to complete the package we are offering for small business commencing today.

I have not prepared a formal speech today because I had not anticipated that I would have a chance to speak in the debate until a little while ago, but I am pleased to give this brief resume. As hon. members can understand, some of these announcements are of a technical order and they refer to a review of the departments' policies. The hon. member for High Park-Humber Valley (Mr. Jelinek) suggested that parliament was the place to make these announcements. Under the procedures of the House, we have been provided with an opportunity today to discuss them. I hope in the weeks to come that hon. members will take an opportunity to look at them and acquaint their constituents, particularly small businessmen, to make certain that full advantage is taken of these beneficial programs.

● (1652)

If one reviews the policies of this government respecting taxation, he will see that benefits have been created. Those who know, as opposed to those who simply talk—

Mr. McKenzie: I have all the quotes from the United States.

Mr. Abbott: The hon. member for Winnipeg South Centre (Mr. McKenzie) does a good deal of research when he travels around the United States. If he paid a little more heed to the

laws of Canada and some of the policies of the government, he would be better informed and more able to discuss this subject.

Some hon. Members: Hear, hear!

Mr. McKenzie: I was the first one to bring up the subject of venture capital.

Mr. Abbott: If that is the case—

Mr. McKenzie: I am glad the government adopted my suggestion. Thank you.

The Acting Speaker (Mr. Turner): Order, please. If the hon. member for Winnipeg South Centre (Mr. McKenzie) wants to pass any flak to the minister, I suggest he should do it from his own seat.

Mr. Abbott: Thank you, Mr. Speaker. It is hard to believe the hon. member for Winnipeg South Centre was the originator of the concept of venture capital, or anything else.

Mr. McKenzie: Read the record.

Mr. Abbott: Perhaps he is correct when he says that he is the first member to refer to venture capital. I will take his word for it.

When hon. members have acquainted themselves with the small business initiatives and the package being offered today, I am sure they will realize, in the relatively short time the government has created and had in operation a ministry for small business, that we have been able, by co-ordinating the efforts of other departments, to provide Canada's small business community with a solid program of which we can be proud.

Some hon. Members: Hear, hear!

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, the Minister of State for Small Business (Mr. Abbott) has just admitted to the House and to the country the fact that the government has been a horrendous burden on small business.

Some hon. Members: Hear, hear!

Mr. Andre: That is the message we have been attempting to communicate for approximately four years. The receptiveness of government increases and its obtuseness decreases as we near an election. Now government members are reviewing entire speeches of members on this side, such as of the hon. member for Winnipeg South Centre (Mr. McKenzie). The government is gathering together ideas in order to have something to say prior to facing the electorate.

I congratulate the hon. Minister of State for Small Business. Since these ideas came from my side of the House, I can say nothing else but that they are good ideas. I congratulate him for introducing them. Having admitted that the Government of Canada has been in fact a burden on small business in this country, and having taken a small step today toward reducing some of that burden, I call upon the minister to ask his colleagues to be open-minded enough to look at the extent to which the Canadian tax system is a burden upon individual Canadians who may or may not operate small businesses.

The motion before us is to have a committee of the House look at the extent to which the Canadian tax system in fact imposes a burden upon individual Canadians, greater than the burden imposed by the United States tax system on its citizens. Also it is to examine the degree to which that is an inhibiting factor in terms of economic growth in Canada. That is a very reasonable approach. Now that the government has admitted it is a burden upon small business, surely it is a small and reasonable step to allow an examination of the extent to which the tax system is a burden upon individuals. That is all this motion requests. It is a very reasonable and responsible motion which should be adopted.

A committee charged with that responsibility could work in a non-partisan atmosphere in order to take a good, hard look at some of the information provided by hon. members in the debate today, and other data which are available. The committee could come up with some assessment of the impact of our tax system upon individuals, where improvements should be made, and whether they should be made.

The spokesman for the New Democratic Party, the hon. member for Waterloo-Cambridge (Mr. Saltsman), indicated in his opening remarks that to talk about the burden of federal government taxation is somehow unpatriotic. If we mention the fact that taxes in Canada are substantially higher for all salary levels than in the United States, that is somehow unpatriotic. To state that other countries have lower tax levels is an unpatriotic act. That is absolutely absurd, because it is not Canada which imposes taxes. It is the Canadian government, this Liberal government, which has implemented the tax regime under which we are living. If anything, criticizing the government is one of the most patriotic things any Canadian can do.

Some hon. Members: Hear, hear!

Mr. Andre: We live in a superb country. We live in a country which is second to none in the world. We have enormous natural resources. No other country in the world has a similar natural resource base per capita. Only the U.S.S.R. has more in actual amount. Canada has enormous human resources. We have a highly educated population. Anyone in this country can be educated to the total extent of his or her ability. No one is prevented from that. Canada has superb universities, colleges, high schools, technical schools and elementary schools. Those institutions turn out graduates with educational standards, technical competence, and human resource potential which are second to none.

A few years ago Canada had the highest standard of living in the world. Now we place eighth or ninth. Why has that happened? Given our enormous natural resource potential, our very sophisticated and superb structure for improving our human resources through education, and the fact that at one time we had the highest standard of living in the world, why

are we eighth or ninth now? What has happened? Why are other countries which have less than us able to outperform us?

Has Canada used up its natural resources? Are we running out of natural resources? Of course not. Have we experienced some natural disasters which have prevented Canada from performing as well in recent years? Of course not. Are Canadians genetically lazier or less productive than Americans, Germans and other nationalities? Is there something inferior about Canadians? Of course not.

Obviously there must be something in our society or our economy which prevents us from achieving the greatness which could be ours. We had that greatness at one time, compared to the rest of the world. It could be achieved again, and even more so. Obviously that opens up the question to what extent is that an inhibiting factor that is precluding Canadians from participating collectively in business, small, medium and large, and from performing as well as people in other countries? For the answer one has to look at the tax system—the way our Liberal government interacts with the economy, the effect of the tax system on our ability to compete, to perform, to grow, to invest and so on. This motion simply suggests that we take a look at that. Surely it is not unreasonable to suggest that a group of duly elected members of parliament examine the situation to see whether we have brought ourselves into a system which is restricting the potential of Canada and Canadians and restricting their opportunities.

● (1702)

The hon. member for Winnipeg South Centre and the hon. member for Halton-Wentworth (Mr. Kempling) gave examples of Canadian companies that are investing in the United States. The hon. member for Waterloo-Cambridge implied that this was unpatriotic and that we were well rid of them, neglecting to mention that he was one of those, having invested in a motel in Florida. The reality is that capital is international, Mr. Speaker, and this capital is going where the opportunity is. It is not unpatriotic.

There is the example of ATCO which is possibly the world's largest manufacturer of temporary shelter. The company is based in Calgary because the owner grew up there. It supplies temporary housing to a growing market throughout the world. Within the last two years it needed to build a new plant in order to satisfy the growing demand by companies engaged in oil exploration in the middle east. The president and chief shareholder of the company lives in Calgary, has no intention of moving away, is as loyal a Canadian as anyone in this House, but he found that building a new factory in Canada would have meant he would be unable to compete in the world market. The choice was either to get the business by building the new plant in Texas, or not get the business. It was not a choice about leaving Canada—it was get the business or not get the business. In the end, Canada lost about 300 jobs and lost enormous trade because this factory was designed to supply the international market. We ended up the losers.

It does no good to say that this was a case of an unpatriotic capitalist who was greedy for money and went to another country. It was simply a matter of doing business or not doing business. If it is greedy to be in business, then we need more greedy people so that we can get the business and put our one million unemployed back to work.

One does not need a Ph.D. in economics to discern the cause of the cost difference. It is the tax system. The hon. member for Halton-Wentworth mentioned Nu-West Development Corporation Ltd. which is the largest housebuilder in Canada. It did a comparative study on the cost of building a house in Denver versus Calgary and found there was a 30 per cent difference. A more detailed analysis of the Canadian house found that 40 per cent of the cost was as a result of the direct involvement of the government through the tax system. The difference in the cost of housing in Denver and Calgary can be totally attributed to the different taxation systems. It is not just federal taxes, of course, but also municipal and provincial.

It does the country no good to say that high taxes are a sign of civilization and that if you do not like high taxes you are a disloyal Canadian and we are better off without you. It is time for reasonable people, elected by the people of Canada, to sit down in committee and examine the effect of our taxation system on our economic development. The hon. member for Waterloo-Cambridge said that our high tax system is primarily due to the fact that we have enormous transfer payments and that this is a sign of civilization. We collect the money from the rich and give it to the poor. The reality is that after 20 years of tremendous expansion in transfer payments, the difference between the rich and the poor in Canada is greater than it was. This is shown in the study conducted by the C. D. Howe Institute which indicates that, for all the great progressive modern civilizations the collection of taxes and distribution of taxes, ostensibly to reduce disparity, have actually made the disparity marginally worse. All this has put a tremendous disincentive into the system for people who would like to work for themselves—which is a natural human instinct—which only the most myopic would deny.

We have a marvellous country, Mr. Speaker. We are indeed fortunate to be citizens of this country—a fortune for which if we have not thanked God lately, we should. Realizing that simple elementary fact does not mean that it is unfair or unreasonable to look for improvements. I for one and, I think, the majority of Canadians want for this country and for ourselves, primarily, an opportunity to pursue excellence. We want a country in which excellence is rewarded, in which performance is rewarded, and in which there is a stimulus for better behaviour and better activity. We want in this country a tax system, a set of rules and regulations, an attitude which promotes adjustment, encourages excellence and development. It is living in that kind of atmosphere which is true living. That is what distinguishes man from other beasts—living in an environment where excellence and growth are encouraged. Fundamental to that is the tax system. If there is a tax system which penalizes excellence and performance, which denies reward for effort, then there is less effort.

● (1712)

There was some pooh-poohing of the notion of a brain drain to the United States. That is nonsense. There is a brain drain to the United States. We are losing people who are going there for what they perceive to be a better opportunity at this point in time. They are not going there for better security or for more room. There is more room in Canada for growth than there is in the United States. They are not going there for better social conditions, because the social conditions in the United States are not better than they are in Canada. They are better in Canada. They are going for opportunity, the opportunity for personal growth.

It is myopic in the extreme to deny that we live on the North American continent. Every year one million Canadians travel to the United States for vacation. To believe that what happens south of the border is something we need not be concerned about, that we need not make these north-south comparisons in terms of taxes and other things, is just insane. With the kind of mobility we have nowadays those comparisons will be made. Those million Canadians holidaying in the United States will make those comparisons. There will be that temptation to leave for the greater opportunity. Indeed some are leaving right now.

We cannot ignore competition from the United States in anything, whether it is lumber, manufacturing, automobiles or people. We have to realize that we are competing. But more important than that is the question of what about the individual Canadian who does his job, performs a certain function, and wants to stay here and will stay here. But when he realizes at the end of the year, when he sees what he has left to keep for himself, he says the society in the United States values the kind of service he provides more than Canada does. What does that do for his sense of nationality and patriotism? So it is not just the competition of the United States, Mr. Speaker, it is the fact that we should understand and appreciate our own citizens and reward them and appreciate their efforts, and appreciate those who perform as much as other countries appreciate their citizens.

Mr. Cliff McIsaac (Battleford-Kindersley): Mr. Speaker, the motion put forward today by the hon. member for Winnipeg South Centre (Mr. McKenzie) seeks to establish a special committee of this House, conveniently ignoring the fact that we have been, you might say, in a special committee debating the budget for the last several days and well could be for further days to come. The motion seeks to establish a special committee to determine whether the federal tax structure is inhibiting economic growth in Canada and promoting the export of employment opportunities to the United States.

I suggest the motion implies that Canadian economic growth is losing out to the Americans. In the first place that assertion has not been proven by the hon. member himself in his rather inconclusive suggestions and remarks put forward, or by any other speaker from the opposition benches. Secondly, there is the assumption in his motion that tax structures in the United States are considerably more advantageous and therefore more attractive to both business and workers in the United States of America.

The hon. member tried to tell us in his introductory remarks that medical care and hospitalization, which costs a good deal in this country to provide and which no group of Canadians and no political party wants to be without, are available in the U.S. at considerably less cost.

His motion conveniently ignores the basic differences in the nature and the scale of the economies of both countries. He seeks to compare only the tax structure. He does not look at the fact, for example, the state of New York in the eastern U.S.A. was roughly equivalent a few years ago to the total Canadian population. For another example, one can cite the state of California on the west side of the United States where there is a population tenfold that of Canada. My hon. friend seeks to compare the two countries without any recognition of this basic fact.

I suggest the motion is a typical Conservative effort, the kind of thing we have heard from members opposite for many months now to downgrade the country and promote the concept they have worked at practically since the beginning of this session on January 23. At that time the Leader of the Opposition (Mr. Clark) wound up his first question in the House on January 23 like this:

> I should like to direct a question to the Prime Minister. This is the first day of parliament in 1978, a year which looks like it will become known as the year the country closes down.

That has been the kind of rhetoric and negativism that we have heard for a considerable period of time from members opposite.

My hon. friend is concerned about the civil servants. He has made his speeches here and elsewhere concerning the civil servants of this country. We could go into that topic—if he chooses! I suggest we could leave that one until later. I could perhaps comment on that suggestion of his later on as well.

I want to suggest that the budget of the Minister of Finance (Mr. Chrétien) of April 10 is and represents the kind of responsible change in tax structure that this country needs. Perhaps we need more of it, that is true, but hon. members opposite have so far not advanced any additional measures of their own, other than an income tax reduction to further add to the existing deficit about which they continue to express some considerable concern.

The budget of April 10 contained a number of specific measures to deal with economic growth, to promote greater short-term growth, at the same time looking at some of the long-term problems as well. I suggest to my hon. friends opposite that rather than embark on a study of United States tax structures they would be best advised to adopt these measures put forward by the Minister of Finance in his budget just as quickly as possible, and put forward some of their own specific suggestions as well while they are at it. Instead, they have chosen to delay the budget and prolong the debate.

In the course of that they have chosen a new route for the Conservatives. It is not surprising really because any route is a

good route for them. They have chosen to side with the PQ government of Quebec, judging by press and media reports. They have chosen not to debate the budget and the changes put forward, but rather to engage in the phony issue at this point in time of provincial rights. This is an issue which was manufactured and put together by the Lévesque government in Quebec whose sole purpose in existing as a government is to dismember the country, and we have our friends opposite siding with that government.

One can forgive provincial political parties in Quebec for standing up with the Lévesque government on the question of provincial rights. It has long been part of the Canadian political tradition to blast Ottawa, to blast the federal government at almost the drop of a hat, and to oppose federal initiatives, many of which, to varying degrees, could be said to intrude or infringe in some manner on provincial fields of responsibility. That certainly is not new. The Tory opposition fell into that trap. They condemn separatism in one speech in one part of the country, and then slide in others to make Parizeau and Lévesque look more or less like Canadian heroes in this tax debate. I make this point to indicate the insincerity of the motion today to come to grips with the federal tax structure.

● (1722)

The April 10 budget of the Minister of Finance contained a move to reduce the provincial sales tax all across the country. It was a good move, one that deserves the support of all parties in this House. That move obtained the support of nine provinces in a joint effort to come to grips with economic problems in this country. I say again that the minister deserves the full support of the House for a very timely initiative on his part. Incidentally, that move was recommended by many economists and economic advisers of a wide variety of political stripes.

I suggest to hon. members opposite that Canadians want more action of the kind contained in the Minister of Finance's budget. Western Canadians in particular prefer action to the kind of rhetoric we have heard today from the hon. member for Winnipeg South Centre (Mr. McKenzie).

Canadians from one coast to another are not interested in any more of the kind of grandstanding we are hearing today, that we have heard outside the House and in previous debates in the House from the official opposition. Putting forward a suggestion to establish a parliamentary committee to study American tax policy is another red herring to propagate the supposed tax advantages of the United States.

I suggest to the hon. member who moved the motion that western Canadians welcomed the changes in the April 10 budget. Indeed, the thrust of that budget was almost entirely directed to the concerns of the industrial development and the concerns of western Canada. There are about six concerns I would like to touch on very briefly as being indicative of the kind of change and policy with which we should be, and indeed the government is, proceeding.

First, there is the provision to increase the tax write-off for research and development, a special allowance to permit a deducting from taxable income of 50 per cent of the costs of increases in research and development activity. That will benefit not only the small implement manufacturers and other farm oriented types of manufacturing activity going on in western Canada, but other industrial activity there as well.

The cost of machinery, equipment and other facilities for enhanced capital recovery systems becomes eligible to earn a depletion allowance of $1 for every $2 spent, an increase from the previous $1 for every $3. That move is designed to encourage oil and gas exploration in Canada, Saskatchewan and Alberta primarily.

Another move is the increased limit on the deduction on the depletion earned on certain expenditures on non-conventional oil projects, such as the heavy oil and tar sands projects. It is increased to 50 per cent of total profit. That incentive is designed to bring about development of those programs and large bodies of primarily undeveloped sources of energy in western Canada.

Fourth, the tax-free rollover provisions apply to incorporated family farms. That goes along with the provision which has been there for some time for the unincorporated family farm. Fifth, plants established to upgrade heavy oil will be deemed to be manufacturing and processing facilities. Once again, it will give those plants a better tax advantage and tax breaks.

The final point of particular interest in western Canada is that an additional capital cost allowance will be provided on depreciable railway system assets acquired by railways before 1983. This comes at a time when the government is putting up $175 million this year, with the promise of more money to come, to improve and upgrade not only the rail network but the running stock and other stock, as well as spending associated with rebuilding and upgrading the rail network which is so vital not only to agriculture but to other industries in western Canada. I say again that the April 10 budget certainly has been designed for western Canada. It is one that should be adopted and moved forward.

I want to take a few moments to deal with the question of capital gains tax and the provision to allow the tax-free rollover provision to be extended from the individually owned farm to the incorporated family farm. Someone said earlier today that there are probably more of those farms set up in western Canada than anywhere else.

That move has been endorsed by practically all members of all parties in the House. It will be welcomed by all members. It has certainly been promoted and pushed for by the Liberal party in western Canada, particularly in Saskatchewan and by many provincial constituency associations. I know it has also been sought by farm organizations, members opposite, and others.

It is another modification of the capital gains provisions which came into effect in 1971 at the time of the abolition of estate taxes and a number of other major changes to the income tax structure.

While I congratulate the minister and his cabinet colleagues for this particular change, I would like to see them go further in terms of modifying the capital gains tax structure. For example, to continue the 1971 valuation for land and other business assets such as buildings and facilities is not realistic in terms of the level of inflation we have had since 1971.

Over the past several years, most tax rates such as income tax and others have been indexed. Indeed, most government spending programs have been indexed. I think specifically of old age pensions, family allowances and veterans pensions. I should say that I concur in the fact that we should continue to index veterans pensions and old age pensions. I am not so sure about family allowances and some of the other programs.

If we are going to pursue indexing and adopting that principle, we should do something about the fact that farm land values across this country, in the western provinces in particular, have increased dramatically since 1971, particularly as the result of inflation. Not all of the increase is due to inflation. The temporary $5 wheat and the strong market demand were certainly a factor in pushing up land values. The depreciation of the dollar is a major factor in that upward change in land values.

The Canadian tax structure in so far as it relates to capital gains should be changed so that the taxpayer is not paying for illusory inflationary gains. Farmers and small businesses in particular will welcome the moves announced in this debate this afternoon by the Minister of State (Small Business) (Mr. Abbott) which will facilitate the operating of their businesses, be it farming or some other business.

● (1732)

I think there should be further relaxation of the provision with respect to the capital gains tax. I acknowledge the fact that last year amendments were introduced and passed allowing people who sold their land or businesses to incur no capital gains tax when the funds realized from the sale were reinvested in a similar business or purchase. That was a good move and one which will go a considerable distance, but I believe it could be extended still further.

Perhaps the idea of a once in a lifetime exemption from capital gains tax is one which we might look at. If a farmer wishes to sell his farm and take up another business, possibly within his own local community, I think he should be permitted to do so. If the tax is not remitted he should be given several years, anyway, in which to make payment. The proposal in the report of the Bryce commission that we should get out of the capital gains tax entirely might be worth considering, at least for a period, so as to stimulate entrepreneurship. I know the report did not go into much detail with regard to the inequalities such a move would create but I believe this whole complex subject of the capital gains tax and the effect it may be having on entrepreneurship and investment should be examined more closely.

I am sure that setting up a parliamentary committee as suggested by the hon. member for Winnipeg South Centre is not the place to begin. A committee is not the best forum in which to consider complex matters involving the tax structure. It is true there are a few accountants on both sides of the House but basically we are not in a position as members to inquire into specific details of tax law and suggest changes in such a complex piece of legislation as the Income Tax Act. This should not, of course, prevent our putting forward concepts and proposals embodying the changes we would like to see.

In conclusion may I say that it is long past the time when members of the official opposition should begin to turn their attention to restoring confidence in the country and promoting Canada for what it is, one of the great world democracies and an example of how people from different backgrounds and with different histories can live and work together. I submit that economic growth has been inhibited to a much greater degree by the attitude of members opposite, and others like them, than by any tax structure or bureaucratic system. I am not too optimistic that this will happen but I should like to hope that, as a result of this debate, members opposite will change their tune, become more optimistic about opportunities which still exist in Canada and demonstrate their pride in their country.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, it is fortunate that the luck of the draw allows me to follow the hon. member for Battleford-Kindersley (Mr. McIsaac). It is evident from the attention the House gave him that we recognize the soundness of his thinking. It was one of the rare occasions I have witnessed in the last few years upon which a member on the government side has come out with a positive and constructive suggestion.

He had to spoil his speech, of course, as any supporter of the government is obliged to do, by praising the budget of April 10. Automatic support of this kind is one of the reasons the Liberal party is disappearing in Western Canada. Young Liberal MLAs in Saskatchewan leave their party, an old, traditional party in the province which for a long time dominated the political history of Saskatchewan, giving as their reason the fact that the party supported whatever the federal Liberal party was doing in Ottawa in spite of the fact that what the federal Liberal party has done to this country in the last ten years has probably made them the champions when it comes to taking a strong country with so much potential and putting the brakes on all the forces which enable it to go ahead.

I prefer to deal with the more positive aspects of the hon. member's speech. He spoke about the case for changes in the capital gains tax. He referred sympathetically to the proposal in the Bryce report. Mr. Speaker, this is the first occasion on which I have heard a member of the Liberal party say a good word about that royal commission. We on this side have been telling the government for a long time—and I have been in a good position to do so since I myself voted in favour of the capital gains tax—that this question should be reviewed as a matter of necessity. It is a brake on our growth at the present time.

If the hon. member for Battleford-Kindersley is sincere, that is why he should support the motion now before the House. The Prime Minister (Mr. Trudeau) wants us now to work on economic matters, get away from the fooling around we have been doing in the House for the last ten years and take this opportunity of a year's delay before the election to do some sound work such as we have not done for ten years. I think the hon. member would agree that since parliament is doing nothing about this suggestion of changing the capital gains tax as a result of the apparent opposition of the government, it would be wise for him to show his sincerity as a backbencher by voting for this motion. Let parliament have a chance to look at the tax legislation, get evidence from people who know something about it and then recommend ways in which we believe it could be improved.

The hon. member suggested that we in the opposition have not been coming forward with constructive proposals. All I can say is that he has not been reading *Hansard* very carefully. Idea after idea has been put forward from this side of the House to make our country stronger and better. I propose to talk about one of them today.

Last fall, when the mini-budget was brought forward, I knew the Minister of Finance (Mr. Chrétien) was in trouble. He is a well liked, ambitious, hard working young member who was suddenly pushed into the job of Minister of Finance knowing full well that every minister going back to the days of Walter Harris 30 years ago had failed in this job. It was my hope, since he appreciates the value of common sense, that he would have realized that the biggest load on the back of our nation, one which retarded our growth more than anything else and prevented the achievement of our national objectives, is the taxation system developed in the last 40 years. Ever since the war it has been clear that this restrictive tax system has been the heaviest load on all classes of people, rich and poor, in this country.

● (1742)

In my day I have seen young men get lucky breaks. When the oil boom first started in Alberta in 1947 and some people made a few dollars, they realized that because of our tax system they would have to take their money they had earned in the early stages when small companies were able to operate to the United States, form an American company with that money and then come back into Canada to invest it under American tax law. That was not because they were disloyal to this country. It was because, as the hon. member for Calgary Centre (Mr. Andre) pointed out, there was no choice. If you want to go into business, you have to be able to survive. The House has avoided studying this tax system of ours ever since I have been here. On more than one occasion I have criticized heavily the people in the Department of Finance who have systematically followed a mythology of taxation which does not stand up to quantitative analysis.

I am going to give an example of what I am going to propose as a positive suggestion. I would like at least to see a select committee talk about the concept of potential budgeting. I spoke about this in the mini budget debate. The minister was very interested; he came over to me to talk to me about it. He said he liked that kind of idea. Later the parliamentary secretary asked me if I would put it into writing, so I wrote a positive, constructive letter to the Minister of Finance. I have a copy of it with me here. I suggested how this could be done and gave more details than I had given in my speech. I finally received a letter from the minister stating, in effect, that the idea was very sound but that it created a new principle, a new precedent. The minister said that I was asking the government to give individuals in Canada the same equity and fairness in the tax system which business gets, and he said the government could not do that because it would erode the tax base. It is not a matter of just reducing the amount of taxes owing to the government; it is a matter of the growth of the country.

For example, a French-Canadian farmer spent $85,000 over a 20-year period to develop a new technique for making every part of an implement go to the same depth in the ground. His name was Jerome Bechard. He happened to live in my constituency. The tax system would not allow him to take one cent of deduction off his farm income for the sum of close to $85,000 spent in developing a new technique for better cultivation, which would have meant many hundreds of millions of dollars each year for the farmers of the west and to any farmer who had the chance of using this big machinery in any part of the United States or Canada.

Last year an American entrepreneur took up this particular invention, which was patented and put into production, and now this French-Canadian farmer is allowed to take all his receipts for the last 20 years and deduct them from the income he makes from the small royalty he gets from the utilization of this invention of his. Thank God he waited and lived long enough to be able to find an opportunity under the tax law to deduct the huge expenses he put into developing his technology.

Another example of potential budgeting can be seen in the fact that we have to convert our country quickly from the utilization of energy from non-renewable resources. The state of the art is such that there are only a dozen or so of these technologies which come close to the economies which are necessary to make them viable. In my speech last November I put forward to the Minister of Finance, in the hope that I could help him, the suggestion that since these things were not presently being made in Canada, it would cost his budgeting nothing to say that, if any person goes ahead and tries these things out on an experimental basis, that individual should be allowed the same exemptions under the tax law that the hon. member for Battleford-Kindersley mentioned: that if any person does research, he should be allowed to write the expense off his income.

The research I am talking about is not the fundamental research. That is already done. Our National Research Council has developed an upright windmill in the wind tunnel here in Ottawa. It has been written about all over the world, but no single company mass produces this windmill for sale to the public even with an 80 per cent write-off for research work. It

has to be the individual who takes it on. If civil servant scientists can make it work, I am sure that two thirds of our farmers can make it work. It runs soundly. If you put an induction motor on the bottom of it, you can pump this power into the power grids and sell your excess power to the power grids; and when the wind is not blowing, you can draw your power back from the power grids. It has been done for years in Wisconsin.

Last October the province of Saskatchewan announced its willingness to do it, but we still do not have that windmill's introduction because of the tax law. I think it is a fairly reasonable idea. It is just as reasonable as the change in the capital gains tax which many hon. members on this side have mentioned and which now has the support of the hon. member for Battleford-Kindersley. It is news when a backbencher of the government supports a royal commission.

All the pundits say that no one dares to support the latest royal commission report because it is pro-business. One of the mythologies of Canadian politics is that to be "with it" you must be anti-business. That has been the curse of both the United States and Canada for the last 30 years. Most people assume a "rip-off" attitude toward business. God knows that business needs to be kicked around, but we cannot get along without it. I suggest that there is a good case to be made, considering all the ideas which have been put forward in this House. We are not getting publicity for them because it is not news to make a constructive suggestion, but let us get our suggestions into a select committee, and just maybe, in its desperation of having to face the people, the government might consider some tax changes.

Our tax system has held this country back. We have had double taxation on corporate income for all the years I have been around here, and long before that. A royal commission now recommends that we stop that double taxation. The Carter royal commission recommended it in 1969 and 1970, but no action was taken. A royal commission recommends it in 1978, and, judging by the sounds we hear from the government benches, we know what will happen to that recommendation.

The government does not want to be caught going into an election ending double taxation on business. Double taxation occurs when a corporation is taxed at the rate of 45 per cent to 50 per cent and then the fellow who has invested and who owns the corporation is also taxed. If one royal commission recommended in 1970 that we get rid of double taxation and now another royal commission recommends it, the same thing will happen as happened in the case of the last four royal commissions on transportation. The government gets busy immediately and hides the whole report on transportation. We have before us now the Hall Commission report. The government does everything to delay it, hoping to get by the election. That is what the budget was for. The deduction of sales tax for six months was designed to get the government by the election, but there is not to be an election. When the six months is up, their tail will be in the fire and the fat will really flow.

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

• (1752)

I suggest that if the Prime Minister is honest and wants parliament to go to work, then let us set up this select committee. I am sure that among the laymen and the few accountants on this side and among the few accountants on the government side there can be found some who could put forward some proposals, because certainly the Department of Finance ran out of ideas 30 years ago after the white paper in 1946.

As for the remarks of the hon. member for Waterloo-Cambridge (Mr. Saltsman), let me say that it is clear that here is a man preaching for the call. He wants to join Crowfoot on the government benches. The crow from Waterloo-Cambridge hopes that the Prime Minister will hear the call of the wild and answer his appeal.

Mr. Knowles (Winnipeg North Centre): That is the ultimate insult.

Mr. Hamilton (Qu'Appelle-Moose Mountain): The hon. member is right, it is the ultimate insult.

When I heard the hon. member for Waterloo-Cambridge devote his whole attack to the simple idea of establishing a select committee to examine the tax law and say it was unpatriotic, that we should stay in Canada with the high taxes, and that they support the Liberal government because of their high taxes and because they are a good government, I knew that that man was preaching for the call and has been preaching for the call for a long time. He must be very jealous of the hon. member for Crowfoot (Mr. Horner) for having made it across the way. But what a price he had to pay! Now he has to come along and attack the poor old Conservatives.

We have not been in power since 1963 because the hon. member for Winnipeg North Centre (Mr. Knowles) has steadily led his party in support of the government. He helped defeat the government of the right hon. member for Prince Albert (Mr. Diefenbaker) in 1963. He helped to keep in power the minority government under Pearson, and he helped to keep in power the minority government as well as the full majority under the present Prime Minister. Is that party doing its duty of pointing out the weaknesses in the government so that we get a better government? No, sir; their main financial spokesman attacked the official opposition. I am just warning him. David Lewis destroyed the NDP in 1974. He went up and down this country attacking the Conservatives because he said their 90 days of price and wage controls would ruin the country. He frightened the labouring man in the cities into voting Liberal, and the NDP disappeared out of our cities.

Now we have another member of the NDP wanting to repeat what David Lewis did. You cannot frighten people all the time. When I was a kid, the first time I was on a farm I noticed horses coming up to the water trough. If you jumped out of the pump house and yelled "boo", they all ran. After a while, the horses stopped paying attention to it and they came to the water trough in spite of the shouting and yelling. I want to remind the hon. member for Waterloo-Cambridge that his

job here is to take each subject as it comes up and look at arguments for or against it. All he did was to attack the Conservatives and make charges that are as silly as the charges made by the hon. member for Battleford-Kindersley (Mr. McIsaac). We have the right to stand for a certain federal system with the right of the province to tax without being attacked by the government in Ottawa. He stands up and says we support the PQ. How believable is that type of remark?

If the government wants to show that it will make parliament work next year, then let us set up this committee and see what we can do. Let us end this silly political science type of yelling at each other which we heard in one or two disgraceful speeches today. This is a good opportunity for serious minded members of the government to show their Prime Minister that they would like this parliament to work. Maybe we can produce some ideas that will improve this tax system. I repeat again and again that our tax system is not perfect. Our tax system must be competitive with the tax system in every other country, and it is not competitive with other countries at present. It is time to compare our tax system with that of our main opponent in business, namely the United States. Let us see if we cannot produce one that will compete, that will allow capital to flow into this country and allow Canadians as individuals to own this country instead of the large U.S. companies, the way it is now.

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I am pleased to be able to participate in this debate on the motion presented by the hon. member for Winnipeg South Centre (Mr. McKenzie), which reads:

That a special committee of this House be established to determine whether the federal tax structure is inhibiting economic growth in Canada and promoting the export of employment opportunities to the United States.

I am particularly honoured to be able to speak on this motion following the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton), a gentleman who has been in the House for better than 20 years and provided valuable service, not only to the House but to the country. I cannot help but stand here in admiration to the kind of service he has given to the House through the years, having provided leadership in the cabinet of a former prime minister, and now continually providing constructive and fertile ideas to the government party, even to the present Minister of Finance (Mr. Chrétien), elaborating on those ideas in order to provide wholesome leadership to our country, and then seeing those ideas turned aside. I admire him for continually coming forward with more ideas to help the country in spite of seeing them taken over by the government. It is no small measure of the man that he refuses to give in to discouragement. It would be natural for an opposition member who has served in opposition for the number of years that this member has served to give way to discouragement. As I say, it is a tribute to this man that he has not given over to that kind of discouragement but that he continues to provide new and vibrant ideas.

I see it is almost six o'clock, Mr. Speaker; may I call it six o'clock?

Mr. Deputy Speaker: It being six o'clock, I do now leave the chair until 8 p.m. tonight.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Turner): Prior to the dinner hour, the hon. member for Surrey-White Rock (Mr. Friesen) had the floor. He has 17 minutes remaining.

Mr. Friesen: Mr. Speaker, it will seem like seven minutes. Prior to the dinner hour, I was complimenting the hon. member for Qu'Appelle-Moose Mountain on his contributions not only to the debates in the House of Commons, but also for the ideas he has presented in his service to the country.

I wish I could say the same thing about the hon. member for Waterloo-Cambridge (Mr. Saltsman). Far be it for me to be partisan in any debate here, but we are debating an opposition motion. The hon. member for Waterloo-Cambridge is a member of an opposition party, but his entire speech was devoted to attacking another opposition party. I could not help but conclude that he was like a homing pigeon. No matter how far afield they fly, when the distress signal goes out, they all come home to roost and are all together in the same nest. Just a few weeks ago the New Democratic polls were down by 3 per cent. Obviously he realizes the threat is from the Conservative party rather than the government party, so his duty is to attack the real enemy.

The hon. member for Waterloo-Cambridge referred to the fact that the kind of debate we are involved in today supports the rich to the disadvantage of the poor. I understand a news release came out today concerning Mr. Lewis, the former leader of his party, who was granted an $80,000 donation from the Canada Council to write his memoirs. He is one of these labour lawyers who does not charge the lowest fees.

Mr. Huntington: A millionaire lawyer.

Mr. Friesen: Yes, a millionaire labour lawyer. He needs that $80,000 in order to make ends meet, this poor man from the NDP. He has already received this $80,000 grant, but he has not written his book. He is an example of the poor people the hon. member for Waterloo-Cambridge was attempting to support today. We in the province of British Columbia have had a three-year reminder of what members of the NDP think of poor people. They really hate poverty. As soon as they are elected to office, they double their salaries.

Mr. Huntington: They purchase $2,000 desks.

Mr. Friesen: That is correct. The hon. member for Waterloo-Cambridge indicated that we are not talking about a brain drain when we talk about the talent which is going from Canada to the United States. He indicated that it is a "banal-

ity drain" rather than a brain drain. A few minutes after that, I learned that he is one of the people who has an investment in a hotel in Florida. I suppose he ought to recognize banality when he sees it. He should be careful about using such terms in the House. Apparently he has a limited view of human nature.

I represent a business community in my riding which has worked hard to keep its end of the economy going. Yet in a 12-month period 66 businesses went out of operation. I asked the local chamber of commerce in Surrey to do a count of those businesses which had gone out of business, gone bankrupt, closed their resources, tightened them up, moved to another province or moved to the United States. For one reason or another, 66 companies representing 2,500 jobs went out of business in a 12-month period.

● (2012)

Let us assume some were mismanaged and that some may have been undercapitalized, but surely not all 66. We have to look for some other reasons. The hon. member for Waterloo-Cambridge said it was a "banality drain" if they go to the United States, but maybe it is a survival drain. Maybe these people want to keep their lives, their bodies, their souls together.

I know a young lady just out of university with a talent for designing clothes. She is specializing in designing tennis wear for ladies. She is very creative and loves this business. She started operation in Surrey but has found it very difficult, not because she does not have the expertise or the creativity, but because of tax, regulations and other strangleholds by the government. Out of curiosity she went to the United States and there found the freedom she wanted to expand her business. This is a brain drain rather than a move by some tired businessman who wants to get rich quickly. This is a young person who is creative and has imagination. She wants the freedom of spirit to work with her talents, but she finds the atmosphere in Canada is just too stifling.

The hon. member for Waterloo-Cambridge referred to the number of doctors moving to the United States, and assumed that all doctors who move there to practise medicine are doing so exclusively in order to earn more money. I suggest these are creative people, and naturally they want to earn as much as possible, as does everyone else. But that is not the only reason they are moving. As a matter of fact, a doctor acquaintance of mine who is now practising in Calgary plans to move to Texas. He is not planning to move so he can earn more money but rather because the atmosphere and the incentive in the United States for his profession are so much better.

The Minister of State (Small Business) (Mr. Abbott) made some grand announcements today regarding the freedom the small business community will experience as a result of his changes in policy. He wanted us all to join in singing "Hail the Conquering Hero" because he had brought in some new measures. The Minister of Finance suggests that is what we should be doing right now. Of course, I am sure he will lead us in that singing. This is much like thanking someone who stops hitting you on the head. This government has instituted a lot of policies that have been oppressive and a blow to businessmen. The minister now says the government is going to take away those oppressive regulations and that we should thank him for doing so. I do not know that we are in a mood for that.

[Mr. Friesen.]

I talked to one of the local businessmen in Surrey this evening about this motion. He gave me the following information regarding differences in taxation policy between Canada and the United States. He said that in Canada there is a small business deduction at the low rate of tax on up to $150,000 a year, cumulative to $750,000. That rate is 25 per cent, but it is assessed on all associated companies. If you go to the United States you will find the same kind of tax, but the tax there is on each $200,000 in a year at the rate of 25 per cent up to $50,000. That seems to be more, but when you realize that it is on up to $200,000 for each company, and the tax is not associated, you will find the tax burden is considerably less in the United States than in Canada, and there is no cumulative clause in that tax policy.

In this country we find that for manufacturers there is a 5 per cent tax credit on capital equipment. This is helpful. It can accrue to $5,000 and represents a deduction from tax payable. In the United States the tax credit is 10 per cent or 12 per cent, plus depreciation, and they are considering increasing it to 17 per cent. Perhaps some will think that is not an incentive for businesses to move from Canada to the United States. Certainly it is not responsible for a brain drain but rather has caused a survival drain. Business people like to stay alive and when they find that kind of difference in taxation policy on small businesses between Canada and the United States they move to where they can survive.

Some time ago this same businessman sent me some of his suggestions. Among other things, he said there ought to be some relief for municipalities from federal government taxation. We all know that the federal and provincial governments have first right to taxation powers and the municipalities get what is left over. For that reason the municipalities get what is left over. For that reason the municipalities use whatever source they can find, such as a tax on machinery. That may be all right when the machinery is operating at 100 per cent capacity, but when there is an economic slowdown, such as we are facing today with machinery shut down for 20 per cent, 30 per cent or 40 per cent of the time, while the tax carries on, this becomes very oppressive and only the sharpest of business people can remain in operation.

This businessman had another observation which I think is worth presenting to members of the House. It is one of those creative ideas the Minister of Finance may want to entertain. Since he likes to adopt those ideas presented by the hon. member for Qu'Appelle-Moose Mountain, perhaps this is an idea he would like to accept. My business friend in Surrey suggests this:

> My proposal would be to charge no duty as such at all. Instead each country would be rated by labour standards. The lower the standard, the higher the surcharge. On top of this surcharge would be a direct tax. This tax would be applicable to Canadian products as well as imported.

This type of taxing arrangement, if the details are worked out right, should be designed to give:

A. Canadian industry the protection it needs from low-wage areas.

B. Foreign high-wage countries a better opportunity to compete in Canada with other foreign countries.

C. Low-wage countries a better chance to obtain a higher standard, because it will become advantageous to get classified in a higher wage category to lower their surcharge.

We are losing our markets to low-wage countries or third world countries around the world. This does not mean that the people we want to help are getting the benefit of those exports to our country. We may be buying shoes from Korea but the people who are making the money are the industrialists, the factory owners in that country; the benefits do not necessarily filter down to the working people.

What my constituent suggests is that if we set up a labour code for all countries of the world, especially applicable to third world countries, perhaps there would be some kind of incentive to those countries to upgrade their working standards, wage standards and conditions in their factories, and pass on the profits from their products to the workers. This idea represents some insight into human nature.

Everyone wants to make as much money as possible. We believe in the incentive system, but human nature is such that too often those who have money get more at the expense of those who are defenceless, particularly the masses in those third world countries. The suggestion this gentleman makes is that we provide a kind of incentive in our country through our import policies in order to encourage manufacturers, industrialists and investors in those third world countries to improve living standards for their workers which would in turn enhance their opportunity to export their products to Canada. If we do not provide that prod, it is not likely that they will do it on their own initiative.

● (2022)

As I said earlier, what we need is a proper understanding of human nature. Business people have great incentive, great inventiveness and they want to be rewarded for their work. There is nothing wrong with that but there are many people in this country who regard "profit" as a dirty word. Unconscionable profit, illicit profit, is dirty, but hard won profit is a compliment to the ingenuity, foresight and creativity of our people.

I want to compliment the hon. member for Winnipeg South Centre on putting this motion before the House and bringing to our attention the very serious investment climate which is draining productivity from our country to the United States and taking manpower and personnel south of the border.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the motion now before us gives us an opportunity to outline the comparative performances of the Canadian and American economies as well as our fiscal structures. I welcome this opportunity and I hope that today's discussion will leave us with a better appreciation of the matter. The growing economic closeness with the United States has been of concern to all successive ministers of finance since confederation. This is an important issue, because of the sizes and proximity of our two nations, the nature of our resources and respective attitudes, and also the free flow of capitals, goods and services across our common border.

Our two countries are interdependent. Clearly, none of my predecessors has been free to take any decision of economic policy without prior scrutiny of the impact on that economic closeness. For some people, that kind of interdependence is an unhappy or indeed untolerable situation. Such an attitude in my view is neither useful nor realistic. There is no way our two countries can be separated geographically. What we can do, is maintain the largest possible degree of freedom of action, and make the best possible use of the advantages in that huge market down south.

I would like to expand today on the comparative economic performances of our two countries during the last few years. Such differences as may be are the best pointers to our accomplishments and shortcomings in the last few years.

I will continue by dealing with certain aspects of our respective tax burdens. The economic growth curves of Canada and the United States have diverged in the last few years as almost never before. This has generally been in our favour and comes from the fact that most of the policy decisions taken in Canada were good ones. As world oil prices quadrupled in 1973 and 1974, we took advantage of our energy reserves to compensate for higher domestic oil prices. We took action to protect Canadians against inflation and the impact of a world recession. We maintained incomes and production in Canada more successully than they did in the United States. Contrary to what happened in all other industrialized countries of the world, we never had a decline in the gross national product. Real income of Canadians has continued to grow and employment has risen steadily.

Economic recovery in the U.S. was slow in coming, and it is because it was under way that for two years the rate of economic growth in that country was faster than here. That situation came as a result of the fact that the U.S. was coming out of a recession to cover lost ground. Canadian production nevertheless went up by 21 per cent last year over 1972, whereas in the United States it increased only 14 per cent over the same period. Employment in Canada over the past five years increased by 16.1 per cent, compared to 10.8 per cent in the U.S. Real disposable income per capital has risen 24.7 per cent in Canada since 1972. South of the border, it increased only by 11.8 per cent, less than half, Mr. Speaker.

On the negative side, we of course experienced a set-back in terms of costs and prices as compared to the United States. We have been concerned with this situation for several years. Our poor performance relative to the Americans is largely responsible for our present economic problems. The economic gap between our two countries was bound to have general

repercussions. It was bound, sooner or later, to lead to appreciable increases in unemployment.

As the increases in manpower unit costs were larger here than in the U.S., there were no buyers, both here and elsewhere, for a number of our products. We had to devise a way to rectify the situation and we of course implemented the prices and income control program whose main objective was to restore our competitive position. In 1975, the unit cost for labour in the manufacturing sector increased by 11.8 per cent in Canada as compared with 6 per cent in the United States, which means a margin of 5.8 per cent. That gap was gradually reduced to 5.1 per cent in 1976 and 1.8 per cent in 1977. I have repeatedly pointed out the advantage for Canadian trade and our balance of payment of the recent evolution in the rate of the Canadian dollar. Its depreciation is the answer of the market to our imbalance. It has helped restore our balance in terms of foreign trade. If we take into account the effect of the depreciation on the unit cost for labour, the latter in fact decreased last year.

As I have explained several times already, we must not bank exclusively on our floating dollar to pull us out of the whirlpool of inflation in which we were caught. To keep the gains we have registered, we must make sure there is also a decrease in the underlying rate of prices and costs increases. We have not yet restored ourselves to the strong international position that was ours in the early '70s. Unless we manage to reduce progressively the rate of increase in our costs, nothing can prevent another inflation spiral or yet another serious imbalance in our balance of payments and new depreciation of the Canadian dollar.

[*English*]

We have before us today a motion which implies that the tax system is behind all our problems. The motion suggests that taxes are holding down growth in Canada and forcing entrepreneurs into the United States where presumably they will get better treatment. Of course, tax levels are very important in business decisions—decisions about location of production, about expansion of production and about the balance between capital investment and employment of labour.

In Canada more than half of all revenues are collected by provincial and local governments. To a far greater degree than in the United States the second level of government shares a responsibility to ensure that the total burden of taxation is competitive on an international basis. I am glad to say that the provinces are keenly aware of this.

The communiqué from the first ministers' conference in February committed both levels of government to a tax policy that will establish our tax system in line with those of other trading nations. We have made a careful calculation of over-all tax levels in Canada and the United States. We have made specific comparisons of personal income taxes and corporate income taxes in the two countries. It is possible, of course, to find specific states where some extraordinary tax incentives are offered to industries if they locate there. For federal and provincial governments in this country to try to match every one of these incentives would be to sell out our tax system. We should not be in the business of creating tax havens in Canada. We should be levying a fair burden of taxes on corporations and individuals and delivering needed and effective government services to both groups in return. In fact, our comparisons of average tax burdens between Canada and the U.S.A. show that Canada is competitive.

• (2032)

Let me outline our main conclusions. First, over-all burdens. Despite the fact that Canadians enjoy substantially more government services than Americans, such as universal medical care, family allowances and higher old age security payments, the total level of taxation as a percentage of total output in the economy is only slightly higher in Canada. In 1977 we estimate taxes as a percentage of the g.n.p. were 32.7 per cent in Canada and 30.8 per cent in the U.S. The difference was 1.9 per cent. The difference was slightly smaller than in earlier years of the 1970s. This level of taxation ranks both Canada and the U.S. in the middle among industrialized countries.

I might note that the mix of tax revenues is quite different between Canada and the U.S. While corporation taxes are about the same in relation to total, personal income taxes and indirect taxes are relatively more important in our tax structure while social security taxes are much higher in the United States.

I should say a word about indirect taxes; that is, the federal sales tax and customs duties. I want to make it clear that the federal sales tax, which is applied at the manufacturers' level, is not charged on goods which are exported from this country. In other words, our system favours those industries which must compete internationally. This is very important. For example, if the federal sales tax were to be replaced by an increase in corporate income tax, about 15 percentage points would be added to the rate of tax on corporate profits. Clearly, the mix of Canadian taxes is favourable to the operation of business in our open economy.

As I said, the corporate income taxes take up about the same proportion of total taxes in Canada as the U.S.; the percentages are 12.3 for Canada and 11.5 for the U.S. I will come back to that in a moment.

A comparison of taxes on individuals in Canada and the United States should include social security taxes as well as income taxes. In 1977, average tax rates in Canada for these two taxes together totalled 15.8 per cent of personal income. For years these burdens have been very nearly identical on average in the countries.

I should point out that here again the structure of the system differs significantly in the two countries. Unlike Canada, the U.S. assesses tax on aggregate family income. It does not tax government transfers or pensions. It uses different rate structures for different family types, and it does not index its tax structure. The U.S. provides more itemized deductions but fewer exemptions. The Canadian system therefore tends to

be fairer since exemptions are automatically available to all taxpayers, while deductions are based on particular expenses which tend to be larger at higher income ranges. A further factor is that our dividend tax credit partly integrates personal and corporate taxes which, to some degree, eliminates double taxation on corporate income. The credit has the effect of refunding to shareholders part of the taxes already paid at the corporate level. No such mechanism exists in the U.S.

Furthermore, Canadian taxes on family income tend to be more progressive; that is, they are relatively lower at the bottom end of the income scale and higher at the top. Our system is also more favourable to families with children, and it is more favourable to families where more than one member is employed.

Let me turn to corporation income taxes. On balance, Canadian corporation income tax rates are now substantially lower than the same tax rates in the United States. In 1977, federal and provincial corporation income taxes as a percentage of corporation book profits totalled 35.2 per cent in Canada and 40.2 per cent in the U.S.A. In the important manufacturing sector, Canada's two-year write-off for machinery and equipment, together with the lower corporate tax rate of 40 per cent, gives Canadian manufacturers a much lower rate than their U.S. counterparts.

In the corporate area as well the structures of the two systems are substantially different. The Canadian rate structure is more generous with its lower general rate; that is, 46 per cent compared with 48 per cent. The Canadian federal small business deduction applies a rate of 20 per cent or 25 per cent over a large range of taxable income. A company in Canada may enjoy this rate on up to $150,000 of profits a year. In the U.S. the low rate is available on $50,000 annually only. As I mentioned, the 40 per cent manufacturing and processing rate is available in Canada.

The U.S. treatment of business losses is more generous than in Canada. In Canada all domestic intercorporate dividends are deductible while in the U.S. some dividends are not fully deductible. In the U.S. inventory valuation is made on the last-in, first-out basis. In Canada, a 3 per cent inventory valuation adjustment has been introduced. The relative generosity of these two inventory methods depends on the particular circumstances of a company.

The value of the Canadian and U.S. investment tax credits are difficult to compare because coverage differs. The rate in the U.S. is generally higher; that is, 10 per cent compared with 5 per cent, 7½ per cent or 10 per cent in Canada. The Canadian credit applies to both investments in structures and in machinery and equipment. The U.S. credit does not apply to buildings but covers more industries. In the area of depreciation provisions, Canadian rates are much more favourable.

I have introduced these comparisons to make the point that in broad terms tax burdens in this country are reasonable and fully competitive with those in the U.S. In many respects, it can be argued that our tax system is fairer and provides more boost to growth and employment. But I have also pointed out that all sorts of special incentives can be found in one state or another, incentives that we should not try to duplicate if we are to retain the integrity of our tax system. Nor would we expect that the U.S. federal tax system would try to match every incentive offered by individual Canadian provinces.

Our job as legislators and my task as Minister of Finance, Mr. Speaker, is not to make sweetheart tax deals to entice industry to this country. Our job is to develop tax law fairly in the interest of all taxpayers. When we give up tax revenues in the interest of special deals and special privilege, we deny the use of that revenue to the benefit of other deserving Canadians. Our job is to make decisions in this chamber that will help promote a positive environment and sustain a sound economy, where business leaders will be encouraged to take the risks that are required in the market system, where worthwhile new jobs are being created, where planning and investments go forward in step with the great potential of our economy.

Above all—and I say this very seriously—we can best inspire confidence in our economy, and ensure growth and new employment, by keeping Canada united. The battle for unity is being won. When the outcome is clear to employer and investor, we will have cleared a hurdle standing in the way of our best economic performance. Certainly, we are not being held back by any lack of skills or resources in this country. And we are not being held back by the Canadian tax system.

• (2042)

This is a good occasion for me to speak on this because rumours are being spread across this country that our tax system is bad in relation to the American system. It was important to clear up some of that misinterpretation. We have a different tax system, but the spread is only 1.5 between the two nations. We have a much more developed social system than exists in the United States. We should be very proud of the fact that we are still in a very competitive position as far as our tax system is concerned with regard to the United States.

Some hon. Members: Hear, hear!

Mr. Chrétien: The previous speaker referred to the speech made by the hon. member for Waterloo-Cambridge (Mr. Saltsman). He could react in no other way to the motion by the hon. member for Winnipeg South Centre (Mr. McKenzie). That kind of absolutely negative speech creates the impression that Canada is about the last among all nations of the world. That kind of proposition makes no sense.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. minister but his allotted time has expired. He may continue with unanimous consent.

Some hon. Members: Agreed.

Mr. Chrétien: I just want to conclude, Mr. Speaker. We can have our differences in policy, there is no doubt about it. However, to create the picture that this country is about to die economically and socially is a disservice to Canadians.

Some hon. Members: Hear, hear!

Mr. Chrétien: I do not mind criticism. It is part of my job and I love it. As Mike Pearson said, it is great because it keeps a person clean. I do not at all mind being criticized. However, when I see someone using this chamber to depreciate this country as was done this afternoon, I cannot stand back and say nothing.

Some hon. Members: Hear, hear!

Mr. Chrétien: We are here to debate. This afternoon a question of privilege was raised with regard to accusations that had been made against members of this place. They threw a cloud over every member of this place. The accusation had been made that some members had used their position to try and make a profit for themselves. Every member who is here could probably do better outside than in this chamber.

It is absolutely unacceptable to throw around accusations which cast a cloud over the integrity of all members of this place. It is all right to question the incompetence or intelligence of members. However, everyone who came here did so with one motivation, to serve his country in the best way he could. It is wrong to say that some of us are trying to use our position in order to pocket some money. I am happy to be here. I see that some of my predecessors are doing well on the outside. I see that it is possible to make more money there than here.

The performance we saw over the weekend and again this afternoon, a depreciation of those who serve the nation and a depreciation of the nation as a whole, is absolutely unacceptable. Despite the many other things I have to do, this is why I decided to get up and speak this evening.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, we have just observed another hair-shirt emotional speech by the Minister of Finance (Mr. Chrétien). He read the first part of his speech. That is the way the Minister of Finance likes to make a speech. First he reads a bunch of statistics from the department so it will appear he knows something about the portfolio. It is a very learned type of reading. He then goes on to make an emotional speech which, as is so typical of members of this government, equates the good of the Liberal party and the Liberal government with our country. He says in effect that any suggestion for a review of our tax measures by the House of Commons is an attack on Canada.

What a ridiculous proposition the minister puts before us. The reason we are sitting here debating measures on allotted days and on government days is that the Prime Minister (Mr. Trudeau) could not screw up his courage to call an election. He was twisting and turning. He was frightened. The polls were and continue to be against him. He was very concerned about the fact that parliament should do some work.

Mr. Friesen: The people did not want an election.

Mr. Hnatyshyn: As the hon. member for Surrey-White Rock (Mr. Friesen) says, the people did not want an election. The Prime Minister's excuse for not calling an election was that parliament had work to do.

On one of its allotted days, the opposition makes the suggestion that maybe parliament has a role in studying the tax system in Canada. It is an opportunity to review our situation today. A prima facie case has apparently been made by spokesmen in various businesses, such as construction, manufacturing and so on.

We have a situation where officials in the Department of Industry, Trade and Commerce are expressing serious concern about the flow of capital to real estate investment in the United States. What happens when we in the official opposition suggest that, since we are going to be sitting here for another year or so, parliament should take an active role in trying to come to terms with the taxation system of our country? It is considered by the government and its henchmen in the NDP. They support the government at will. They are going from 14 per cent to possibly 12 per cent in the next Gallup poll. That is because they keep supporting the government regardless of its policies.

We are told that this motion is some sort of an attack on Canada. They say we should be proud of having one of the highest rates of taxation, that we should be proud to sit here and listen to speeches about the beneficence of this government.

If parliament is to turn to performing a useful role and if we are to take the Prime Minister at his word, which is very difficult with his record, this motion should receive the wholehearted support of every member of this House. There should be a non-partisan, non-political look at our tax system, a review of the experience in this country with regard to the flight of capital to the United States and other countries. We should consider the extent of the problem. What has the government to fear from that kind of consideration by a committee of parliament?

There is nothing wrong with this motion. The government feels it is in a box, that it is losing the support of the country and will be turned out of office. What is its reaction to any response by this party in bringing forward a resolution that in effect allows parliament to operate? By a committee set up by this motion, parliament could consider our tax levels and mode of taxation with respect to individuals, corporations and businesses in general.

This motion gives an opportunity to the government to show it is prepared to listen, as opposed to the spectacle we saw today when there was no one here to speak on behalf of the government. That is the way they operate government. That is the way they approach matters in the House of Commons. It is a reflection of the attitude taken by this government, particularly by the Prime Minister who has absolutely no time for parliament.

Mr. LeBlanc (Westmorland-Kent): He is here every day and you are not.

● (2052)

Mr. Hnatyshyn: The Minister of Fisheries (Mr. LeBlanc) is renowned for making speeches from the seat of his pants. He

says the Prime Minister is here every day. I can assure the minister that it is a great honour for us to see the Prime Minister here in this chamber to answer the questions we put to him. He does us all a great honour. The emperor comes into parliament and gives his time to answer questions. Then at three o'clock he retires to his office to be surrounded by a phalanx of 101 members of his staff. Since I have been in parliament he has not participated in a debate on any motion or item of business before the House except for the debate on the Address in Reply to the Speech from the Throne, when he makes a contribution whose only effect is to put people all across the country to sleep.

When the Prime Minister says of members of parliament, including his own party members, that within 50 yards of Parliament Hill they are nobodies, he is revealing his attitude toward them. If I were a backbencher on the government side I would be more concerned about being a nobody while I was on Parliament Hill. The present government, more than any other in history, fears parliament. It fears debate. It fears any suggestion on our part for a constructive review of taxation and its reasons are well founded. Members opposite have placed themselves in a position where they are criticized universally for their mismanagement. They have brought a country whose potential is unsurpassed in the world to a point where there is apprehension and concern felt by citizens from coast to coast and from north to south.

My hon. friend from Winnipeg South Centre (Mr. McKenzie) is responsible for the motion which has had an immediate effect on the government. After the first round of speeches when the government whip had difficulty finding anyone to take part, in came the Minister of State for Small Business (Mr. Abbott). His face was flushed. He had no written or carefully prepared notes. The upshot was that he made a number of statements about what the government proposed to do for small business, that very important sector of society. In that act alone was an admission of guilt on the part of the government, an admission that their attitude toward the taxation of business, both individual and corporate, leaves a great deal to be desired.

There is no thought of setting out a taxation strategy with respect to business. The notion of industrial strategy is altogether foreign to them. Their only approach to these matters is the "finger in the dyke" approach. The minister talked about relieving the paper burden imposed on a limited number of businesses. Mr. Speaker, it makes no sense to come into the House and occupy time with unrelated statements which show only that the government doesn't know where it is going.

Canada is a country of unlimited potential. Nobody is standing up and saying we do not have the greatest country in the world. We do. What we have, unfortunately, is a government which leaves everything to be desired, a government in need of replacement by a new government. That is why we need an election very soon.

I want to deal in the few minutes remaining to me with some of the evidence for the existence of the problem referred to in the motion. People inside government who have studied this question have expressed concern about the flight of capital. I refer to a story in the Ottawa *Citizen* of April 20 in which Mr. Carl Wenaas, senior policy maker at the Department of Industry, Trade and Commerce, is quoted as saying that the federal government is concerned about increased Canadian investment in foreign real estate. According to this report he stated:

> If companies are transferring funds out of the country, it is not desirable, obviously.

The article continues:

> The federal government, he says, keeps close track of net direct investment abroad by Canadian firms but "we have no way of knowing if a Canadian is spending $2 million on a condominium in Florida."

Here we have a statement that records of investments outside Canada are being kept. But when we ask ministers during the question period about this flow of capital, they refuse to answer. The ministers responsible for economic planning do not give out any information on the subject, another example of the government's preoccupation with secrecy. Ministers opposite believe that only they can reach direct decisions and that parliament should have no voice in economic or financial planning. That is why my hon. friend asks that a committee be charged with studying these matters so as to determine the extent of the problem.

There are indications of its cause in a statement by Robert Dodge reported in the Dallas *Times-Herald* of February 19, 1978. John Meyer, vice-president for corporate relations at the Trizec Corporation of Montreal had this to say:

> Canada has been taken over by a lot of planning boards and agencies. Here you have to undergo financial analysis by the government to do business. We said "Screw it" and started looking for U.S. properties.

This was a statement made by a vice-president of a very large Canadian corporation. What does Canadian Pacific Investments say about investment in Canada? Here is a story from the Montreal *Gazette* of May 2, 1978:

> Canadian Pacific Investments of Montreal plans to continue expanding into the U.S. because business conditions are more favourable there, Willian Moodie, CPI president, told shareholders at the annual meeting yesterday.

I could go on and on quoting spokesmen for business across this country. They all indicate concern about the investment climate in Canada. Yet the government in its arrogance and its disdain for parliament refuses to accept the reasonable proposition put forward by my hon. friend from Winnipeg South Centre. He proposes that we, as members representing all parts of Canada, take this opportunity to make parliament work, as the Prime Minister has asked us to do, by coming to grips with the taxation system to determine whether there are ways in which it might be improved. At present it is no secret that there is lack of confidence in the government and in the economy. Even the most ardent partisan backbencher in the Liberal party cannot deny that we are going through an economic crisis and that we face a serious prospect in the future. I am not here to gloat over that. In fact, I feel very badly about it. But when we do come forward with a reasonable proposition it is rejected out of hand by government spokesmen.

● (2102)

Somehow our suggestions are taken as an attack on the future of Canada. What a ridiculous proposition it is for the Minister of Finance to suggest that, because we want to study our taxation system, that is the extent of our concern about the Canadian economy. Clearly, that is one important aspect which has to be looked into by parliamentarians and by people who are involved in the governing of our country.

The Minister of State (Small Business) himself pointed out this afternoon that small business feels particular concern about bureaucratic red tape, and in response to this motion he came forward and made certain statements, attempting in small part to remove some of these items of red tape and paper work. We all know that this red tape affects business in Canada, the confidence of people in Canada and our economy. The Minister of Finance said that if we are critical of the performance of this government, somehow we are being unpatriotic. The temptation to criticize this government's mismanagement and mishandling of economic affairs is to me irresistible, and I hope I will not be considered unpatriotic if I point out the record of this minister with respect to the handling of his portfolio.

It has been my observation that during the time the present minister has been Minister of Finance there has been more criticism of our economy than under any previous minister of finance appointed by this Prime Minister. I suggest that perhaps one of the fundamental problems which underlies our economy is lack of confidence in this government.

In the last quarter of 1977, according to Bank of Canada statistics, over $180 million in direct investment was drained out of our economy, despite the improvement in trade balances. To date it has taken over $7 billion in either loans or international stand-by credits to shore up the dollar. In my estimation one of the reasons the world has so little confidence in our economy is the way this Minister of Finance has on a number of occasions dealt badly or failed to deal with serious problems facing our country.

As far as parliament is concerned the minister has been non-communicative or has given us information which has not been in accordance with the actual facts. I want to list a few of these things. The minister indicated to us in answers about the situation relating to the dollar that the dollar was not being supported by our government when in fact it was. At one stage the government was spending something over $700 million a month to support the dollar, all the while proclaiming that it was a "clean float".

Another example of the government's saying one thing and acting in another way is the retail sales tax legislation we are now considering. In trying to convince the people of Canada, we see the Prime Minister twisting and turning in his seat. He never speaks about anything, but the only time we saw him sitting in the House of Commons during a debate—and it was the subject of newspaper comments across the country—was when we watched the Minister of Finance twist and turn through the sales tax debate at second reading. He was here that time because he knew he was on a sticky wicket. The Prime Minister knows that the people of Canada are on to him. They know he says one thing and does another.

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

Some hon. Members: Agreed.

Mr. Hnatyshyn: What concerns me even more than some of these things are the answers we are getting in this parliament with respect to our economy. I am concerned about the aura of incompetence which seems to pervade this government's handling of economic matters. On March 9, the minister raised the bank rate by half a point, only to have to raise it by another half point on April 3. In the meantime, hundreds of thousands of dollars in foreign exchange reserves were flushed down the drain, together, I suggest with all respect, with the government's credibility.

This minister has put us in hock to the point where we are dependent on foreigners for our economic well-being as never before in the history of our country. For example, without the $2.1 billion the government has been forced to borrow from foreign banks, our reserves would be down to $423 million, a decline of something like 88 per cent from October of 1976.

The government is so inept that it cannot even identify the capital flows which are taking place, or it refuses to tell us. In 1977 the unidentified capital flows plus the balancing items totalled $3.176 billion. In the last quarter of 1977 money was flowing out of the country at the rate of $10 million a day, yet the government was unable or unwilling to identify publicly the reason for this haemorrhage.

I hope that in the brief time which has been available to me I have set out some of the compelling reasons why this motion should be supported by all members of the House. This motion should be supported, not in the interest of any partisan political gain by one side or the other, but in order to give an opportunity to members of parliament from both sides of the House through the medium of parliament in one of its standing committees to come to grips with and deal with the serious economic future we face. I thank hon. members for the extra time, and I thank the House for this opportunity to speak.

● (2112)

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Very objectively, Mr. Speaker, I would like to take part in the debate on this motion proposed by the official opposition of the Canadian Parliament according to our rules of procedure which specify that a certain number of days called opposition days be set apart to allow members to introduce motions criticizing in a valid way the shortcomings of the government, so as to provide our country with an efficient administration.

Now, Mr. Speaker, I would like to take part in the debate on the motion moved by the hon. member for Winnipeg South Centre (Mr. McKenzie). In this motion, the hon. member suggests that the federal tax structure inhibits the economic

growth in Canada and contributes to the brain drain towards the United States, be they financial or research brains.

Mr. Speaker, all members agree with the mover of this motion that the American rate of taxation is lower than the Canadian rate. That is recognized and accepted. But we must face facts. This rate of taxation imposed on incomes, on taxpayers, on workers is of course lower than in Canada. However, Canada's program of social services is much more extensive and equitable than in the United States. Compared to that country, our social benefits are much greater and Canadians must necessarily pay for them and be taxed on their income, in comparison with the American system.

Having said this, Mr. Speaker, it does not mean that I support the present tax system: I merely want to make a comparison from which to draw conclusions on possibilities of improving our tax system as compared with that in the United States.

Those social programs are obviously very costly and they must be paid; under our present system, the only way the government can do so is through our taxes, that is, personal income and corporate taxes. Mr. Speaker, the bill must be paid. At the present time, the bill is paid through taxes levied on income: the higher the income, the higher the tax. That system of personal income tax, setting aside that corporate taxes, bears no relation whatsoever with the tax system south of the border, in the United States.

Mr. Speaker, in the United States, in the case of the average taxpayer it is true that he seems to pay less than we do here in Canada—but after having weighed the pros and cons objectively, it will be found that, all in all, the two systems are comparable. We pay more in Canada but, on the other hand, we get more services. We have more services and so we must pay more. The Americans have fewer services, but they are satisfied because they pay less.

Some would say that it all amounts to the same thing. Why not follow the American system? In my opinion, the answer is quite simple. In Canada, those who have the highest incomes pay most services, which seems fair in a society which advocates as much egalitarianism as possible. Those who have higher incomes pay a higher percentage than those who earn less. However, Mr. Speaker, that is the role of government. They must establish a certain balance, see that a certain percentage of economic justice is applied to each individual and each taxpayer living in a country such as we know, Canada.

When he introduced his motion, the hon. member did not say that he wanted cuts in these areas. He did not talk about this. He did not say that there should be cuts in certain areas and increases in others so as to strike a certain balance. But experience tells us that when the income tax is reduced, the government must cut certain services, and too often, these cuts affect the social services. We have seen this in the past. Under the pretext that government spending must be cut, the governments have tended to reduce certain social services before introducing a balanced budget, even at the risk of causing some harship to those who are unable to contribute the equivalent because their income is lower than that of people in higher income brackets.

If this government could guarantee that this will not happen, if they could suggest a formula that would prove to me that they are able to go about it differently, I would certainly support their proposal because it would tend to increase indirectly the purchasing power of the disadvantaged without penalizing the efforts of the taxpayers with higher incomes because they work harder or have better positions.

Mr. Speaker, I would also like to talk about another point raised by the mover of the motion, the hon. member for Winnipeg South Centre. Because of our taxation system, many of our Canadian brains go to the United States in search of less excessive taxation rates. Mr. Speaker, I must say that I am somewhat sceptic about this statement. What exactly is the brain drain? Have the people involved been identified? Has the public been told who are the people who flee to the United States because of inadequate incomes for the services they have rendered to the Canadian people? No mention is made of this. Mr. Speaker, who are those professionals rich enough to pay taxes here in Canada but who are so vain and materialistic that they move to a foreign country to increase their income? Very seldom low income earners because although they know they would pay fewer taxes in the United States they stay in Canada where they get more free social services than anywhere in the world.

However, Mr. Speaker, we should be realistic. Without advocating a socialistic system, through the years and following the representations from grass roots organizations to hon. members of various political parties, every one of us on various occasions has made representations to the government party which we usually call the party in power but which is not necessarily in power if the results achieved are any indication. Those results should be analysed on the basis of accounting revenues affecting the income of Canadians throughout the years, on the basis of the budgets proposed by the majority party, budgets which throughout the years increasingly affect the income of private citizens who have to pay for the social services demanded by the people, but for which the whole population has to pay. And I am upset when I hear in this House or on radio or TV a government member tell the people that if we have old age security in Canada we owe it to the Liberal party, that if we have family allowances we owe it to the Liberal party, and that if there is a guaranteed income supplement for people aged 60 or more living with a spouse aged 65 or more we owe it to the Liberal party. Mr. Speaker, I am upset by such assertions. After all, hon. members who have been sitting here for as many years as the hon. member for Winnipeg North Centre (Mr. Knowles) and his colleagues of the same age have fought to push through parliament legislation recognizing the right to security and freedom in our country. We owe it to the work and efforts of these people throughout Canada who have done their best to develop our country and make it more affluent to ensure a certain security

to senior citizens. But it is false to say that all that prosperity and our capacity to pay pensions to people aged 60, 65 or more is the result of the efforts made by the political party in power like the Liberal party. Because, Mr. Speaker, all Canadians whatever their age, whatever their political allegience have worked in agreement to give to our country this momentum toward prosperity so that it could give its aging citizens the possibility of enjoying this security, this assurance of going through their later days in a certain feeling of security coupled with a feeling of independence.

Mr. Speaker, today's young workers, and I have some among my relatives, as all members of this House probably have, these young people are working in conditions which are often difficult. Let us take for instance the case of construction workers. In summer time they have to withstand extremely difficult heat conditions which affects them considerably, and when winter comes, these same construction workers—and I am talking about them because I know their situation, Mr. Speaker, for if did not I would not speak so passionately about them—these same construction workers who are on the job, during December, January, February and March work through difficult conditions but they accept to do so and they also accept to pay on their wages a tax which will ensure the people who preceded them, their father, their uncle, relatives or just friends, some security for those who are over sixty because they recognize that while they are holding their jobs, they enjoy working conditions which are perhaps not always very advantageous but still better than those which prevailed some 40, 50, 60 years ago. These people accept to do their share to ensure their kind of security to the present generation of retired people.

Mr. Speaker, I understood the motion moved by the hon. member for Winnipeg South Centre to the effect that there is a difference between the conditions which prevail in the U.S. and in Canada. I also understand that there are Canadians working in lumber camps or elsewhere in the United States who pay taxes which are perhaps inferior to those which Canadians must pay when they work in Canada. Yet, Mr. Speaker, even if by that kind of work, even because of situations, conveniences, agreements which exist between the United States and Canada and even if there is a flight of Canadian capital to the United States which is detrimental to us, the fact remains, Mr. Speaker, that governments share a great responsibility in all that—

[*English*]

● (2122)

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue if he receives unanimous consent. Is there unanimous consent?

An hon. Member: No.

[Mr. Lambert (Bellechasse).]

Mr. D. M. Collenette (York East): Mr. Speaker, I was not sure whether I would have an opportunity to participate this evening. I am glad I have been provided with that opportunity. I am grateful to the hon. member for Winnipeg South Centre (Mr. McKenzie) for putting his motion before the House.

An hon. Member: Then why did you not let the hon. member for Bellechase (Mr. Lambert) continue?

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I rise on a point of order.

[*English*]

Mr. Collenette: Let the record show that I did not say "No".

The Acting Speaker (Mr. Turner): Order, please. The Chair definitely heard a "No" when unanimous consent was requested.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I rise on a point of order.

[*English*]

The Acting Speaker (Mr. Turner): The hon. member for Bellechasse on a point of order.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I rise on a point of order.

When I read the official report of last Friday's debate, I noted that all hon. members had been kind enough to grant additional time to all those who took part in the debate. I had thought that today they would demonstrate the same generosity to us. If hon. members should decide not to grant the hon. member for Bellechasse additional time to complete his remarks, they may rest assured that I shall indeed remember that in future when the time comes to grant additional time.

[*English*]

The Acting Speaker (Mr. Turner): Order, please. I suggest to the hon. member for Bellechasse that it is the responsibility of the Chair to listen. Definitely I heard a "No".

Mr. Knowles (Winnipeg North Centre): From where?

Mr. Collenette: Mr. Speaker, actually I was surprised to be recognized by the Chair. Hon. members on this side of the House were prepared to let the hon. member for Bellechasse continue. Distinctly I heard a "No". I am sure the "No" came from the Conservative side. It is evident that that party denied the hon. member for Bellechasse the opportunity to finish his very thoughtful speech.

● (2132)

I am grateful for the opportunity provided by the member for Winnipeg South Centre (Mr. McKenzie), who I see has re-entered the chamber after some absence. I am glad he is here this evening to hear my remarks as well as the remarks of the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn).

An hon. Member: Well, say something then.

Mr. Collenette: This debate is decidedly a non-event. After sitting here listening to what one of my old professors used to call pure and unmitigated eyewash or drivel, such as passed for a speech by the hon. member for Saskatoon-Biggar, I feel perhaps I should counter some of the bold and bald assertions he made in that speech.

I do not propose to get into a lengthy debate on Canadian tax measures in comparison with United States tax measures. The Minister of Finance (Mr. Chrétien) in a very able speech set out the main features of the Canadian tax system and the weaknesses, as we perceive them, of the United States tax system. On the facts the minister presented to us I am sure all members would agree there is no real comparison, and that in this country we do by and large have a very fair and equitable tax system.

I want to address my remarks to two particular points of view, the first of which deals with this comparative study of our lifestyle and standard of living with that of the United States. This does touch upon the general economic climate and tax systems of both countries. Secondly, I want to talk about one particular tax system, namely, sales tax as covered in the budget and which has been part of a national taxation or constitutional debate.

An hon. Member: You aren't going to muck that one up further, are you?

Mr. Collenette: An hon. member asks whether I am "going to muck that one up further". I think he should be patient, hear my remarks and then see how very ably I am going to try to expose the position of the Conservative party as being very duplicit, a position that most Canadians will see through on the election trail.

When we talk about comparisons between Canada and the United States the Conservative party is obsessed with the fact that everything south of the border is better than it is in this country. The minister said a number of times that the Conservative party is continually carping, complaining and tearing down our institutions and the confidence and morale of Canadians. This has some effect, and I do not deny that. When the official opposition in the House of Commons continues day after day to tear down the great confidence and feelings that we have developed in this country over the past 100 years, this does start to have some kind of effect on the Canadian people. I think many of our problems at this time result from lack of confidence, and that lack of confidence must be placed squarely at the doorstep of the official opposition.

When we talk about the United States let us consider a few basic facts. The per capita income in Canada is higher than it is in the United States, as supported by figures released recently, I think last week. This contradicts some of the suggestions of hon. members on the other side to the effect that this country is falling behind our American neighbours.

Over the last ten years the disposable incomes of Canadians in Canada have been considerably higher than those in the United States. The number of new jobs that have been created in this country on a per capita or relative basis has been considerably greater not only than the number in the United States but also in all of the industrial trading nations in Europe and Japan, our major trading partners.

The official opposition will be riding in the next election, whenever that comes—this year, next year or whenever—on what I call the "Stirling Lyon white horse". It will be ridden across this country by those hon. members taking pot shots at our social services and at our bureaucracy. I do not think Canadians are going to buy their arguments, and those hon. members will find themselves in the same kind of difficulties their counterparts in Manitoba are finding themselves in now.

It is fine to talk about efficient and effective government. I think everyone on this side would agree that what we stand for is efficient and effective government. Over the last 30 years we have developed in this country, throughout all of industrialized society, a kind of social system, social tolerance and economy whereby a large number of people, perhaps the largest ever in history, have equitable access to income. I want to support that system as it has and is developed. I want to support the social programs which have been developed over the last 30 years. This does not mean to say we cannot administer those programs in a better way and thereby save taxpayers dollars.

Hon. members of the Conservative party, when comparing the United States and Canada, are always talking about our higher unemployment benefits. It is clear that the members who criticize our unemployment insurance system do not represent major urban constituencies. I do not hear very much criticism of UIC benefits from our Atlantic area colleagues. Those hon. members who criticize certainly do not represent constituencies in Quebec and northern Ontario where unemployment is high and where opportunities available in the relatively wealthy areas of southern Ontario and B.C. are not available to the people there.

I have to defend the unemployment insurance system we have today, and I am not embarrassed to do so. There have been some terrible administrative problems with that system, but those problems are being ironed out. It is true, perhaps, that some aspects of the system have encouraged disincentive to work, but simply to rip through this whole system, as some members opposite would do, solely in the guise of a work ethic, higher productivity and emulating the free enterprise of our American neighbours to the hilt, would be disastrous to many regions in this country.

Hon. members are very quick to criticize the universal and portable medicare system we have in this country, which the United States does not have. When they talk about the favourable position of the U.S. economic system, they fail to point out that many thousands of Americans every year are forced to pay hundreds if not thousands of dollars in medical coverage, which literally bankrupts whole families, causing a degree of hardship which I do not think any of us in this chamber would ever want to see return.

We have a very much more favourable old age security system.

Mr. Clarke: Order, order.

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Vancouver Quadra (Mr. Clarke) rises on a point of order.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I have looked very carefully at the motion of my colleague the hon. member for Winnipeg South Centre (Mr. McKenzie), and I can see no relationship between it and the contribution to the debate being made by the hon. member for York East (Mr. Collenette).

Mr. Collenette: With all due respect, Mr. Speaker, that was not a point of order but rather a point of debate.

An hon. Member: Relevance is surely something.

Mr. Collenette: I have carefully studied the motion and we are talking about the federal tax structure inhibiting economic growth in Canada. When we talk about economic growth we are talking about all of the economic infrastructure of this country, which includes as far as I am concerned unemployment insurance, direct and indirect taxation, social benefits and other things. As can be seen by the lack of tolerance exhibited by the hon. member for Vancouver Quadra (Mr. Clarke), this is the callous kind of approach we are used to from members of the Conservative party.

As I was saying before I was rudely interrupted, we have in this country an old age security system that is very good. That is not to suggest it cannot be improved, but when you compare the level of benefits here with that level in the United States you will see that United States citizens are not afforded equal benefits. In my constituency and throughout metropolitan Toronto there are many government sponsored senior citizens' homes—that is, federal, provincial and metro—which provide a level of accommodation for senior citizens of which we as Canadians can be proud. Senior citizens in the United States do not enjoy that level of care.

I suggest we have a better education system in terms of available facilities and uniformity. There is not the degree of uniformity I would like, but I will be talking about that during the latter part of my speech, particularly in reference to the sales tax difficulty.

We were talking about taxation and services the government provides. Even if you compare Air Canada with other air services you will see that Air Canada provides a level of service to people in all communities across this country. The hon. member for Winnipeg South Centre is continually complaining about the operation of Air Canada. It is suggested that this service is provided as a result of our tax system—

Mr. McKenzie: Read my speeches.

Mr. Collenette: I read your speeches, my dear friend. In fact, I sit on a committee with you and have listened day after day to criticisms you make in respect of the minister of Transport (Mr. Lang), officials of Air Canada and Canadian National Railways. I hope those kinds of remarks are circulated around the country during the next election to demonstrate what the Progressive Conservative party's transportation policy is. However, I am getting a little off the track, Mr. Speaker.

• (2142)

When we talk about the level of services and the taxes to pay for those services, we are talking about the high quality of service that the national airline provides. My friends opposite are continually knocking the postal service—

Mr. Clarke: A point of order, Mr. Speaker, with the greatest of respect. I know you did not rule on my earlier point of order but I have listened carefully to the hon. member for York East since then and he has talked about Air Canada, Toronto real estate taxes, the transportation policy of the Progressive Conservative party, health insurance in the United States and finally, he wants to give us a diatribe on the post office. I would like to remind the Chair that the debate is on the motion:

That a special committee of this House be established to determine whether the federal tax structure is inhibiting economic growth in Canada—

With respect I would hope you would rule that the hon. member for York East is not on the topic.

The Acting Speaker (Mr. Turner): Order, please. I should like to suggest to the hon. member for Vancouver Quadra (Mr. Clarke) that the Chair has been very tolerant with hon. members and they have all wandered over the field. The hon. member for York East.

Mr. Collenette: Thank you very much, Mr. Speaker, for the discretion you have shown. I have not seen the degree of impertinence that I have seen this evening from the hon. member for Vancouver Quadra in a long time. I am sure he will cease and desist now that you have made your very effective ruling.

When I talk of these services and the level of taxation necessary to pay for them, I am relating it directly to this motion. In the last sentence the motion talks about the export of employment opportunities to the United States. The hon. member for Winnipeg South Centre in this way is talking about jobs being created in the United States and people leaving Canada. I am relating this directly to people staying in Canada. The reason they want to stay in Canada is the many social and economic programs that have been built up over the last 30 or 40 years. However, I am digressing but I hope my time will not be cut into.

This afternoon the hon. member for Battleford-Kindersley (Mr. McIsaac) said it all when he quoted a speech made by the Leader of the Opposition (Mr. Clark) after Christmas in this House. The Leader of the Opposition said that this is the year the country closes down. Mr. Speaker, I hope that in the election campaign that comes up in the next few months or in

the next year or so the country will close the opposition down. That is long overdue.

The hon. member for Saskatoon-Biggar talked about the flight of capital. I thought he was going to get down on his knees and sing an Al Jolson swan song. What does the Conservative party propose to do about the flight of capital? Is he saying to members of this House that the Conservative party favours exchange controls? I challenge him to tell us where the Conservative party stands. Do they want exchange controls? Let him tell that to the business community of the country and to ordinary Canadians. That is what he is implying when he talks about the flight of capital.

I should not get myself worked up over these points of order, Mr. Speaker, because I am missing one of the central themes that I want to talk about, and that is the sales tax measure in the budget. I think it was a pretty good budget and I think the sales tax measure was pretty good.

There has been a tradition of secrecy in budget preparation in this country, Mr. Speaker. Hon. members opposite have always demanded that this secrecy be respected. They would decry any kind of leak. A few years ago there was the case where the hon. member for Kerora-Rainy River (Mr. Reid) was charged with having previous knowledge of the budget of a former minister, Mr. Turner. This was disproven in committee.

The opposition has jealousy guarded this tradition but at the same time they are the foremost spokesmen in this country in defence of provincial rights. First of all, the Prime Minister (Mr. Trudeau) saw the premiers last fall. Then there was a federal-provincial conference. We recognize that the federal government only has direct control of 40 per cent of all government money spent in this country. A federal-provincial conference was called and some good things came out of that, one of which was the sales tax proposal. It did not come from the federal government but from the government of Ontario. The Minister of Finance (Mr. Chrétien) consulted with all the provinces and told them that he wanted to co-operate and act in consort with them in economic planning in this country. But what happened? The Quebec government pulled the rug from under him. The Quebec government in its own budget brought in a sales tax proposal which, in a sense, is a protectionist proposal—not in the absolute sense but it is a protectionist proposal for industries in Quebec.

Mr. Speaker, we talk about the free exchange and movement of goods in this country. No one in his right mind who stands for the concept of a united, federalist Canada can support the position of the Parti Québécois.

Mr. Hnatyshyn: Claude Ryan does.

Mr. Collenette: When the official opposition talks about special status and accuses the federal government of according special status because of the $85 tax payment to Quebeckers, they are the ones who are favouring the Quebec sales tax system which would promote only Quebec-based industries. No federalist in his right mind who has integrity can countenance that proposal.

Mr. Hnatyshyn: A point of order, Mr. Speaker. I apologize to the hon. member because he is in full flight. I have not seen him so agitated since the day he got married. I wonder if the hon. member would permit a question on the matter he is now raising.

Mr. Collenette: Mr. Speaker, I wanted to do the official opposition the courtesy of finishing this matter this evening. It is their motion. They have already cut into my time, however, and now the hon. member wants to ask a question. I will be prepared to answer questions when my 20 minutes is up and not before, if there is unanimous consent. I warn hon. members, however, that they are probably going to run out the clock in doing so.

As the hon. member said, he caught me in full flight. I sat here all last week and heard these incredible charges coming from the Leader of the Opposition, from the hon. member for York Simcoe (Mr. Stevens) and all the other so-called financial critics on the other side. They attacked the federal government for giving in to special status. That is absolute rubbish. They are the ones who want special status; they are the ones who are backing Jacques Parizeau to the hilt.

If they want to talk about Claude Ryan I can answer them. The hon. member for Battleford-Kindersley answered that this afternoon when he said it is fair game for all provincial politicians to criticize the federal government. That is one of the greatest weaknesses we have in this country. It is not just René Lévesque—it is the Alberta heritage fund, it is the Allan Blakeneys of this world, it is all these provincial potentates with their little empires who are chipping away at the nation state we have known for the last hundred years.

Members on the other side smirk about it, but this is the most fundamental and central issue facing this country at this time. The opposition does not want to talk about national unity, but here is an economic measure, this sales tax proposal, which is not only a taxation measure but something that affects the very fibre of the country. They cannot see that, however.

It has often been said that we are one of the most decentralized federations in the world. In the United States 60 per cent of all government revenues come under the control of Washington. It is the same in West Germany. But in this country it is only 40 per cent. Last week the Governor of the Bank of Canada appeared before the Standing Committee on Finance, Trade and Economic Affairs and more or less admitted that the way fiscal and taxation policies have gone in the last 30 years makes it difficult for the Bank of Canada to exercise monetary and fiscal control in this country. The Bank of Canada is responsible to parliament through the Minister of Finance, yet 60 per cent of all government revenues is spent by municipal and provincial governments.

There is Bill Davis running off to Zurich and René Lévesque running off to New York, borrowing money indiscriminately and not paying attention to how much interest has to be paid. What we need in this country is a centralized and economic planning system, and we are not getting it.

I am not sure where we are with respect to time, Mr. Speaker, but if we are getting back to this sales tax measure in the province of Quebec and talking about the federal tax structure, I must say that the Minister of Finance has shown his ability to co-operate, his willingness to talk. He admits it is difficult because essentially he is prodding the provinces to do something in their jurisdictions. Most of the ministers of finance wanted it. It was only a week after the Parti Québécois started making noises that the four western provincial governments started to say—

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Bellechasse (Mr. Lambert) on a point of order.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I rise on a point of order.

You will note that the hon. member who has the floor is not sticking to the motion under consideration, that is the establishment of a special committee of this House, and that his statements relate to Bill C-56 which the House will debate in due time.

I would therefore ask that you call the hon. member to order so that his statements pertain to the motion under consideration.

● (2152)

[*English*]

The Acting Speaker (Mr. Turner): Order, please. I would like to suggest to the hon. member for York East (Mr. Collenette) that his time has expired. He may continue with unanimous consent. Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I object. There is not unanimous consent. A moment ago I had the floor and, if I understood correctly, you asked for unanimous consent—

[*English*]

The Acting Speaker (Mr. Turner): Order, please. Due to the fact there is no unanimous consent I have to recognize another member. The hon. member for Oxford. The hon. member for Bellechasse (Mr. Lambert) is rising on a point of order?

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I rise again on a point of order. With all due respect for your authority in the House, a short while ago, while I had the floor, if I understood you well, you asked the House if there was unanimous consent to allow me to continue my remarks. You then ruled that my time had expired.

[Mr. Collenette.]

I would like to know on which side of the House somebody refused to allow me to continue my remarks. I ask that the name of the hon. member who objected be put in the record.

[*English*]

The Acting Speaker (Mr. Turner): Order, please. I would like to suggest to the hon. member for Bellechasse (Mr. Lambert) that I asked for unanimous consent for the hon. member to continue with his speech. There was a definite "No" in the House. Therefore, I went to the hon. member for York East. The hon. member for York East is rising on a point of order.

Mr. Collenette: Mr. Speaker, I hate to prolong the debate but I was quite surprised that I was cut off immediately on a point of order by my colleague the hon. member for Bellechasse (Mr. Lambert). I did point out that it was on the Conservative side that denied him unanimous consent. For my part, I would certainly have agreed that he should go on. I am sure he would allow me to go on, but the hon. member for Saskatoon-Biggar wanted to ask me a question, Mr. Speaker. I said I would be fully prepared to answer the question—

The Acting Speaker (Mr. Turner): Order, please. I would like to suggest to the hon. member for York East that I asked for unanimous consent for the hon. member for York East to proceed and there was a definite "No". The hon. member for Oxford.

Mr. Bruce Halliday (Oxford): Mr. Speaker, thank you once again for recognizing me. I had the pleasure of speaking in a similar debate last Friday, the last day this House was in session. At that time I had the last eight minutes and tonight I have the last five minutes.

It is perhaps significant that the nature of the motion before us today is not unlike the motion that was before us last Friday which was brought to us by the Creditistes. That was indeed an excellent motion which condemned the government for their lack of concern about our economy. It pointed out about four main areas where the government has failed to tackle the economic needs of this country. I would like to read the motion that is before us today, as so many others have, because there are two important parts that I would like to refer to for a minute or two. The motion reads:

> That a special committee of this House be established to determine whether the federal tax structure is inhibiting economic growth in Canada and promoting the export of employment opportunities to the United States.

I want to congratulate the hon. member for Winnipeg South Centre (Mr. McKenzie) who has brought this motion before the House. He has pointed out, as the Creditistes did last Friday, that the main issue before Canada today is the issue of the economy. It is not the issue of bilingualism and it is not the issue of our foreign affairs, as the Prime Minister (Mr. Trudeau) would have us believe; rather it is the issue of the economy. On two consecutive days two opposition parties have each picked on this matter of the economy as being the key issue before us.

I was pleased to note that this motion started off by referring to the establishment of a special committee of this House, as framed by my colleague the hon. member for Winnipeg South Centre. I believe my colleague, the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn), and perhaps one or two other members have mentioned the fact that the proposal was for a subcommittee or a special committee of the House to deal with this matter. I have to spend a minute or two on this, Mr. Speaker, because it has been obvious to us during the last three or four years that the government has done all in its power to avoid having committees of this House study something that is of special concern to this country.

There have been one or two exceptions. The one I am most familiar with is the subcommittee on the penitentiary system. I am a little surprised the government allowed this particular body to be formed and given a mandate. I feel sure now that they regret it. They have been put in the awkward position where it is possible for members from both sides of this House, if they want to, to get together and to come to a consensus. As a result the government is then in the difficult position of having to implement the report.

I am certain the government would be reluctant now to have any kind of common consent on the matter of the economy because they would be so embarrassed by what their own members on the committee would say. The backbenchers on the government side would want to agree with the opposition, and the front benchers of the government would not want to be embarrassed in that way. Therefore they are going all out to prevent establishment of any kind of a parliamentary committee.

There is one obvious place where there ought to be a parliamentary committee and that is for the post office mess. If the government wants to clear up a problem in this country such as the post office, or deal with our penitentiaries or the economy, it will not be done by royal commissions or special commissions but by a group of parliamentarians. I want to congratulate the hon. member for Winnipeg South Centre for identifying this factor. More and more Canadians are recognizing that we do have to use parliament more instead of adopting the Prime Minister's attitude of ignoring parliament, downgrading parliament—

Some hon. Members: Hear, hear!

Mr. Halliday: —and just allowing royal commissions to be set up, the reports of which the Prime Minister perhaps ignores completely if he does not like what they have to say.

I did want to talk for 15 minutes or so on a form of taxation that I think could bring some sense and order into our whole economy in Canada which is now seen as being so messed up. If we want to do something to bring the economy back into order, we must do what the government has failed to do, and that is look at our tax system. I am not talking on behalf of my party, I am talking as an individual member of the opposition. I think this House of Commons has ignored the whole problem of taxation too much. The area in taxation that we must look at and about which I want to talk at greater length some time when time permits is the area of taxation based on services received. That is the way municipal taxes are generally levied and it is time we looked at it from the point of view of both federal government and provincial government.

I see it is ten o'clock. I hope I will have an opportunity in the near future to elaborate further on this matter of how we raise our taxes.

The Acting Speaker (Mr. Turner): Order, please. It being ten o'clock p.m. it is my duty to inform the House, pursuant to Section (11) of Standing Order 58, that proceedings on the motion have expired.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

THE CANADIAN ECONOMY—VALUE OF DOLLAR—EFFECT ON CANADIAN ENTREPRENEURS

Mr. Paul E. McRae (Fort William): Mr. Speaker, on May 5 I asked the Minister of Finance (Mr. Chrétien) a question dealing with the value of the Canadian dollar, and in particular one aspect of it that has not been looked at. This concerns Canadian entrepreneurs selling in Canada having an advantage when the price of imports rises. The minister in his reply indicated that from March, 1977 to March, 1978 our exports increased from $40 billion to $50 billion. There was a 25 per cent increase in these exports which is certainly attributable to the change in the cost of the dollar. Also our imports did not increase over this period. In fact, we gained an advantage in this regard. Even though purchasing power did not increase during this period, it is obvious that Canadians were buying more Canadian goods.

● (2202)

A good many Canadians are concerned about the dollar. Perhaps there is more concern than is necessary. They are concerned that in some ways we are not as competitive as our neighbour to the south. Sometimes our costs of production have risen higher and faster than theirs. This is reflected in the value of the dollar.

There are other factors as well. There is the matter of pure speculation. That may have been ironed out to some extent at this point, given the fact that the dollar has been closer to 90 cents for the past few weeks. The government has taken some necessary steps to keep the swing from being too great. However, I would not like the government to do much more than it has done because there are some definite advantages to having an 89 or 90 cent dollar. One of the disadvantages has to do

with inflation in terms of imported goods. With an 89 or 90 cent dollar, imported goods will cost ten or 11 cents more per dollar. That, of course, fuels inflation. If the dollar stabilized at this point, we would not expect a great deal more inflationary effect than that which has already occurred. There are two very definite advantages. One is well known to most Canadians, the advantage of being able to sell our exports in a more competitive way around the world.

The community from which I come and represent, part of Thunder Bay, is very fortunate. Last year it had one of the lowest rates of unemployment of any community in Canada with a population of over 100,000. A good deal of this can be attributed to the fact that our community does a geat deal of exporting.

Between 80 and 90 per cent of our pulp and paper is exported to the United States and other parts of the world. We are very heavily into the grain business with the largest grain port in Canada and one of the largest in the world. Exports in that area are supported by the lower dollar. This is one reason why there is a great advantage to having our dollar at around 90 cents in terms of American dollars.

The other advantage has not been discussed to any great extent. This is the whole point of my question. I refer to the advantage of Canadian entrepreneurs selling on the Canadian markets to Canadians and competing with imports from foreign countries.

When the cost of imports is higher, Canadian entrepreneurs have a great advantage in terms of competing with foreign goods. This area has not been looked at carefully enough by Canadian entrepreneurs. The federal government should be encouraging Canadian businesses to look at the higher cost of imports to see how we can compete in this market.

● (2207)

I would hope that if the dollar is held at 90 cents or 89 cents for a year or two a whole series of businesses will spring up able to compete with the higher cost imports, the greenhouse industry among a number of others would benefit a great deal from this situation. So I end by suggesting that the government should refrain from further support than what may be necessary to keep the dollar around 89 cents or 90 cents and that the dollar be allowed to float at that point in the hope that this will stimulate our export companies as well as many of our own industries which do business on the Canadian market.

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, as the hon. member for Fort William (Mr. McRae) has stated, the recent decline in the external value of the dollar has improved the competitive position of Canadian firms by reducing the price of Canadian goods relative to foreign goods when measured in the same currency. The benefits to our exporters from this relative price change are clear. In fact in 1977, despite the relatively weak performance in the economies of most of our industrial trading partners, the volume of our merchandise exports increased by 10 per cent; preliminary indications for the first quarter of 1978 suggest that this pace is being maintained. This is a direct benefit of the depreciation and has received fairly widespread recognition.

Hon. members are also aware that the other side of this coin is also important. Indeed, one of the main results of the rapid increase in Canadian costs and prices in the mid-70's was that Canadian producers were being squeezed out of our own market. The depreciation of the dollar has reversed this by raising the price Canadians must pay for imported goods, thus making home produced substitutes relatively cheaper. In quantitative terms, movements in the exchange rate since October 1976 have resulted in more than a 13 per cent increase in the relative price of goods imported from the United States.

The level of domestic demand stimulation induced by an exchange rate depreciation depends upon such factors as the availability of domestic substitutes and the ease with which Canadians can divert their expenditures towards domestically produced alternatives. In these terms, conditions in Canada have been favourable to take advantage of the exchange rate change.

The evidence amply demonstrates the impact of Canadian price performance on imports. Between 1973 and 1976 when the Canadian dollar was often above par with the U.S. dollar despite our unfavorable cost performance, merchandise imports rose over 13 per cent in volume at a time when g.n.p. grew only 10 per cent and exports declined. In 1977, however, imports rose only one per cent and by the end of the year were actually below year-earlier levels. The numbers so far available for the first quarter of 1978 suggest this favourable trend is continuing this year.

In summary, Mr. Speaker, the data support the view that the recent depreciation of the Canadian currency has aided Canadian business by improving its competitive position, not only abroad but also at home. As a result Canadian consumers are switching back from foreign produced imports to domestically produced goods to an important extent.

EXTERNAL AFFAIRS—BELL CANADA CONTRACT WITH SAUDI ARABIA

Mr. David Orlikow (Winnipeg North): Mr. Speaker, Bell Canada has concluded an agreement to improve and operate the telephone system in Saudi Arabia from a contract worth more than $1 billion. Several hundred Canadian citizens will be working in that country. Bell Canada has assured Saudi Arabia under the agreement that it does not do business with the state of Israel. Prospective employees of Bell Canada who are to go to Saudi Arabia are required to fill out application forms which ask for their religion. There is evidence that Jewish applicants are not issued visas by Saudi Arabia.

When I asked the Prime Minister (Mr. Trudeau) on May 5 whether he was aware of these discriminatory practices and whether he would take action to deal with this discriminatory situation, he evaded the issue, as he did on earlier occasions when answering similar questions by the hon. member for Windsor West (Mr. Gray). That Saudi policy, as I have

indicated, was proven in a recent United States court decision. The United States has passed two bills dealing with boycotts, such as the Arab boycott to which I have been referring. They are the tax reform act, 1976 and the export administration act, 1977. Under terms of those two bills U.S. companies are prohibited from signing contracts which contain boycott clauses of the kind Bell signed, or even from providing undertakings to the same effect.

● (2212)

The American system operates on the basis of the view that the Arab boycott is successful as long as uninvolved third parties, like U.S. or Canadian companies, agree to go along with boycott demands, as Bell Canada has done. The Americans argue, on the basis of a successful experience, that a refusal to go along with boycott demands does not lead to a loss of any trade. In fact, what happens is that it leads to renegotiation of contracts so that boycott undertakings are left out. United States laws are what give American companies their government's support in resisting these discriminating terms of trade.

Bell has admitted that its contract contains a so-called statement of fact that neither it, its associates or subsidiaries, have or are at present engaged in any business relationship with Israel. This clause is an intrinsic part of a five-year contract. This clause would, presumably, have to remain in place for the duration of the five-year contract. Bell spokesmen have admitted they have made a five-year undertaking with regard to this clause as well as the contract as a whole.

The Export Development Corporation has insured this contract for $430 million, the largest single insurance coverage in its history. Its president, John MacDonald, has said that this clause does not contravene the policy of the government because it is not overtly written in the future tense; that is, Bell does not agree that it will never deal with Israel in future. This distinction between present and future tense in a boycott undertaking, especially when the contract is clearly of a five-year duration, is a nonsensical distinction, yet it is distinctions of this kind which lie at the heart of the anti-boycott policy of the Canadian government and which, in my view, have made the Export Development Corporation a partner in this reprehensible contract.

I want to deal with the question of visas for Bell employees. It is the stated policy of Saudi Arabia not to grant visas or work permits to members of the Jewish faith. The only exceptions are officials of governments, important journalists, industrialists who accompany officials or those who have been individually approached by the Saudis and asked to come. All application forms for visas to Saudi Arabia contain requests for information, and at a further stage in the process proof in the form of a baptismal or other certificate regarding the religion of the application. All this is specifically requested for the purpose of selecting out and excluding Jews.

The United States government's policy on this issue, as given to American applicants for Saudi visas, is that the religion question should not be answered and that it should be left blank. The U.S. government has made representations to the Saudis which have succeeded in developing a situation in which Saudi visas are granted to U.S. citizens without any specification as to religion. It seems to me that Canada has the same moral obligation to its citizens and to its corporations as has the United States, and we could well take a leaf from the experience and the policies of the United States government.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I have followed very closely the hon. member in his comments and there is something he did not mention, that we should congratulate ourselves that a Canadian corporation such as Bell Canada has their expertise recognized by a friendly country such as Saudi Arabia. It is all to our honour as Canadians that this corporation's technology is put to help a country technologically less developed than we are in building a large scale telephone network.

Turning to the substance of the question, namely the Arab boycott clause, I am not in a position to confirm whether Bell Canada signed that clause in their contract. I share the hon. member's concern that Canadians, and more specifically those to which we are addressing tonight, Canadians of Jewish origin, could be denied the right to work through Bell Canada in a country such as Saudi Arabia. However, I feel we must exercise a degree of caution, we should not suggest that certain things are done in the United States and we, in Canada, should sign a blank cheque or blindly follow what is now done in the United States. And it appears to me that I am not, nor is any member of this House in a position to state specifically that Bell Canada's contract with Saudi Arabia would have been refused under the American legislation.

I feel, Mr. Speaker, that on various occasions the Secretary of State for External Affairs (Mr. Jamieson) and the right hon. Prime Minister (Mr. Trudeau) indicated our deep repulsion for any boycott clause, whether the anti-Jewish boycott as proposed by some Arabian countries, or any other boycott for that matter, and this country's reputation is by far the best among countries of the world in the matter of human rights. We have always made it a point, both in our domestic and foreign policies, to ensure equal status for all our citizens, equal rights to every citizen whatever his ethnic, national, racial or religious origin. I feel that Canada's record in that respect is one of the most glorious, and I have no fear whatever that the Canadian government will go on defending human rights, and certainly those of our own citizens.

[*English*]

● (2217)

FISHERIES—ARRANGEMENTS WITH U.S. ON RECIPROCAL FISHING

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, for some years now Canadian and U.S. fishermen have enjoyed reciprocity in fishing rights off Canadian and American waters. In 1976 and 1977 an agreement was signed between

the two governments, but about three weeks ago some of the American fishermen decided to ask for a court injunction against Canadian fishermen fishing off the coast of the state of Washington. On May 3, the Minister of Fisheries (Mr. LeBlanc) spoke in Montreal, and one of the subtitles of his speech was "What can go wrong". On May 8 I rose in the House to ask the following question, with the preamble quoting the minister's statement:

As we know now on the west coast, plenty can go wrong. I would like to read a sentence or two from the joint report to the governments of Canada and the United States:

"The negotiators have agreed to recommend to governments the terms of interim arrangements to govern reciprocal fishing during 1978. The proposed arrangements would continue reciprocal fishing as previously agreed, with new mechanisms for consultation and resolution of differences and to help ensure that existing fishing patterns are maintained."

As I have said, previous to that joint statement the Americans had asked for a court injunction against Canadian fisheries. That is the backdrop to the problems we face today.

The proposed 1978 agreement also included expanding fishing areas in the U.S. waters for Canadian fishermen. So far as I know, to this day the United States Congress has not signed that agreement. I understand from a newspaper report of May 11 in Victoria that the American fishermen agreed to drop the court injunction because they fully believe that the Canadian fishermen will not get the expanded areas in the U.S. waters.

Since that time the Canadian authorities have agreed to close down the Swiftsure bank to Canadian and U.S. fishermen, even though the Canadian authorities see no threat to the salmon stock from fishing there. The U.S. authorities feel that it is a threat but, so far as I know, they will not share their information with Canadians. This means that Canadians have lost their fishing rights to the Swiftsure banks, they have lost the rights to American waters, and, as I say, the Americans have not allowed the Canadians into their waters, even though the Canadians have kept their part of the bargain, albeit perhaps a few days or a few weeks late.

According to the minister's answers to the questions from the hon. member for New Westminster (Mr. Leggatt) a few days after I asked the question, the minister admitted that this might have been a bargaining position for the U.S. fishermen. It could well be that Canadians will never get the expanded fishing rights as proposed in the 1978 agreement. We are not talking about sport fishing or anything casual; we are talking about a major industry of Canada, and certainly of the Pacific coast. We are talking about a catch last year which amounted to 138 million pounds of salmon with a wholesale value of $230 million. The salmon resource base of British Columbia is the fourth most valuable primary industry. It supports 14,000 jobs, a large number of processing plants and a fleet of 5,000 vessels in the commercial industry.

● (2222)

I am concerned about the minister's answer to the question posed by the hon. member for New Westminster which reads as follows:

[Mr. Friesen.]

It is not as dramatic as the hon. member makes it sound. The fact is, however, that we have given the United States authorities a period of time in which to consult following the discussions which took place here last week. We have indicated that we cannot see a situation which would drag on all summer, because our fishermen would then be paying the price of the delay.

I might add that the significant fishery off the U.S. coast is not in early May but begins slightly later than that, and that our fishermen are still fishing off the coast of Alaska under the terms of the 1978 agreement.

How long is it going to be until we receive a firm commitment from the government that action against United States fishermen will be taken? Do our fishermen have to wait and wait until a decision is reached, during which time they lose their incomes? Do they have to sit by idly waiting for some casual agreement to take place before they can commence fishing? Are they to commence their fishing after the fish stock is gone, which has occurred in other years? Are they to sit by and let their livelihoods disappear while we take a casual approach to this matter?

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, I am very, very pleased to respond to the hon. member for Surrey-White Rock (Mr. Friesen). Before I do, I should like to preface my remarks by making one very short statement. It is very easy to become involved in a war. It takes a bit of diplomacy and common sense not to get into that type of situation. It is not to the benefit of any fishermen, whether American or Canadian, to become involved in a war which will hurt both sides.

For a number of months we have been attempting to negotiate the maritime boundaries with the United States. Hopefully its congress will approve the interim agreement for 1978 which was signed in good faith by Ambassador Cadieux for the Dominion of Canada and Mr. Cutler for the United States of America. The fact that fishermen off the coast of Washington have chosen to bring in an injunction through the courts of the United States is perfectly within their rights. The fact that they have withdrawn it again is perfectly within their rights.

Surely the hon. member for Surrey-White Rock would not hold the federal government responsible for the fact that fishermen in the United States felt that Canada had negotiated an interim agreement which was to the benefit of Canadians rather than Americans. Senator Magnusson of the United States Senate committee on fisheries indicated in very strong terms that the United States had sold out its interests to Canadian fishermen. He asked for Canadians to be stopped from sneaking into the 200-mile limit, after the United States had taken very strong steps to put into effect that limit. Also he indicated that Canadians are the ones who take advantage and the ones who have the greatest benefits from the system. That is exactly the opposite to what various people in British Columbia have said—that it is the United States which gains all the benefits from negotiations with Canada. I would hope there is some sanity brought into the discussions of what has happened in respect of trollers off the coast of Washington of Canadian origin. I suggest it is in the best interest of those trollers—

● (2227)

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. parliamentary secretary but his allotted time has expired. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 o'clock p.m.

At 10:27 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, May 24, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

AIR TRANSPORT

CRASH OF PWA AIRCRAFT AT CRANBROOK, B.C.—LIABILITY FOR CLAIMS—MOTION UNDER S.O. 43

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgency and concern to a number of Canadians. It has now been some 14 weeks without settlement of claims of the surviving families of those killed in the crash of the PWA Boeing jet at Cranbrook on February 11.

In light of the agreement that came out during the coroner's inquiry among counsel for Pacific Western Airlines, the Boeing Aircraft Company, the manufacturer of the reverse thrusters, the town of Cranbrook and others to pool the liability so that claims might be at least partially settled, thereby relieving the undue financial distress caused by this accident, and in light of the failure of this proposal being implemented because of refusal by counsel for the Ministry of Transport, I move, seconded by the hon. member for Kootenay West (Mr. Brisco):

That this House direct counsel for the Ministry of Transport to immediately review its position with respect to the pooling of liability so that some measure of relief from the financial burden imposed on these families may be realized.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

REQUEST FOR BOXCAR REHABILITATION PROGRAM FOR GRAIN MOVEMENT—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Mr. Speaker, I rise on a matter of urgent and pressing necessity, that being the mounting crisis in Canada's grain industry reflected in what as of this week amounts to a one million ton backlog in shipping. Ships are now waiting to load grain in all Canadian ports—Vancouver, Thunder Bay and on the St. Lawrence. Because of the seriousness of this matter, which will reflect itself in lower quota levels, a larger than expected carry-over of western Canadian grain, and demurrage charges that will be the highest on record, I move, seconded by the hon. member for Swift Current-Maple Creek (Mr. Hamilton):

That the government immediately pass an order in council freeing money for the 4,000 grain hopper cars the Canadian Wheat Board has requested and launch immediately into a boxcar rehabilitation program.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

METHOD OF DEALING WITH QUESTIONS OF PRIVILEGE—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise under the provisions of the same Standing Order. In view of the allegations that the hon. member for York-Simcoe (Mr. Stevens) has violated the privileges of this House, I would move, seconded by the hon. member for Central Nova (Mr. MacKay):

That in the event our Speaker finds a prima facie question of privilege in that case, that this House at the same time be given an opportunity to vote again on the question raised concerning the violations of the privileges of the hon. member for Nickel Belt—

Mr. Speaker: Order, please.

Mr. Leggatt:

—so that we may have an opportunity to support—

Mr. Speaker: Order.

Mr. Leggatt:

—Mr. Speaker in all instances—

Mr. Speaker: Order, please.

Mr. Leggatt:

—and not merely those which may suit our convenience.

Mr. Speaker: Order, please.

S.O. 43

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

INQUIRY WHETHER GOVERNMENT WILL REVISE POSITION RESPECTING QUEBEC SALES TAX—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, under the provisions of Standing Order 43, I request the unanimous consent of the House to present a motion on an important and urgent matter.

In view of the statement made last Sunday by the leader of the Quebec Liberal party to the effect that stubbornness of the federal government in the dispute over the sales tax has increased the popular appeal of the independent option of the Quebec government, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House request the government to alter its policies which, in addition to being unfair, also do considerable harm to the unity of the country, and that it agree to revise its current position with regard to the sales tax.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

TRANSPORT

COMPENSATION FOR LOSSES INCURRED IN SINKING OF M. V. "WILLIAM CARSON"—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the m. v. *William Carson* sank off Labrador on June 3, 1977, almost 12 months ago, with the result that 37 passengers and the crew of 91 lost their possessions and various cargo owners lost cargo totalling 1,000 tons, all of which resulted in severe financial loss and hardship to passengers and cargo owners, particularly in Labrador, and especially because CN Marine refused to pay for the losses of passengers and cargo owners, and in view of the fact that the hon. Mr. Justice Noel, as a commissioner, has now found that due to the default of the operator of the vessel, CN railway company, and her master the sinking was caused by ice penetrating the hull, I move, seconded by the hon. member for Dartmouth-Halifax East (Mr. Forrestall):

That the government instruct CN Marine to pay immediately to the passengers and crew on board the m. v. *William Carson* on June 3 and to the owners of cargo their losses, costs and expenses immediately so they will be spared further hardship, together with interest on amounts due since last June 3, and that the government advise CN Marine that it will be held responsible financially to the government for the costs involved to the government and taxpayers of Canada in the loss of the said vessel.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

[Mr. Speaker.]

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

NATIONAL DEFENCE

GOVERNMENT POSITION ON NUCLEAR ARMS—MOTION UNDER S.O. 43

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, I rise under the terms of Standing Order 43 on a matter of urgent and pressing necessity. Some two weeks ago, in answer to a question, the Minister of National Defence (Mr. Danson) stated in the House:

We do not have any nuclear weapons nor would they be deployed on our soil.

One week later he said he never answered questions on that subject. But this week he has changed his mind again and is answering questions on the subject outside the House, contradicting his original answer which misled the House. I would, therefore, move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That this House direct the Minister of National Defence to make a statement on motions clearly setting out the truth about Canada's nuclear position and explaining to the House his misleading remarks on May 8 and 15.

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

Some hon. Members: Agreed.

Some hon. Members: No.

GOVERNMENT POLICY ON DEPLOYMENT OF NEUTRON BOMB—MOTION UNDER S.O. 43

Mr. Andrew Brewin (Greenwood): Mr. Speaker, in light of the fact that the world disarmament conference is taking place at the present time and that the question of the production of the neutron bomb will be on the agenda, and since it has been suggested by the press that the Prime Minister (Mr. Trudeau) proposes to disclose the Canadian view on this question at the conference, I ask consent to move a motion under the provisions of Standing Order 43 on an urgent matter of pressing necessity. I would move, seconded by the hon. member for New Westminster (Mr. Leggatt):

That this House direct the government forthwith to disclose to the House of Commons, the proper forum for such disclosures, what is the attitude of the Canadian government as a member of NATO and of the international society to the production and deployment of this bomb.

Mr. Speaker: Presentation of such a motion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

NATIONAL SECURITY

GRANTS TO ALLEGED TERRORIST ORGANIZATIONS—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgency concerning the fact that the Progressive Conservative government of Ontario yesterday blocked a $25,000 Ontario Arts Council grant pending a full review of the operations of the Kensington Arts Centre, the Centre for Experimental Art and Communication, and the tabloid "Strike" which supports terrorism. I might add that the city of Toronto took similar action a few days ago. In light of these decisions, I ask consent to move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That this House condemns the government and the Secretary of State in particular for failing to take similar action and for failing to justify the allocation of large sums of public money to these groups previously; and, finally, demands an explanation from the Prime Minister as to why he continuously maintains a position of silent inaction with regard to the award of public funds to extreme leftist-oriented organizations which advocate terrorism.

Mr. Speaker: In conformity with Standing Order 43, unanimous consent is required before the motion can be presented. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

AIRPORTS

UPGRADING OF SAFETY AND NAVIGATIONAL FACILITIES—CRASH AT CRANBROOK, B.C.

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, my question is for the Minister of Transport. In light of the implications of the report of the coroner's inquiry into the crash of the Pacific Western jet on February 11 at Cranbrook which, among other things, publicly rebuked the minister and called for immediate and necessary changes with respect to certain navigational, communications and firefighting capacities, would the minister tell us what steps he intends to take to meet these recommendations and in a general way to upgrade the standard of airports such as Cranbrook?

Hon. Otto E. Lang (Minister of Transport): First of all, in referring to me the coroner was actually dealing with certain reports and statements, some of them taken out of context. I am not sure how far apart we would be if we were meeting face to face.

● (1417)

We have an investigation under way and our experts will continue to analyse all factors from an aviation and safety point of view. The results will be reviewed by our independent review board and at that point I will expect to receive a report and to be acting upon it.

Mr. Forrestall: I appreciate the minister's response, Mr. Speaker. I wonder if he is now in a position to indicate to the House whether consultations with the various provinces and other jurisdictions have gone far enough to permit him to move ahead with tabling in this House the long overdue legislation with respect to the establishment of an independent commission of inquiry.

If consultations have not gone that far or proceeded to that point at this stage, is the minister now prepared to indicate to the House and to the people of Canada that he will name a senior court judge with competent authority to conduct a proper public inquiry so as to remove the uncertainty and continuing confusion surrounding this tragic incident?

Mr. Lang: Mr. Speaker, my answers to those questions really remain the same as they were last week. I will await the report from our investigating team before deciding on the second question.

As far as the first question is concerned, it has been our proposal to go ahead with an independent accident board. One of the questions which has involved most of the time in discussions with the provinces and others has been the matter of the provisions which can assure that the role of coroners is not interfered with in any way by the accident board which we may create. Those discussions have been very useful and I think have very much warranted the time we will have spent between first proposing the board and the time when we will introduce the legislation. We are now in the final phase of developing proposals, after those discussions, into legislative form, and as soon as that is complete we will move forward with the legislation.

Mr. Forrestall: Mr. Speaker, I wonder if the minister is now prepared to have further consultations with the Minister of Justice and other colleagues with a view to having counsel for the ministry reopen the question of the pooling of liability so that at least a partial settlement of claims arising out of this accident might be proceeded with. There is some urgency and considerable financial distress. Has the minister addressed himself to this question? Is it a matter of ongoing concern within the department, or must we wait until the minister has all the final reports and until he can make some judgment about the establishment of a public commission of inquiry?

Mr. Lang: Mr. Speaker, the matter of compensation for persons seriously affected by an accident like this is always of great concern to us all. The matter is very much in hand. It is being handled by our legal personnel in consultation with myself and the Minister of Justice and I hope progress can be made, but I do not think it would be appropriate for the details of the problem to be analysed here in this House rather than being handled by the lawyers and representatives of the parties involved.

Oral Questions

ADMINISTRATION OF JUSTICE

CRASH OF PWA AIRCRAFT AT CRANBROOK, B.C.—EVIDENCE AVAILABLE TO CORONER'S INQUEST

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I would like to put a question to the Minister of Justice concerning the same air crash which took place on February 11 and in which 43 people lost their lives. When the coroner was summing up, he rebuked the federal Minister of Transport for his suggestion that the inquest should concern itself only with the immediate cause of death. The coroner went on to say that inquests have a tradition of 1,000 years.

Did the Minister of Transport consult with the Minister of Justice, the chief law officer of Canada, regarding the advisability of holding a public inquiry prior to the inquest or while the inquest was adjourned so that all the best evidence—and I emphasize, best evidence—could be placed before the coroner and so there would have been scientific research done with reference to the tape which was transcribed but which was not clear?

Hon. Ron Basford (Minister of Justice): No, Mr. Speaker, not with me personally. Whether he consulted with officers of my department or his officers consulted with officers of my department, I am unable to say today.

CRASH OF PWA AIRCRAFT AT CRANBROOK, B.C.—CONSULTATION BETWEEN MINISTERS OF JUSTICE AND TRANSPORT

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I would like to turn to the Minister of Transport. The Minister of Transport has heard my question with reference to the rebuke by the coroner. Did the Minister of Transport consult with the Minister of Justice and, if not, why not, especially when the Minister of Transport refused at the beginning to have the tape admitted as evidence and then later changed his mind?

● (1422)

Did the minister consider, not only as Minister of Transport but as a person with some knowledge of the law, that a public inquiry would have added to the best evidence not only on the cause of death but on the cause of the crash which led to 43 people meeting death?

Hon. Otto E. Lang (Minister of Transport): It is obvious that hon. members will stray a long way away from the facts when they rely on press reports and on what are not even correct statements. Of course, he has the example of the hon. member for York-Simcoe who creates press reports of a similar false nature. Perhaps that is part of their operation.

If the hon. member had listened to my first answer, he would have noted that the coroner was not even dealing with a very exact expression of any statement of mine in dealing with the issue of coroners' inquests and accident review boards. So we part company on that. Second, if the hon. member had watched the second set of press reports instead of the first, he would have known that at no time did we refuse to make the tapes available. We did indicate at a certain stage to the coroner that we did not have what we considered to be the final transcript available. What we had was a rather incomplete one; in fact, one not unlike the one he had earlier thrown out when it was produced in front of him by someone else. We could not produce what we did not have; I think that position is very clear. But it was also very clear to us that, in fact, we were always willing to produce the evidence which we had available when it was asked for.

Mr. Woolliams: It is rather strange to hear the minister talk about evidence when he actually refused to give them the tape—now he says he did not refuse, but that is not what the report states—or transcribe the tape so scientific research could be done and so that the pure facts could be put before that inquest. I put this question to him again: Why did he refuse to have a public inquiry so that the best evidence could be put before that inquest, not the evidence he is now trying to set out here in the House?

Mr. Lang: Mr. Speaker, I would think that the hon. member would accept the fact not only as it was in the press but what I say to him, namely, that we always made the tapes available and were willing to make them available. What we could not do was to provide a transcript which we did not have. Having regard for the traditions of the House, I would think that when I said that for the second time the hon. member would accept that statement without any further problem.

Some hon. Members: Oh, oh!

An hon. Member: You are testy, Otto.

Mr. Lang: I see that hon. members opposite from the Tory party have no respect for the traditions of the House and I am not surprised to see that further evidenced today.

Some hon. Members: Oh, oh!

Mr. Hees: Testy ministers get nowhere, Otto.

Mr. Lang: Mr. Speaker, the experts who are in the process of analysing what is on the tapes have indicated that it may take them a month to complete their analysis to a degree of satisfaction which is really adequate for conclusions to be drawn from it. When experts who know the business of what they are analysing tell me that, I accept it as a fact; and, indeed, any final conclusion or any final report of a successful investigation will only come about after that transcript has been completed to the best satisfaction of experts. I hope the hon. member will find a way to accept that as a fact as well.

Mr. Alexander: What are you getting so sore about?

TRANSPORT

RECOMMENDATIONS OF HALL REPORT

Mr. Edward Broadbent (Oshawa-Whitby): It was touching to hear the Minister of Transport give verbal support to parliamentary institutions. A royal commission headed by Mr. Justice Emmett Hall made a recommendation to this parliament and to the minister. Mr. Justice Hall is quoted in the press yesterday as saying:

The federal government has virtually ignored the recommendations in the report.

He also said:

Lip service has been given to the report rather than its being implemented.

So much for parliamentary respect for tradition. I ask the minister whether he can now assure the House that he will stop subverting this eminently sensible report and positively go beyond that and assure the House that at this time the government accepts the full recommendations of that report and intends to implement them as a package.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, when the government receives a report of a commission, the government still has to take the responsibility for either carrying out or not carrying out the provisions or the recommendations of that commission. I think that also is an understood tradition of the House. In fact, we have carried out very effectively and very fully most of the important recommendations of the Hall commission which, after all, was composed of five eminent commissioners.

I have great respect for Mr. Justice Hall—he is an old friend, colleague and teacher—but the fact is that I find it very hard to sustain his objection to our not going ahead with the prairie rail authority when I have the support for not going ahead with it of virtually every farm organization, including the Saskatchewan Wheat Pool, the Alberta Wheat Pool, the Manitoba Wheat Pool, Palliser, Unifarm and all the other important organizations in the farm areas of the west. Furthermore, if Mr. Justice Hall or any of the opposition speakers think that it is wrong for us to go ahead with a $700 million program for rebuilding rail lines, I would like them to go out to the communities of the west and say so. For my part, it is the most important thing which has been done for western rail lines and grain handling for a long, long time. It will continue to be well received in the west. It is important there, and I will fight for it.

● (1427)

Mr. Broadbent: Mr. Speaker, I rather thought the minister would give me precisely the answer he did. Mr. Justice Hall is probably an ex-friend of the minister at this point, not a current friend.

Some hon. Members: Hear, hear!

Mr. Broadbent: He has said that the government, in all its wisdom, intends to spend the next eight years doing what farmers in western Canada need now: he is going to spread that over eight years.

Some hon. Members: Hear, hear!

Mr. Broadbent: Considering that the time-frame for upgrading the grain handling facilities of western Canada is now, not eight years down the road and, considering that we have over one million unemployed, will he not do what the Hall commission intended and what the farmers want: will he not cut this time in half and spend the money, which he has announced for eight years, over a four-year period to meet the needs of western farmers as well as to provide jobs to people in Nova Scotia who would be employed in building those facilities?

Mr. Lang: Mr. Speaker, at least I am glad the hon. Leader of the New Democratic Party endorses the spending of $700 million on rail rebuilding, which apparently was not being endorsed in his earlier quote.

Some hon. Members: Oh, oh!

Mr. Lang: However, I should like the hon. member to recognize that the eight-year period makes very good sense in terms of planning the rebuilding program and the use of crews. Indeed, I had representations from the unions involved to spread the rebuilding over that kind of time period so that sensible work could be done. Furthermore, before this work could be done or begun in any sensible way, we had to go about the business of buying the necessary ballast cars, dump cars and sleds to do the work.

We have a $47 million order of those pieces of equipment in the process of being filled. With that equipment we will be able to carry out this program and complete the work in eight years. The important thing is that at the end of the eight-year period we will have a permanent grain system in the west, with every line retained in that permanent system rebuilt to standards to carry hopper cars and rebuilt in a manner which will confirm the faith of communities in the fact that that system is going to be around for a long time to come. This is dramatic action in favour of western farmers and western communities, and I think it will be seen as that out there.

Mr. Broadbent: Mr. Speaker, the minister is not making speeches in his constituency now.

Mr. Hnatyshyn: He would not make that speech in his constituency.

Mr. Broadbent: He has made no fewer than three distortions in his answer: I will not put it any more bluntly than that. Since he talked about spending the money, he knows full well the Hall royal commission recommended that we stop giving away millions of dollars carte blanche to the railway companies, and instead recommended that any compensatory payments made to subsidize the railways between their costs and the actual Crow rate should be made to them in the context of the government announcing its intention to maintain the Crow rate and putting the onus on the railways to maintain and upgrade the grain handling facilities.

Given that recommendation, which is central to the needs of western farmers, could he tell us why he continues to give out millions of dollars to the railways? Second, why has he not made an unequivocal commitment to maintain the Crow rate?

Some hon. Members: Hear, hear!

Mr. Lang: Mr. Speaker, time and time again I have made the unequivocal commitment to maintain the Crow rate. I have said it is extremely important to me, as a westerner, that the value of the Crow rate be considered in the full relationship in this country of the cost of the tariff to grain farmers. I have observed that there may be better ways of conferring those benefits. When the west is ready to receive those benefits in another way, I will be delighted about that. The rate is being maintained; therefore, it is completely clear that that recommendation is being carried out. In any case, there is no departure from the Hall commission recommendation in that regard.

● (1432)

With regard to the moneys being paid to the railways, the Hall commission in its report would have us pay something in the order of $200 million to $250 million a year over the next four years, on and forever in order to make up the difference. We are not paying that full amount; we are paying that part of the amount which we force the railways to match dollar for dollar into the rebuilding of rail lines. In other words, every dollar we transfer is for the purchase of equipment to rebuild those lines and for the actual rebuilding of the lines. We have not given the extra $150 million or so which the NDP is now urging we give to the railways. Imagine that, Mr. Speaker—the NDP urging that we give that amount to the railways.

Some hon. Members: Oh, oh!

* * *

[*Translation*]

MANPOWER

CANADA WORKS PROGRAM—INQUIRY WHETHER FUNDS WILL BE REDUCED

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I would like to direct a question to the Minister of Employment and Immigration. It looks as if the minister has already decided to reduce the personnel in charge of the preparation of projects under the Canada Works program in my area. A few employees have been laid off so far, so that in November not more than 50 per cent of the personnel will be left.

Does the minister mean by that that he intends to cut his third phase budget down by 50 per cent of what it was for previous phases?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): No, Mr. Speaker, what we will, in effect, be doing is maintaining the figure at $225 million. But in keeping with the recommendations of the first ministers' conference, and as a result of recommendations from both sides of this House, $50 million of that will be put into the economic growth component factor so we will be able to create more permanent jobs rather than the temporary jobs created under the Canada Works program. We are trying to blend the two programs to make them as effective as possible in dealing with unemployment.

[*Translation*]

Mr. Gauthier (Roberval): Mr. Speaker, is the minister not concerned that with such a restricted personnel, even if it is permanent, the quality of the projects might suffer because they will not have time to make the necessary contacts with promoters and that could affect the number of projects?

[*English*]

Mr. Cullen: Yes, Mr. Speaker, most assuredly I have that concern, but I also recognize that the people who are on the job recognize the responsibility they have and will do their utmost to see that the quality of the projects does not, in fact, suffer. But you cannot have it both ways: on one hand criticizing the government for spending too much money, and on the other suggesting that we continue to hire temporary employees to complete our staff. You cannot have it both ways.

[*Translation*]

Mr. Gauthier (Roberval): Mr. Speaker, I would like to ask a supplementary question. Can the minister tell the House if we can expect about the same amounts for phase III as for phase II?

[*English*]

Mr. Cullen: Mr. Speaker, certainly the figure will be reduced by about 22 per cent, in rough figures, but not in each riding. The figures in that respect will come out in approximately one weeks time. Where unemployment has increased in a particular region, of course, there may be more money available. The basic figure for each riding will be established at about $150,000, rather than $50,000, so it is difficult until we come out with specifics on each individual riding to give the hon. member a better answer.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF DELEGATES OF CANADA-MEXICO BUSINESSMEN'S COMMITTEE

Mr. Speaker: Order, please. Before continuing the question period, I know that all hon. members will want to join with me in signalling the presence in our gallery of a distinguished visitor, the chairman of the Businessmen's Committee in his own country and head of the delegation to the eighth bilateral Canada-Mexico Businessmen's Committee in the person of Mr. José B. Zozaya.

Some hon. Members: Hear, hear!

TRANSPORT

COMPENSATION FOR LOSSES INCURRED IN SINKING OF M. V. "WILLIAM CARSON"

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is directed to the Minister of Transport. Yesterday the minister released the report of Mr. Justice Noel on the sinking of the Canadian vessel m.v. *William Carson* last June 3. In that report Mr. Justice Noel finds that the sinking was the fault of the vessel's operator, Canadian National Railways, and her master.

The report is dated January 27, which is 116 days ago. When did the minister receive the report, and why has it been delayed so long in being made public? In view of this finding that the CNR was responsible or was at fault, is the minister going to direct the CNR to pay the passengers and crew loss claims and the cargo owners their claims which have been in abeyance now for 11 months? They were to be paid for personal effects. There has been a great deal of hardship in Labrador, Happy Valley, because of these claims not being paid. Will the CNR now be directed to pay them?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I would have to check the exact date on which I received the report. The time in between has been taken up with printing and preparation for publication, as well as for some advance distribution to provincial authorities, and so on. It would not be my intention to give directions to the Canadian National. I am sure they are looking at their legal position and what is their proper course of action. They have, no doubt, the knowledge that I would want them to do what is right for them to do.

Mr. Crosbie: Mr. Speaker, it is very important to find out when this report was received. Some 16 weeks is a long time to print a report. If the minister could check that, I am sure the House would be interested. A number of cargo owners in Labrador were practically made bankrupt by the loss of this cargo, not insured by the CN, and they neglected to insure it themselves because they always considered they could recover if the vessel owner was at fault. Will the minister take steps to have the CN speed up the settlement, in view of this finding, to help these people who have had a lot of problems in the last 11 months?

The other part of my question is, what about the government itself? The government owns this vessel. Is it now going to take action against the CN to recover the value of the vessel at the time of the sinking due to the finding of fault on the part of the CN, or are the taxpayers going to be asked to cough up the $4 million odd to meet the fault that the judge found on the part of the CN? What action is the government going to take?

Mr. Lang: Mr. Speaker, I would certainly be glad if I could do anything to speed up the resolution of the questions referred to in the first part of the hon. member's question. As far as the second part is concerned, the Canadian National was operating this vessel on behalf of the government and I would want first to have legal advice as to the implications of that in respect of any potential claim.

STEPS TO IMPROVE GRAIN HANDLING

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, my question is for the minister responsible for the Canadian Wheat Board. As the backlog of grain exports on the west coast continues to worsen, and we now have over 10 million bushels of lake shipping waiting idle at Thunder Bay, with the Churchill movement about to begin, it seems the only way out of the transportation tangle is to comply with the Canadian Wheat Board's request that the government help repair out-of-service boxcars and order some additional hopper cars.

Has the government approved a program to repair 5,000 out-of-service boxcars as requested, and has the government let a contract for an additional 4,000 hopper cars, because the Canadian Wheat Board now has 10,000 fewer boxcars at its disposal than it had when the minister first took over?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, what the Wheat Board has at its disposal is, of course, 8,000 additional hopper cars, at a cost of $255 million, supplied by the people of Canada to ensure that there would indeed be a significant ability to move our grain. The very question of additional cars is one to which the hon. member knows I have always given close attention, having been the initiator of the program to purchase hopper cars and renewing those orders to the extent that 8,000 have now been acquired.

We are looking at the question of additional acquisition at this point in time. The movement of grain is making use of all possible cars. We are also looking at the question of how to turn those cars around more quickly. I welcome the hon. member's support for the additional steps in repair and the purchase of cars, because there are those who have been critical of this thought and I am very happy to have support from him in this regard.

Mr. Hamilton (Swift Current-Maple Creek): The highest quality grain line in Canada, the southern line through Saskatchewan, has not had a train since last March. I would repeat that the Wheat Board now has 10,000 fewer boxcars to use than when the minister took over. I ask him, once again, if he will look at the transportation section in that way.

Mr. Lang: Mr. Speaker, in fact, the hon. member is quite wrong: the Wheat Board had zero cars. The railways have a certain number of boxcars for a variety of services. We now have—that is, the Wheat Board and government—8,000 hopper cars. That is an increase of 8,000. Whether a train is run on a particular line is very often a decision taken by the Wheat Board and the railways, having regard to the conditions of the line. In spring conditions, and until these lines are rebuilt to proper standards, there will be these difficulties. Again, I now welcome the hon. member's support for the program of rebuilding which has come under some criticism from other corners of the opposition.

Oral Questions

● (1442)

RAILWAYS' GRAIN CARRYING FACILITIES

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is to the Minister of Transport. The problem rests largely with the rapid decline of the railways' grain carrying fleet. Just to inform the minister, our figures indicate that the capacity of the grain carrying fleet has been reduced by some 20 million bushels since 1975, and projections indicate that by 1981 it will have been reduced to some 6,300 cars, from 20,000 cars in 1975. It is hardly an encouraging situation.

Can the minister explain, in view of these circumstances, how the government can justify the payment of these huge subsidies, these huge hand-outs to the railways—the $700 million that the minister referred to earlier and the $800 million write-off of the CNR debt—while they at the same time are reducing their grain fleets and are not discharging their mandate and responsibility? To many, this constitutes the sell-out of the century.

Mr. Speaker: Order.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, first of all, it is useful to put the hon. member's question into context since this year, when he says we have reduced the capacity for moving grain, we are likely to move into export 850 million bushels and perhaps one billion bushels in total, which along with two other years earlier in time than my responsibility for the Wheat Board represent a record three years of all-time movement. We have the capacity to move a lot of grain, but we are not satisfied with that because we believe there will be more grain, and a need for more, and we will continue to move it.

I find it odd that the hon. member now comes down against his colleague in criticizing financial support for the rebuilding of the rail lines. This is not a gift to the railways; it is a transfer of funds to obtain a very specific upgrading of branch lines like the Conquest line which was completed during the course of last summer, and hundreds of thousands of miles of line which will be completed during the course of this summer. It is far less than the transfer we would make to the railways if we had carried out literally the recommendation of the Hall commission report which has just been urged upon me by a variety of colleagues. That would have seen twice as much money per year go to the railways, without the commitment in relation to upgrading unless we had actually put in more money. We are getting exact results for our dollars, whether in hopper cars or rebuilt lines, when we spend the dollars to get the results.

Mr. Mazankowski: Mr. Speaker, to put the matter in perspective, I am quoting figures from the minister's own publication put out by the Canadian Wheat Board entitled "Grain Matters". The fact is that the railways' fleet has been reduced dramatically, while the government pours millions of dollars into the hands of the railways with, obviously, no strings attached. Is the minister going to undertake a review of the policy in this regard to ensure that the railways will not only maintain an adequate fleet but will ensure that that fleet is operative at all times?

[Mr. Lang.]

Mr. Lang: Mr. Speaker, the very gist of the recommendations of Hall and Snavely in this regard were that the government should pay the railways enough money so that they would in fact be able to operate at a profit in this area. They would have had us transfer the money without strings attached. What we have done is quite the contrary: every dollar that we have put in, whether for the rebuilding of lines or for the purchase of hopper cars, has been directly for results that are visible. Every dollar is visible there. Not one of those dollars, in addition to that, has gone for the profit or better advantage of the railway systems.

The railways, of course, have been letting their systems deteriorate. Without the cash which the Snavely and Hall commissions found them to be short of, they have not been rebuilding cars. Thus, in 1972 and at intervals since that time this government has been taking action by buying hopper cars and putting them in place.

Mr. Mazankowski: Sit down.

Mr. Lang: So, Mr. Speaker, when you talk about dropping from 20,000 cars to 7,000, you really should not ignore the 8,000 hopper cars which, after all, have 1 1/2 times the capacity of even the best boxcars.

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CANADIAN WHEAT BOARD

DEMURRAGE CHARGES ON GRAIN NOT MOVED TO EXPORT

Mr. Doug Neil (Moose Jaw): Mr. Speaker, my question is also to the Minister of Transport. In view of the fact that demurrage charges for the 1977-78 crop year will possibly total $17 million to $20 million, the highest in our history, in view of the fact that these charges are incurred through no fault of the producers but, rather, as a result of this government's incompetence, and in view of the fact that the grain producers' income is being eroded year by year, and that the minister stated recently there will be no final payment this crop year, will the minister give an undertaking that all or a portion of the demurrage charges will be borne by the public treasury for this year?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the last estimate that I saw with regard to demurrage charges was that it would not be as high this year as in the record year. Therefore, the hon. member is using imagined figures again. He says "possibly", but they are simply in his imagination. I should say, as well, to correct the hon. member, that I certainly never made a blanket statement about no final payments and, indeed, I would expect final payments with regard to many types of grain, including barley, select barley, and durum. There had been some question about the spring wheat pool, although I must say that with wheat prices now having

moved into the area of $4.30 to $4.35 a bushel, things are looking rather better.

Mr. Neil: Mr. Speaker, I might point out that the information as to the figure of $17 million to $20 million comes from the Canadian Wheat Board. Is there some doubt about what is going on? As a supplementary, can the minister confirm that because of the situation in the St. Lawrence Seaway, namely, with 12 ships waiting and 12 due this week, demurrage charges will be incurred in the St. Lawrence for the first time in history?

Mr. Lang: Mr. Speaker, I would be glad to look into that. Of course, the fact is that when we have a record movement in grain, we are bound to run into situations where the system is not capable, with a lot of slack, to deal with delays and ship arrivals and the need for cars in all directions at the same time. This year we have a particularly tight situation because potash movements are at very, very high levels. We have a shortage of potash cars for potash movement alone and the normal movement of cars from potash to grain is not taking place.

I wish hon. members would understand that when you shoot for a record, you may not have a transportation and handling system capable, without a little bit of tough sledding, of easily handling that record. We have a system that can handle twice as much as ever had to be handled during the regime of the right hon. gentleman from Prince Albert, because we are up to twice as much in our regular pattern.

Some hon. Members: Oh, oh!

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PUBLIC SERVICE

PROPOSED CHANGES IN JOB CLASSIFICATIONS

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I have a question for the President of the Treasury Board. Was the preliminary 1976 study of job classification in the Ottawa-Hull region, to which reference was made in this House yesterday, based on a comparison of jobs within the public service and jobs in private industry? If the study was not based upon comparisons with outside private employers, is it the intention of the government to conduct a number of similar studies before suggesting changes in something like 16 per cent of the job classifications in the public service?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the classification study of 1976 was an internal audit, as the hon. member knows, of a sampling of the federal public service in the national capital region. It was to some degree based on comparisons on the outside world and comparisons with other levels of public service, but as to the recognition of overclassification and underclassification, that study is now being continued in a second audit in the public service outside the nation's capital. We will not be drawing any final conclusions about changes to classifications or methods of monitoring until we get the other report, which I expect in about two or three months. We will be discussing any proposals as a result of that matter with the various public service bargaining agents involved.

* * *

TRANSPORT

REPAIR OF RAILWAY CARS TO IMPROVE GRAIN HANDLING

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I would return to the Minister of Transport and to questions asked earlier today. In view of the splendid performance in achieving the goal of a new record in grain movement, which could be increased if we had sufficient railway rolling-stock to an even larger record than the minister envisages, could he advise the House what action he is taking to require the railroads to repair and refurbish railway cars? In view of the fact that taxpayers have already provided 8,000 hopper cars and we have not gained ground in the capacity to move grain because of the withdrawal of rolling-stock by the railroads from grain movement, can the minister say if he is taking any action to require the railroads to repair some of their equipment?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, we do not necessarily have the power to require the railways to do that without the dollars to go with the requirement. Certainly, whether we have the technical power or not, the spirit of the Hall and Snavely commissions was that because the railways do not make enough money out of moving grain, we ought to pay the railways additional sums so that they would have the facility to keep their stock in good shape. We have chosen to go a more limited route than that, and that is to specifically acquire equipment or authorize rebuilding of cars. We have now, in addition to the 8,000 hopper cars, rebuilt at a cost of $4 million or $5 million a certain number of boxcars so that they will remain longer in the fleet, and we are now looking into the question of what we should do with approximately 5,000 cars which will be retired unless they are repaired. We in the government are looking into that question at the moment.

• (1452)

Mr. Benjamin: Mr. Speaker, I find it amazing that the government cannot tell a railway that we own what they should do. While the government and the taxpayers of Canada were placing hopper cars on track, since April of last year the railways have removed 1,881 cars from grain movement. They will be removing another 501 by July 1, 1978, and another 700 and some by December of this year. Canadian Pacific's $50 million—

Mr. Speaker: Order, please. If the hon. member has a supplementary question, will he please put it.

Mr. Benjamin: Mr. Speaker, in view of the fact that none of the investment being made by CP and CN is going toward

grain cars designed to move grain, and the railroads are withdrawing rolling-stock so that we are not improving our capacity to move grain to the ports to load ships, can the minister say if he will now instruct Canadian National and if he will now request, if not require, Canadian Pacific to channel some of that investment into rehabilitation of several thousand railway cars that are presently sitting around not being used?

Mr. Lang: Mr. Speaker, I would not request the railways to divert money which they are now putting into other investments such as cars, plant or equipment because that investment is needed as well for the movement of many other products. The very specific question is, what should be done additionally to make sure they have capacity to move grain? The Hall commission recommended that we pay the railways a couple of hundred million dollars a year and then have them rebuild the cars and the like.

We do not think we have at this moment the cash to make that kind of contribution, so we are looking at the very specific issue of the purchasing of additional hopper cars, the repairing of certain cars, as well as the rebuilding of track. It is not that the railways are withdrawing these cars out of some kind of malicious design: the cars are effectively coming to the end of their useful life unless they are rebuilt. So it is a major investment decision as well as a major financing decision whether the cars should be rebuilt, and then by whom they should be rebuilt or who should pay for them. According to the Hall and Snavely reports, it is very clear that the cash must come from the government because the Crowsnest rate does not give the railways enough to do their job.

That is the very issue we are considering, having previously taken steps to rebuild lines, to build hopper cars, to repair cars so that we have this record movement of 850 million bushels of grain. I am not content to rest with that movement because I am looking forward in two or three years to the movement of a billion bushels of grain into export.

PURCHASE OF HOPPER CARS

Mr. Jack Murta (Lisgar): Mr. Speaker, I would like to direct a supplementary question to the Minister of Transport. According to very reliable sources within the Canadian Wheat Board—and we are talking about this week—yesterday there were one million tons of shipping waiting at all ports in Canada and over 300,000 tons waiting in the St. Lawrence area. Also, according to the Canadian Wheat Board, the record the minister talks about will not be reached this year, demurrage will be in the area of $20 million and quotas will not be as high as expected.

Will the minister inform the House whether he is giving consideration to allocating moneys for building the 4,000 hopper cars which have been repeatedly requested by the Canadian Wheat Board?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, three times today and in previous question periods I indicated that that very matter is being considered. Indeed, the specific request from the Canadian Wheat Board was a response to my request to them to give me an analysis as to their need for cars. There are some who think we can move more grain with the existing cars by turning those cars around more quickly and taking various further steps. That is a question we must also address carefully. We are addressing that and at this moment in the government we are considering what the next steps should be with what are obviously very limited dollars in Canada, for all kinds of purposes, in order to ensure that this constant grain movement which is so important to our country can continue.

Mr. Murta: Mr. Speaker, we are in a situation at the present time where there is no doubt that things are getting worse in terms of the movement of grain, and the backlog is not being used up: it is getting worse, and it will get worse between now and the end of the crop year. Can the minister inform the House whether there will be any grain sales lost to the Canadian Wheat Board because we cannot export the amount of grain that we should be exporting?

Mr. Lang: Mr. Speaker, at particular points in time the fact that our transportation system has already been committed to its full capacity means that we cannot add to that. We have been stretching it to the limit. As a result of that, it has obviously got into the odd back-up situation when ships have been late and, therefore, cars have not been available. This situation does happen. We can, indeed, lose some sales. It should be recognized that the volume we are moving this year is, effectively, more than the available grain from the whole of the 1977 crop plus a significant amount of the backlog available from the previous year. That was a very good crop: it was close to being one of the best.

We are moving the whole of the available crop plus, perhaps, a couple of million bushels of the rest. We have been managing to do that with our system because of the steps we took in planning to make sure it could happen. A few years ago the thought of being able to move 600 million bushels was a dream—a dream which was suggested from time to time in the early 1960s. We have now moved over 800 million bushels and, with this year, it will be three years this has been done.

* * *

HEALTH AND WELFARE

CELEBRATIONS FOR INTERNATIONAL YEAR OF THE CHILD

Miss Coline Campbell (South Western Nova): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. Could the minister tell the House if the government has plans for the celebration of the International Year of the Child and, if so, will the private sector be involved in these plans?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, plans for the celebration next year of the International Year of the Child in Canada by governments

and the private sector are currently under consideration in cabinet. As soon as I am able to make an announcement, I will do so.

* * *

TRANSPORT

SUGGESTION INADEQUATE GRAIN HANDLING FACILITIES HARMFUL TO EXPORTS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I have listened with continued interest to the observations of the minister. I have never heard anything to equal the babble that he put out here today.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Indeed, some of the statements that he made bore no relationship to the truth.

Some hon. Members: Oh, oh!

An hon. Member: Order.

Mr. Diefenbaker: Mr. Speaker, I was referred to, and surely I can answer.

Mr. Speaker: Order, please. The hon. member was indeed referred to, and he has the floor. It is the question period, it is not a debate, and the hon. member will have to put a question.

Mr. Diefenbaker: I might point out that the minister dragged me in; I did not do it.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: As far as his statements are concerned, I cannot use an expression which was used the other day and caused the eviction of one of our members, but I can quote Nye Bevan who said, "It's time to puncture this bladder of falsehood with the poignard of truth."

Some hon. Members: Oh, oh!

Mr. Diefenbaker: I ask one simple question. Does he realize that under the previous Liberal government, when we came into office there were 600 million bushels piled up, the government could not sell any, and it was sold under our administration?

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Because we stand in danger of losing potential markets, I ask the minister just one question. Having regard to the Chinese purchases which we secured in the face of the most outrageous criticism on the part of the Liberals—

Some hon. Members: Hear, hear!

Mr. Diefenbaker: —did he not say the other day that Canada will likely miss out on major new wheat sales to China because of the outmoded prairie railway transport system? Is that a fact? Did he say that? I am quoting from a summary of *Hansard*.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: I ask him: Are we in danger of losing any potential contracts with China because of outmoded transportation facilities?

Some hon. Members: Oh, oh!

Some hon. Members: Order.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I always enjoy dragging the right hon. gentleman into these debates. He has been a little hesitant to ask questions recently, and I am glad to see him back at it. He talks about selling grain. He accuses me of not giving facts, yet in his long preamble he did not refer to any single fact or statement which is wrong: he simply makes the generalization.

● (1502)

I repeat, during the time he was Prime Minister we at no time exported 500 million bushels of grain. We have not been below 600 million bushels of grain in the time that I have been responsible for the Wheat Board. We have continued to maintain a first-rate, superb relationship with China. We will continue to be one of the principal suppliers to them, and they will continue to be a main source of our marketing. The right hon. gentleman appears to approve of that: I am glad he does. Let him or his leader, if he recognizes him, go to Alberta—

Some hon. Members: Oh, oh!

Mr. Lang: —and tell that to the Premier of Alberta who the other day criticized us for having too large a share of our market committed to China. The fact is that in 1961-62, with the right hon. member, it began to be 22 per cent. This year it is about 23 per cent. The thing is, of course, that the 23 per cent with us is twice as much as 22 per cent was with the right hon. member.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. This promises to be a very fascinating debate. It is not the proper subject of a question period; however, I will permit one supplementary.

Mr. Diefenbaker: I am still waiting to be free of the circumlocution common to the law faculty of Saskatchewan when he was dean. I am now asking, did he, or did he not, state the other day that we stand in danger of losing potential markets in China? "Yes" or "no"— no evasion, no equivocation and no mental reservation?

Mr. Lang: Mr. Speaker, the answer is no, I did not. The right hon. member's summary is as bad as his summaries usually are. Once again he failed to refer to any fact which he said I had put in error before him. He simply stands and

makes these personal attacks which have no bearing whatsoever upon the facts.

Some hon. Members: Hear, hear!

* * *

PRIVILEGE

MR. BASFORD—FINANCE—ALLEGATIONS MADE BY HON. MEMBER FOR YORK-SIMCOE REGARDING SPECULATION ON DOLLAR BY MPs

Mr. Speaker: Yesterday, the Minister of Justice (Mr. Basford) raised by way of a question of privilege certain remarks which were attributed to the hon. member for York-Simcoe (Mr. Stevens), who indicated that he would be here today. I understand he now wishes to contribute to that subject.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise on a question of privilege relating to the matter raised yesterday in this House by the Minister of Justice (Mr. Basford) and the hon. member for Winnipeg North Centre (Mr. Knowles).

I regret I was not in the House yesterday to deal with the subject when it was first raised, but I had made three commitments in my home area which I simply could not cancel at the last minute. In fact I did not know there would be a question of privilege raised until noon yesterday at which time I had left my first meeting and was heading for my second meeting of the day.

The proposed questions of privilege raised by the two members concern a report carried by the Canadian Press news agency last Friday night in which I was quoted as saying:

We've learned through the banks that nine Liberal MPs played the Canadian dollar as it was going down.

That report originated from a lengthy 90 minute interview I had Thursday last with a Canadian Press reporter. During the course of our discussion reference was made to the circumstances in which charges are or are not made in this House. I gave two examples of charges that we had made only after we were satisfied we had concrete evidence to make our point. On the other hand, as an example of a situation which I had not raised here, I mentioned that we had received the above reports to the effect that as many as nine Liberal MPs, and there were supposed to be two or three cabinet ministers in the nine, had speculated against the Canadian dollar, but that I had not pursued the question in the House. I said that because as yet I had not been able to obtain concrete evidence to substantiate those reports.

Mr. Speaker, that was a true and honest statement. I had received such information from what I considered to be credible sources. And I had decided not to raise the matter in the House unless and until I had concrete evidence.

It may be helpful if I read into the record a partial transcript of what the Canadian Press reported me to have said. In their report they quote me as stating:

There are things we could be mentioning, that we have not mentioned. I'm very curious about some of these things. Like I noticed Trudeau twice has said about opposition members trading on the Canadian dollar. I don't know whether you've noticed that.

Who was the member that shouted out to me yesterday, "Are you buying Canadian dollars?"

I don't know why they say that. Because we've learned through the banks that nine Liberal MPs played the Canadian market as it was going down.

Q: Were they named?

STEVENS: Not to me. But apparently the names are available. But we've been in a real dilemma as to whether we should press it or whether we should just let it lie. I don't know.

I cannot understand why Trudeau would be inferring that we were doing it, other than whatever guilty conscience he's got, eh?

The two references I was referring to in connection with the Prime Minister (Mr. Trudeau) appear in *Hansard*, one on February 16, page 2914. The statement I would like to read into the record was in answer to a question put by myself with respect to the desirability of an 80-cent dollar. The Prime Minister stated, and I quote:

The hon. member knows that if I were to give an answer, it would set up a wave of speculation which he and his friends might perhaps make money out of, but that is not our intention.

In response to a question put to the Prime Minister by the hon. member for Waterloo-Cambridge (Mr. Saltsman), again dealing with the 80-cent dollar, asking whether there was some policy to hold it at that level, the Prime Minister stated, as recorded at page 4192 of *Hansard* for April 6, and I quote:

It is a floating dollar. I understand hon. members opposite would like to engage in a bit of speculation; they would like us to tell them the way it will float. If they want to risk some money, they can do it on their own.

Those are the two references I referred to in the Canadian Press interview. I could have also mentioned an exchange that took place on November 9, mainly involving the Minister of Industry, Trade and Commerce (Mr. Horner). This exchange appears at pages 758 and 759 of *Hansard*, and I quote:

MR. KEMPLING: Tell us about the dollar.

MR. HORNER: Hon. members opposite are asking me to tell them about the dollar. The hon. member for Provencher referred to the dollar in his speech.

MR. KEMPLING: What about the balance of trade?

MR. CLARKE: What about the deficit?

MR. HORNER: There are Canadian citizens on the other side of the House betting that the Canadian dollar will go down more. They are buying American dollars, Canadians sitting on the other side of the House.

MR. KEMPLING: Name them, Jack.

MR. CLARKE: Name them!

MR. HORNER: Yes, I can name some.

MR. PAPROSKI: Then, name them.

. . . .

MR. HORNER: Mr. Speaker, I will do neither because that is not impugning. Everyone in this House can rise and speak on this debate.

MR. BLACKBURN: I have.

MR. HORNER: Good. Everyone can rise and say that they are not buying any American dollars. That is fine with me.

. . . .

MR. HORNER: But many financiers are, and some of the hon. members on that side of the House are.

AN HON. MEMBER: How many on the government side are?

MR. PAPROSKI: Name them.

MR. HORNER: I do not have to.

• (1512)

Be that as it may, Mr. Speaker, on reflection I was wrong even to raise the matter of dollar speculation with the CP reporter, even in the context of explaining why I had not pursued it in the House. I made statements which I now realize constituted an allegation or are perceived as an allegation which I cannot substantiate at this time.

That being the case, Mr. Speaker, and in keeping with the established practice, I wish to withdraw any such allegation against any member of this House. While I made no reference to any individual member, I regret any embarrassment which I have caused to any hon. member of this chamber.

Some hon. Members: Hear, hear!

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I was pleased to listen to what the hon. member for Simcoe North had to say. He has, I take it, given you, Mr. Speaker, and the House an unqualified and unconditional withdrawal and retraction of any remarks made by him with regard to speculating on the dollar. I am pleased that we on this side raised the question of privilege and that this matter is now cleared up. I would, however, observe that we have seen a somewhat slick performance this afternoon.

Some hon. Members: Oh!

Mr. Speaker: Order, please. I have before me a procedural matter to decide. The question was raised by the Minister of Justice (Mr. Basford) yesterday as a matter of privilege and, as I have said many times in the past, there is no machinery available whereby I can call upon the same member to contribute twice to the same question. In some circumstances I extend that opportunity, at least in a nominal way; there are occasions, such as today, when the House has given an hon. member the option to withdraw a remark or make an apology. In such cases it is not at all extraordinary, I think, to allow some indication from the original mover of the motion that the apology has been accepted as put forward. In that sense I thought it appropriate on this occasion to recognize the original mover of the motion. However, on strict procedural grounds I ought not to accept a second contribution on the same question of privilege by any member, and that is a rather safe course to follow.

The second point I wish to make is that during the course of the remarks made by the hon. member for York-Simcoe (Mr. Stevens) I was weighing the information he was presenting to the House, and I must say I came to precisely the same conclusion as he did. He had an explanation for his remarks; that he had put them forward in a somewhat strict context. His explanation was this was an example of a case which he would not pursue in the House because he lacked evidence, and in doing so—as he realized on reflection—that in itself was an indiscretion which had rather heavy consequences for the reputation of the House in general. I was, of course, very pleased that he had come to the same conclusion as I had, and I felt he had done entirely the honourable thing in reaching that conclusion and extending his apologies.

Some hon. Members: Hear, hear!

Mr. Speaker: In any case, my opinion of the course he followed is not important, except in a procedural sense. The hon. member made these allegations outside the House. He was the subject, as a result, of two motions, one put forward by the Minister of Justice and the other by the hon. member for Winnipeg North Centre (Mr. Knowles). With respect to those motions the hon. member came in to make his contribution today and, again in a procedural sense, having made his apology for the action he took in making those allegations, and having withdrawn those allegations, the matter is now totally closed.

Some hon. Members: Hear, hear!

Mr. Speaker: The hon. member for Swift Current-Maple Creek (Mr. Hamilton) on a question of privilege.

Mr. Basford: Mr. Speaker—

Some hon. Members: Oh!

MR. HAMILTON (SWIFT CURRENT-MAPLE CREEK)—ANSWER GIVEN BY MINISTER OF TRANSPORT DURING QUESTION PERIOD

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, my question of privilege arises out of an answer given today by the minister responsible for the Canadian Wheat Board in which he indicated that he has loaded out twice as much wheat as the administration of the right hon. member for Prince Albert (Mr. Diefenbaker). I would like to quote from the current Canadian Wheat Board annual report--

Mr. Speaker: Order, please. Surely the hon. member will realize that if he is making a refutation of certain statements or of interpretations which may be put on them, he is into a matter of disagreement or debate. If he is not speaking to a matter of disagreement or debate I will be glad to hear him if his subject resembles privilege. On a simple matter of disagreement, however, I am afraid I cannot give the hon. member the floor.

Mr. Hamilton (Swift Current-Maple Creek): It is not a matter of disagreement, Mr. Speaker, it is a matter of misleading the House.

In 1963, the last year of the Diefenbaker administration, when wheat was still king, we exported wheat and flour to the tune of 592 million bushels, an all-time record, representing 28.4 per cent of the world market. In 1976-77, the record year under the present minister, it was down to 494 million bushels, 21 per cent. This year so far 350 million bushels have been exported—below 20 per cent of the world market. Those are the figures of the Canadian Wheat Board and are presented under the minister's own signature.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I think the hon. member was referring to wheat. In most of my answers I was referring to grain, and I understand—

Some hon. Members: Oh, oh!

Mr. Lang: I understand why the members in the Tory party would miss that fact. Even now I know they would not recognize its importance. Until we got into the business, the Conservative regime was totally neglective of barley; they were not exporting any rapeseed.

Mr. Speaker: I am sure that the House will now be convinced that it really is a matter of disagreement in debate and not a question of privilege.

MR. RYNARD—INCORRECT CONSTITUENCY ATTRIBUTION BY MINISTER OF JUSTICE

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, the hon. member for Vancouver Centre (Mr. Basford) referred in his remarks to the hon. member for Simcoe North. I am the hon. member for Simcoe North and, if I heard correctly, that reference to the hon. member for Simcoe North is on the record. I am not insulted by the reference but I do want the record corrected. The minister did refer to Simcoe North and it will appear that way in the record. I want it corrected, Mr. Speaker.

Mr. Speaker: I am sure the reference was intended to be to the hon. member for York-Simcoe (Mr. Stevens).

MR. McKINNON—ANSWERS GIVEN BY MINISTER OF NATIONAL DEFENCE

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question of privilege is raised at this time because the evidence upon which it is based was only available to me minutes before one o'clock today. Otherwise I would have given Your Honour the usual notice. I would like to report that the Minister of National Defence (Mr. Danson) has given answers in this House which appear to have been misleading. I am not quite certain of the appropriate parliamentary language, but I can say that the answers he has given are not the truth. I brought this matter up a week ago on a point of order. It has become more explicit with the passage of time, and I believe it now qualifies as a question of privilege.

Your Honour will recall that on May 8 the hon. member for Greenwood (Mr. Brewin) asked a question about the neutron bomb. The minister answered with respect to another subject, nuclear missiles. He said, "We do not have any nuclear weapons, nor would they be deployed on our soil." I asked the minister about this a week later and strangely enough he said to me, "I believe the hon. member knows I do not answer questions on that subject." That was after I had asked him about the previous question asked by the hon. member for Greenwood. This served only to confuse himself and perhaps the House. It certainly did not mislead me, but it seemed to be an attempt to mislead the House.

● (1522)

He at the same time tried to cast a certain aspersion on a previous minister of national defence by saying that the previous minister had not answered questions on that subject. He said, and I quote:

Mr. Speaker, I believe my predecessor neither confirmed nor denied such allegations.

A few minutes later, as Your Honour will recall, I brought the record into the House and showed where the previous minister had stated that, and I quote:

Mr. Speaker, none of our aircraft are equipped with nuclear missiles, but we do have in storage, and this has been public knowledge for several years—nuclear missiles at Comox and at the other bases from which our interceptor squadrons take off.

I would like to read a news report put out by Broadcast News. It starts off as follows:

Danson—Nuclear

Ottawa—Defence Minister Barney Danson has confirmed reports there are nuclear weapons in Canada.

The minister has refused on several occasions in the past to comment. However, he told Broadcast News in Ottawa today that Canadian planes attached to the North American Air Defence Command have nuclear capabilities. Danson said the aircraft are stationed at Comox, British Columbia. However, he would not say how many nuclear weapons are on Canadian soil, their size, or their capabilities.

But the minister says the weapons will be returned to the United States when Canada gets its new fighter aircraft. Danson said the nuclear weapons were needed because Canada's aging fighters weren't a credible deterrent with conventional weapons.

However, Danson said the new planes will be so sophisticated they won't need nuclear capabilities.

A large part of the release is true, although it did miss the point in a parliamentary sense. The point here is that on May 8 the minister said that we do not have any nuclear weapons, nor would they be deployed on our soil, and in this Broadcast News release he confirmed reports that there are nuclear weapons in Canada. The minister may have thought he was doing what he did for security reasons, or perhaps because of ignorance of the facts.

I do not know how many people, if any, were misled. It depends upon how many people believe the minister when he speaks about defence matters. However, it is a clear case of misleading the House, and I believe the minister should apologize to the House. If he does not, I am prepared to move a motion that this matter be referred to the Standing Committee on Privileges and Elections.

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I think the hon. member was also somewhat confused when he referred to the question put by the hon. member for Greenwood (Mr. Brewin). We were talking in the context of the so-called neutron bomb, and it was in that context that I was speaking. Indeed, I have advised the hon. member for Greenwood that it was in that context, and my answer might have given the impression that there were no nuclear weapons of any type whatsoever. It was my impression that my predecessor neither confirmed nor denied that. I did check the record and found that that is incorrect. Quite properly in answer to a question in this House, and before a committee in response to questions from the hon. member for Comox-Alberni, my predecessor indicated that there are weapons which are not under Canadian control but which are on our soil. Their

deployment, of course, is under joint control under our NORAD agreement. They are designed to be placed in our Voodoo 101 fighters which have only that capability in the full deterrent sense. The new fighter aircraft which will replace the aging Voodoos will have more sophisticated conventional weaponry, and those other weapons will be returned. If indeed it was a misleading of the House, it was not intentional. It was a misunderstanding which I am pleased to correct.

ROUTINE PROCEEDINGS

[*English*]

ANTI-INFLATION ACT

TABLING OF BOARD'S REPORTS

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to section 17(2) of the Anti-Inflation Act I wish to table, in both official languages, copies of ten reports sent to the administrator by the Anti-Inflation Board.

* * *

SMALL BUSINESS

TABLING OF DOCUMENT ON EQUITY FINANCING

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I am pleased to table a document for discussion purposes entitled "Improving the Equity Financing Environment for Small Business in Canada".

Mr. Jelinek: Mr. Speaker, I rise on a point of order. My point of order deals with yet another example of shameful disregard for parliament. On behalf of the small business community in Canada this House has been waiting for years for this government to present parliament with its policies.

Yesterday the minister felt that he should not make a statement on motions in this House and instead was led by the hand by the Prime Minister (Mr. Trudeau) to the Prime Minister's press conference—to the dismay of the media as well, as we saw on television. Today when the minister made his first presentation to this House he did not have guts enough to make a statement on motions, which has been the tradition in this House. We hope the minister will be brave enough to make statements on motions regarding small business because of its importance not only to this House but also to the millions of Canadians who are involved in small business in Canada.

Mr. Abbott: Mr. Speaker, I rise on the same point of order. This is a lot of unqualified rubbish. Yesterday afternoon in the House of Commons I spoke in the debate, if the hon. member would care to refer to *Hansard*. If the hon. member had been present, he might have participated in the debate in which I announced the initiatives we have developed, many of them in cooperation with other government departments, but which did not necessarily or appropriately lend themselves to a debate on motions. We have been advised that hon. members opposite and others are loath to have a presentation of documents become a lengthy debate. I did welcome an opposition day upon which small business matters were discussed, and I felt it was appropriate to participate in the debate yesterday at approximately 4.30 in the afternoon. I am sorry that the hon. member was not present.

This discussion paper was introduced today for the purpose of eliciting public discussion, and it is my hope that we will be ultimately translating the outcome of those discussions into legislation. Needless to say, at that time I will welcome a lengthy debate in which the important matter of venture capital will be discussed.

* * *

CANADA LABOUR CODE

AMENDMENT RESPECTING RIGHT TO WORK

Mr. Peter Elzinga (Pembina) moved for leave to introduce Bill C-456, to amend the Canada Labour Code (right to work).

Some hon. Members: Explain.

Mr. Elzinga: Mr. Speaker, the purpose of this bill is to protect an individual's right to work, thereby ensuring an individual's right to join and maintain membership in a union, and also an equal right not to join or maintain membership in a union.

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

* * *

CRIMINAL CODE

AMENDMENT TO ENFORCE CAPITAL PUNISHMENT

Mr. Peter Elzinga (Pembina) moved for leave to introduce Bill C-457, to amend the Criminal Code (death sentence).

Some hon. Members: Explain.

Mr. Elzinga: Mr. Speaker, the purpose of this bill is to impose the death sentence in all cases of premeditated murder.

Mr. Speaker: On a precautionary note, I point out that it is the habit of the Chair to indicate a seconder for a bill, and the seconder at first reading always supports the principle of introduction of any bill but is not necessarily in agreement with the subject matter.

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

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 1,275, 1,276 and 1,608.

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

[*Text*]

FITNESS AND AMATEUR SPORT

Question No. 1,275 —**Mr. Cossitt:**

1. Since the appointment of the Minister of State (Fitness and Amateur Sport) in what way has the government improved (a) physical fitness (b) amateur sport in Canada?

2. Is it government policy to have the Minister pose wearing skates with the Vice President of the United States or leading a parade of a few people to the 1977 Grey Cup Game in Montreal and, if so (a) how does this help physical fitness and amateur sport (b) does the government have plans for further pictures of a similar nature?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): The role of the Minister of State, Fitness and Amateur Sport, is to promote and develop fitness and amateur sport in Canada. This role comprises objectives which are pursued in a variety of ways: through financial contributions to some 88 national sport and recreation associations and to the National Sport and Recreation Centre which houses and provides support services to 54 of these associations; through financial assistance to student-athletes as part of our grants-in-aid program and to Canada's elite athletes as part of our Game Plan Assistance Program. The fitness and amateur sport branch also offers communities, associations, schools and other institutions and special groups specific programs including the Canada Fitness Award Program and the Sports Demonstration Program, designed to encourage involvement in physical activity. The branch supports participaction in their efforts to promote the benefits of such involvement.

2. (a) Since it is the role of the minister of state to encourage and promote fitness, the government sees nothing incongruous in the minister donning a pair of skates to greet a visiting dignitary at the Rideau canal—a major tourist attraction and recreational facility in the national capital region. Similarly, as walking is held to be excellent exercise, the government sees no incongruity in the minister participating in a walk to the site of the 1977 Grey Cup Game. (b) The government believes that the minister of state should continue to encourage and promote fitness and amateur sport to the fullest extent possible.

GOVERNMENT AIRCRAFT

Question No. 1,276—**Mr. Cossitt:**

1. Since becoming the Minister of State (Fitness and Amateur Sport) has the Minister used a government owned aircraft and, if so (a) on how many occasions and, in each case, what was the point of departure and arrival (b) what type of aircraft was used (c) what was the total cost of flying time and waiting time in each case?

2. Has the Minister used helicopters operated by the Department of Transport or the Canadian Coast Guard and, if so, on how many occasions has she used them to (a) fly into and out of her constituency or to and from points in her constituency (b) to or from any other place in Canada?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): 1. (a) and (b) For information regarding flights prior to August 1st, 1977, see reply to question No. 29 tabled October 17th, 1977. For information regarding flights after August 1st, 1977, see list below. (c) See reply to question No. 2,881 answered October 17th, 1977.

2. Yes. (a) Nil. (b) Once.

Aircraft Type	Date	Point of Origin	Stops	Point of Destination
Bell 212	22-01-77	Gander	Baie Verte-Grand Falls	Gander
Viscount	06-08-77	Ottawa	Trois-Rivières-Moncton	St. John's
JetStar	18-08-77	St. John's		Ottawa
JetStar	20-08-77	Ottawa	Winnipeg-Edmonton-Kelowna	Vancouver
JetStar	25-08-77	Sandspit	Vancouver-Winnipeg	Toronto
Viscount	19-09-77	Toronto		Ottawa
JetStar	20-09-77	Ottawa	Frobisher	Ottawa
JetStar	26-09-77	Victoria	Winnipeg	Ottawa
Viscount	30-09-77	Ottawa	Montreal-Mirabel-Shearwater-Halifax	Ottawa
King Air	12-10-77	Ottawa	Peterborough	Ottawa
King Air	13-10-77	Ottawa	Kitchener	Ottawa
JetStar	01-11-77	Terrace	Edmonton	Ottawa
JetStar	07-11-77	Terrace	Saskatoon	Ottawa
JetStar	14-11-77	Victoria	Edmonton	Ottawa
JetStar	17-11-77	Ottawa		Toronto
Viscount	08-12-77	Montreal		Ottawa
JetStar	09-12-77	Ottawa	Thunder Bay	Winnipeg
JetStar	12-12-77	Prince Rupert	Winnipeg-Montreal	Ottawa
JetStar	22-12-77	Ottawa	Calgary	Vancouver
JetStar	21-01-78	Prince Rupert	Winnipeg	Ottawa
JetStar	28-01-78	Regina	Fort St. John-Dawson Creek-Calgary	Ottawa
JetStar	02-02-78	Ottawa		Prince George

REFERENDUM

Question No. 1,608—**Mr. La Salle:**

Did the Ministry of State for Federal-Provincial Relations grant money to organizations interested in national harmony, in order to finance pre-referendum activities and, if so (a) in what amount (b) to whom were such grants paid?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): No.

[*English*]

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

Some hon. Members: Agreed.

[*Translation*]

MOTIONS FOR PAPERS

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

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from May 18, consideration of the motion of Mr. Chrétien that Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, be read the second time and referred to committee of the whole, and of the amendment (Mr. Broadbent) (p. 5548).

● (1532)

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, it was just over a month ago that I expressed my concern in this House during the budget debate about the potential for damage to our federal system when one level of government fails to consult and reach accord with the other, and the past few weeks have indeed shown that my fears were justified.

- The process of consultation between levels of government is vital to any federal state, but it is an absolute imperative in matters relating to fiscal measures, especially when federal initiatives affect the fiscal planning of the provincial governments. I say that, sir, because the provinces are responsible for the collection of something like 60 per cent of the public revenues in Canada, and for about 60 per cent of total public expenditures. That being the case, they have a heavy responsibility to plan their financial affairs carefully. Their budgets are not something that can be thrown together at the last moment, and yet in the instance that we have before us in consideration of this bill we have the federal government intervening in the financial planning of the provinces in a capricious and arbitrary way. Capricious and arbitrary intervention is what we have witnessed throughout this entire sales tax fiasco, a fiasco that has gone from bad to worse over the past month.

Let us take a look at how the government has managed, in the few weeks since it introduced its budget, to turn bungling into disaster, incompetence into disunity. The original proposal put forward on budget night was for the provinces to agree to reduce their sales tax and, in return, to be compensated by a

transfer of federal income tax into their treasuries. This proposal required consultation and negotiation with the provincial governments affected. Consultation to some degree there may have been; negotiation there was not, even though it was in a field of provincial jurisdiction.

The federal government apparently decided in advance that the only acceptable variation to its proposal would be a minor one, that is, it would agree to lengthen the time to three months and reduce the amount of the sales tax cut. The more affluent provinces were required to pick up one third of the cost of the reduction. That proposal, as the Minister of Finance (Mr.Chrétien) stressed in his press conference on the night of the budget speech, was not disclosed in full, as a matter of policy, to any province until two or three hours before the minister spoke in the House of Commons that night.

The other provinces which were bringing down their budgets that night, namely, British Columbia and Manitoba, had to wait until the Minister of Finance confirmed his proposals in the budget speech itself before they could vary their own budgets to take that initiative into account. Indeed the Minister of Finance pointed out in a television broadcast last Sunday that, as of budget day, all he had discussed with the provinces was, as he put it, a hypothetical situation. "If I were to do such and such", he said to the provinces, "what would you think?" That was what the minister stated at the press conference last Sunday.

Those provinces which were in the process of drawing up their own budgets for presentation the same night had to plan for two possibilities: one, if the Minister of Finance proceeded with his proposal, and another, if he did not. Manitoba is a case in point. Being just one hour behind Ottawa's time, Manitoba's minister of finance was getting ready to present his budget as the federal minister's budget speech was being made in the House of Commons. The Manitoba minister of finance, Mr. Craik, had his two possibilities ready: one, if Ottawa proceeded, and the other, if it did not. So as he began the presentation of his own budget his aides were required to monitor the budget proposals of the Minister of Finance in Ottawa to ensure that the sales tax proposals had indeed been included in the budget presentation. Only then, by monitoring what the Minister of Finance in Ottawa had said, could Manitoba's minister of finance include in his presentation a special section that would ensure that the two budgets dealt simultaneously with the sales tax proposal. That is what consultation really amounted to.

In these circumstances there was precious little time for manoeuvrability or even for consideration on the part of that particular province, and certainly none for meaningful consultation about a proposal that was finally made firm, but made firm only on the night that the Minister of Finance presented his budget.

The consultation of which the Minister of Finance has boasted in the House must have been casual, informal, and indefinite in the extreme for such a situation, such a scenario as the one that I have described, to have been allowed to develop.

The provincial ministers of finance throughout the country thought something was coming. It had been indicated to them that something was coming, but they had no assurance that in fact anything would be coming until the Minister of Finance made the announcement in his budget speech. The consultation of which he boasted amounted to this. A proposal was made; the provinces were told that one variation to it would be acceptable, all other variations would be rejected out of hand. That is indeed what happened. It was: take it with or without this slight modification, or leave it. As I have already pointed out, according to the minister's own statement the discussions until then had been about a purely hypothetical situation.

The minister of finance in the province of Quebec was in a different position from his colleagues in the other provinces because he had a manoeuvrability that they lacked. Since he was the only minister of finance whose budget had not been brought down by April 10, he was able to consider a concrete proposal rather than a hypothetical one, and he had time to advance a counter-proposal.

Would anyone in this House, with the possible exception of the Minister of Finance or the Prime Minister (Mr. Trudeau), believe that Mr. Parizeau would fail to take advantage of that opportunity? Why did the Minister of Finance proceed without the agreement of the Quebec minister of finance? Since the date of the Quebec budget had been announced well in advance, why did this government not wait for the Quebec minister of finance to show his hand before they showed theirs? One can only surmise that the reason they did not wait was a political one. They were attempting to provoke a confrontation with the government of Quebec to shore up their position for the election campaign that they have been orchestrating throughout the winter and early spring. The reason a budget was brought down in this House on April 10 was to provide a platform for the Liberal party in that election, an election that they never did get around to calling.

Some hon. Members: Hear, hear!

● (1542)

Miss MacDonald: That platform would have been one which could be presented as an attempt to co-ordinate federal-provincial fiscal policies and to stimulate the economy. Also they could claim the attempt was being resisted by the separatist provincial government in Quebec. That was their game, and that is what they set out to try to achieve. Obviously hon. members opposite knew the advantage and value of having a convenient enemy.

In its calculation of this Machiavellian strategy, the government ignored the fact that the province of Quebec, like every other province, had a legitimate right to resist this proposal or to modify it, since it dealt with an area of unquestioned provincial jurisdiction. As has been said on many occasions throughout the history of parliamentary democracy—this edict has been said over and over again—"the right to tax is the right to govern." For the federal government to attempt to dictate the manner in which a province raises, lowers or abolishes its sales taxes, is to violate that basic democratic principle.

Some hon. Members: Hear, hear!

Miss MacDonald: As for the other provinces, for reasons having to do with their desire to co-ordinate fiscal policy, or because the proposal promised benefits to their people, they, with greater or less degrees of reluctance, chose to co-operate with the federal government's initiative. This was not an easy decision for them to make. Whereas an across the board sales tax reduction throughout Canada would benefit consumers in all provinces with such taxes, it would disproportionately benefit those provinces with disproportionate shares of Canada's manufacturing capacity. Moreover, each province, except the Atlantic provinces, was being asked to re-order its priorities to pay one third of the cost of this reduction. In other words, the province of Saskatchewan, for example, was paying out money to subsidize not only its own consumers, but also the manufacturing sector in British Columbia or in Ontario. There is no question that this proposal would provide—and indeed it may have been designed to provide—more benefits to some provinces than to others.

Mr. Parizeau's decision was an attempt to ensure that the people of Quebec obtained full benefit for whatever sales tax reductions were made as part of this package. While his motives in doing so may have been questionable, his proposals are based on an undoubted and important provincial right. That is why his proposals have been supported by all the parties in the Quebec national assembly and by almost all shades of public opinion in the province of Quebec, ranging from separatist to staunchly federalist. His proposals undoubtedly were designed also to place the federal government in a most embarrassing position. They have succeeded in doing so.

The federal government obtained the consent of the other provinces to this scheme on the understanding that the sales tax cuts would be across the board in all the provinces, but the Quebec government legitimately challenged whether that uniformity should be forced on them. Then the federal government had to decide whether to accept the modifications proposed by Mr. Parizeau, or to exclude the province of Quebec from its initiative. Instead of confronting this dilemma, the Minister of Finance has attempted to make an end run around it. This attempt was made by using the federal taxing power to rebate directly to the taxpayers of Quebec a sum of money equivalent to the value of the sales tax cuts which the minister refuses to negotiate with the government of Quebec, the sum of $186 million. Now we are faced with a situation which almost perfectly illustrates a concern raised in the abstract some nine years ago during the discussions on constitutional review.

I should like to refer to some of the arguments raised during the period of the constitutional review between 1966 and 1971. For a long time there had been a consensus among the provinces on the need to manage their own fiscal affairs, to do so without the intervention of the federal government. Also there was a consensus that they should have the right to obtain

their revenues in the way they judge consistent with their fiscal needs, and to spend those moneys on projects of high priority to them.

In 1969 when the federal government began to recognize the force of some of these arguments during that constitutional review, the question of using federal fiscal muscle to regiment the provinces into line came up for broad discussion. In those discussions, the Trudeau government acknowledged the desirability of limitations on its spending power. Simultaneously it made proposals about what to do when a province did not want to join a scheme to which most of the other provinces had formally and officially agreed. At that time the Trudeau government proposed making payments directly to individuals, a proposal which was attacked by the provinces, including those which are strong supporters of a vigorous central government.

I should like to refer to a few of the arguments made by the premiers against that federal proposal to make payments direct to individuals. Mr. Smallwood, the then premier of Newfoundland, said the following:

> Has it ever been done and ought it to be done? If there is to be a federal redistribution of income surely it ought to be on a national basis and not provincial.

He went on to say that, if it is to be provincial, it must be done by the legislature of the province.

Mr. Robarts, the then premier of Ontario, said the following:

> If you do attempt to return the money to the individuals in the province, we must realize, of course, that you are not going to return it to the people who paid the tax.

He continued by indicating that it simply would not be exact, and asked the following:

> Are you going to return it just to taxpayers or to every single individual?

That was his question. It is very relevant today.

Mr. Bennett, the then premier of British Columbia, perhaps signified the danger of the federal proposal most clearly back in 1969 when he made the following statement:

> You are going to play provincial governments against the federal government and you are going to break up this country and not build up Canadian unity. You are going to make for disunity.

Therefore the proposal of the federal government to proceed by direct payments to individuals, in the way it is proceeding now, was tabled by the Prime Minister, who said the following:

> I think the views have been fully aired all around and the most we can do at this time is to let them lie there until further meetings. There is nothing to add to that.

Indeed, he did not add anything either at the Victoria constitutional conference or subsequently. The federal government's method of dealing with this kind of impasse was discussed back in 1969 and was rejected by the provinces at that time. Also it was rejected by the joint parliamentary committee on the constitution in 1972. That proposal has now been resurrected unilaterally by the Minister of Finance.

● (1552)

Why has that been done, Mr. Speaker? I suggest it is for two reasons. The first is, it is his attempt to regain the initiative in the bungled confrontation he deliberately staged with the province of Quebec. That motivation is understandable, if contemptible. But the second motive of the Minister of Finance in putting forward this proposal is to extend the use of the federal spending power by deliberate invasion of provincial control of the sales tax field. That motive would be understandable only if we were to assume that the government is an agent provocateur working on behalf of the cause of separatism. What better strategy could the proponents of separatism conceive than to have the federal government boldly stake out a claim to use the federal spending power to bludgeon provincial governments whenever an impasse was reached between them and Ottawa?

The minister of Finance and the Prime Minister are acting in such a way as to give an aura of credibility to the image of confederation which the Parti Québécois has desperately, and to this point with diminishing success, tried to portray as reality to the people of Quebec; an image of an aggressive, centralizing, power hungry government at Ottawa, eager to grasp every opportunity to destroy the exising balance of federalism and to move Canada toward a unitary state.

Someone, somehow, must get it through the heads of the Prime Minister and the Minister of Finance that Canadian nationalism and the cause of federalism in the province of Quebec will best be promoted by wise and effective use of the powers now enjoyed by the federal government, not by a backstairs usurpation of the powers assigned by the constitution to the provinces.

Claude Ryan, the Leader of the Liberal party in the province of Quebec, put that case so succinctly when he said in an interview last Sunday that the strength of the Parti Québécois "has definitely been helped by the federal government's stubborn position".

This view is reinforced by a Quebec journalist, Don McGillvary, writing in the Montreal *Gazette* on May 23 in these words:

> And Chrétien and Prime Minister Trudeau seem to be unaware still that they are giving federalism a bad name. Quebeckers may well be persuaded to stay in confederation if they feel that the rights of their province will be guaranteed and respected.
>
> But if the future that Ottawa holds out to them is a succession of episodes of federal meddling, like that of the past few weeks, the case for independence is bound to seem more persuasive.

That is the kind of result this federal government may well promote.

The direct tax rebate is not only a dangerous innovation, but one unprecedented in our history and which strikes at the very balance of confederation. Not only is it dangerous, and not only does it strike at the balance of confederation, it is also very meanly conceived. It calculates that for an $85 cheque the taxpayers of Quebec will abandon the option of looking to their provincial government, whatever political stripe that government might be, to defend the existing distribution of

powers under the constitution. It presupposes that $85 is the asking price for the loyalty of Quebeckers.

It is no longer good enough, according to those opposite, to be a federalist in the province of Quebec unless one's definiton of federalism precisely and on every point coincides exactly with their own. That kind of rigid "them and us" approach calls into question the very basis of federal-provincial relations. It is one of the key reasons why it is becoming more and more clear that this government is part of the problem and not part of the solution to the problem of national unity.

And what has this face-saving proposal in the bill done to the economic initiative which was supposed to have been the point of this whole exercise? What has it done to the original budget proposal? It has, literally speaking, turned that proposal on its head. Instead of a sales tax cut which benefits all consumers, what the Minister of Finance proposes is a direct income tax rebate in one province; a rebate which discriminates against those too poor to pay income taxes, and which favours those most likely to save rather than spend the rebate they would receive. That tendency to save is exactly what the minister wanted to avoid in the first place.

Here is what the minister had to say in this regard at his press conference on the night he presented his budget:

> It is an economic package to restore confidence, to stimulate demand very quickly. That was the aim . . . to increase demand in the Canadian economy. The other tax cuts available to me were of a different nature and we were not sure that they would go to the people who spend their money. Income tax? Perhaps the people would have put that money in savings.

This, suggests the minister, is what went wrong with his earlier income tax cut. The people saved it and did not spend it, but the sales tax cut, he promised, would be different. Again I quote from the press conference on the night the minister presented his budget:

> This retail sales tax is going to everyone who spends his money. Even those who don't pay any income tax, the poor in the society, will get a benefit in spending their money.

In the context of the minister's statement that night about his budget, Mr. Parizeau's proposal bears a closer resemblance to the avowed purpose of the budget initiative than the provisions of the bill we are debating here today. Mr. Parizeau's proposal benefits all the consumers in the province of Quebec, rich and poor, and it directly stimulates purchasing in that province, and that was what the Minister of Finance said on budget night he wanted to do. How he has turned that proposal around! Since no province has a complete monopoly on any industry, the proposal which is put forward in the province of Quebec at this time benefits manufacturers in many other provinces of Canada. The effect is disproportionately beneficial to Quebec, to be sure, but the effect of the original budget proposal, as I have already noted, is in itself disproportionately beneficial to those provinces in which manufacturing is concentrated.

However ingenious may be the rationalizations of those opposite for their course of action, however many red herrings they may wish to lay across their trail of blundering, arrogance, stupidity, and cynical political manipulation, they will never convince anyone that they are the victims rather than the authors of their own misfortune. That fact would ordinarily be of concern only to those interested in an attractive image for the Liberal party. But in this case the stakes are far more serious. By their approach to all provinces in formulating their original proposal, by the action they have taken to punish the one province which chose not to go along, and by their arrogant assumption of the right to use the federal spending power to expand clandestinely the area of federal authority, they have put the Government of Canada in a position of saying to every province implicitly, "That we will do what we like regardless of the constitution, with your consent if possible, without it if necessary".

● (1602)

That position is objectionable not just to the Parti Québécois, not just to the province of Quebec, not just to provincial governments everywhere, but to every Canadian who believes in a federal system of government. Their position does not even have the merit of candour. The federal government is saying in effect, "We believe in a unitary state, we know that is unacceptable, but we are going to move toward that goal at every opportunity."

I could respect a government that wanted to change the federal system radically to centralize power and jurisdictions at Ottawa, much as I would disagree with that position. But what I cannot respect, and what I protest against with real anger, is a government that professes to defend federalism while undermining it at every opportunity, whenever it believes it can confuse or frighten the people of Canada into going along with it.

Canadians need a government at the federal level that is strong, dynamic, and effective. Those qualities flow from imagination, vigour, and ability. They do not come from attempts to weaken the other partners in the federal system, but from making good and efficient use of the powers and the opportunities which the federal government itself holds. The federal government will be respected in Canada when it respects the rights of the provinces, when it is sensitive to their needs and aspirations, and when it effectively uses its resources to work with those partners to develop the full potential of this country. Sadly, sir, this textbook case of bungled federalism will be justified only if the government has learned that lesson.

Some hon. Members: Hear, hear!

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): In listening to the hon. member who has just taken her seat, Mr. Speaker, I could not help but think that it was delivered very well indeed, with just the right amount of indignation towards the government. It was a beautiful delivery. It is too bad the content was not as worthy as the effort the hon. member put into the delivery and the amount of indignation she expressed in her voice from time to time.

Let me just say a few things about Bill C-56 and perhaps give it its proper interpretation. First of all, the federal government, in bringing about the tax measures that it brought in on

April 10, went to great pains to seek out the co-operation of the ten provinces in Canada. For the first time in my history in parliament, a finance minister, before bringing down a budget, seriously talked at length to the finance ministers of the ten provinces. It was a tremendously innovative, daring and risky initiative. The hon. member talked about wanting a strong, effective, and dynamic government. Well, the Minister of Finance (Mr. Chrétien) showed effectiveness, dynamism, and initiative in talking to the provincial finance ministers.

The purpose of the sales tax reduction was to stimulate the economy and to encourage Canadians to go out and shop now. I would say buy now in Canada. Why did the Minister of Finance want to encourage that when profits were up in Canada in the last quarter of 1977 by 22 per cent and savings were up nearly an equal amount? It was because our factories and their efficiency were only at a production level of approximately 80 per cent. The idea was to encourage Canadians to buy, but not necessarily equally in all provinces. That was not the case. The Minister of Finance dealt with each province. He went out and consulted with each finance minister individually. One can look at the budget papers where it clearly states that he offered to compensate them for a reduction of 2 percentage points in their retail sales tax for a period of six months. He states:

In return, I have asked them to bear the cost of either a further one percentage point for the same period, or an extension of the two-point cut for a further three month period.

He clearly outlined what he wanted the provinces to accept. He went on to say that he recognized the Atlantic provinces were in a different position because of the tax and revenue structures of those provinces, and he also commented that he recognized that Alberta was in a different position.

Quebec, after consultations with Mr. Parizeau, its minister of finance, chose not to go along with the federal Minister of Finance. It was not the choice of the federal Minister of Finance, but a choice which was made by the province of Quebec. Is that such a strange thing for us federalists to believe? Was it completely unexpected that Quebec would not go along with the federal government? To me it was not unexpected because the government of Quebec today has stated quite clearly that they want to separate from Canada and that they want to do everything they can to prove to Canadians that federalism is not working. The choice was not that of the federal Minister of Finance but of the Quebec government, and if they had done anything else than what they did, I would have been surprised.

The federal Minister of Finance, however, did not remove any of the benefits in his budget for the people of Quebec. He did not in any way, but Mr. Parizeau did.

Mr. La Salle: And Mr. Ryan too.

Mr. Horner: I am sorry but Mr. Ryan is not in power.

Mr. Deputy Speaker: Order.

Mr. Horner: Mr. Parizeau was the one who prohibited the poor people from taking advantage of the offer made by the Minister of Finance of the federal government, but he went on to give $40 million under the four items on which Mr. Parizeau said he would reduce the sales tax. It is perfectly within our constitution and within the prerogative of the minister of finance of a province to remove the sales tax completely if he so wishes. That is what Mr. Parizeau did, and there is nothing wrong with that.

This government asked for an across the board removal of the sales tax. Mr. Parizeau did not what to comply with this, and the Minister of Finance chose the most appropriate way to pay back to the people of Quebec the approximately $215 million which they would have had if the minister of finance of Quebec had accepted the offer.

There has been a lot of statements made about this country of ours and federalism. There is no question in my mind, in the 20 years that I have been in this House, that Canada, the very fact that we remain a nation, has been questioned very severely. It might well be that in this budget of April 10 we are once again seeing our country being questioned as a nation. The Minister of Finance has done his utmost.

I for one regret to see the official opposition wholeheartedly supporting Mr. Parizeau, the one who is deliberately attempting to divide and destroy this country. I am not surprised, however, because just a little over a year ago when I was in that party they told me to go easy on Mr. Lévesque and not to attack him. They wanted him as an ally the next time a federal election rolled around. Maybe that explains why they are stoutly defending Mr. Parizeau today. Why I do not know; one can reach his own conclusions.

• (1612)

I know that the federal government has a responsibility for the over-all defence of the nation. I know, as a nation, that the federal government has a responsibility and that responsibility can be shared with the provinces with regard to the question of immigration.

I know, as a nation, we have a responsibility to provide a transportation system across Canada and at the ports. I know, as a nation, we have a responsibility to look after our trade, with other countries. I certainly know that, as a nation, we must have a strong, effective, dynamic minister of finance, and I think that is what we have in the present Minister of Finance. The finance of the nation is the very key and the heart of keeping a country together.

I know, and the budget dealt with it at length, that the question of energy has become of national importance to this country. It is of importance to every country in the world. As far as we can see in the foreseeable future, energy will remain of national importance to every nation, particularly Canada. We are in a very fortunate position, and I intend to deal with that point at length further on in my speech.

First of all I want to say a word about the differences that the Minister of Finance recognized in the field of taxation. In taking a look at personal income tax as it affects this country of ours, one can readily see that personal income tax as taxed by the provinces is a percentage of the basic federal tax. In the

province of Newfoundland it is 58 per cent of the basic federal tax. In the province of Quebec it varies slightly. Quebec levies its own income tax. Depending on how many children a married couple has, it varies from 58 per cent to 63 per cent of the basic federal tax. One could go down the list, but I want to cite Alberta's position and put it on the record. I will name only three provinces although I have the figures here for all of them. For the province of Alberta it is 38 per cent of the basic federal tax.

There is a logical reason why the Minister of Finance in his attempt to bring and hold our country together should address himself to the problem that exists in Canada, a huge tax rate in some provinces and a lower tax rate in other provinces. Similarly, in some provinces there is a high sales tax rate, and in another province there is no sales tax rate at all. The Minister of Finance, in my opinion, was quite right in addressing himself to that problem.

I want to deal now with another question. I read very carefully the speech of the finance critic for the opposition party. It was rather a poor speech, but he said this:

If it becomes the law of the land will not the residents of Alberta be taking the right position in saying they should be included?

That is why I wanted to put those tax figures on the record. What citizen of Alberta would not recognize that they have, by far, the lowest tax rate in Canada? If the Minister of Finance attempts to increase purchasing by increasing the purchasing power of citizens, to get our economy turned up a little more by lowering the sales tax by 2 per cent for a period of six months—

Mr. Mazankowski: Don't be an Olson now, Jack.

Some hon. Members: Oh, oh!

Mr. Horner: I will continue to quote the hon. member for York-Simcoe (Mr. Stevens):

If the government is shifting from an essentially sales tax related type of revenue sharing scheme to an income tax credit arrangement for at least one province, why should the province of Alberta not also be included?

He goes on to say:

A colleague of mine suggests they do not care about Alberta. Certainly if one were to read Bill C-56 one would see that not only do they not care about Alberta, they are indifferent to that province.

The hon. finance critic for the opposition party obviously did not read the bill, or he cared not to hear or see what he read. I could say a lot of things about the present critic on the opposition side—they had two critics before him and either one of them was better than he is—but I want to put on the record just what kind of a financier he really is. Is he reliable? Is he capable of handling the finance portfolio? We know that he is a very close adviser to the present Leader of the Opposition (Mr. Clark).

Mr. Nystrom: Who is that?

Mr. Horner: The only evidence we have is his past performance of handling finance. I quoted the hon. member for York-Simcoe's speech from *Hansard* about how he thought the present Minister of Finance was neglecting Alberta and western Canada. How did he neglect western Canada when he was attempting to form the Bank of Western Canada?

First of all I should point out the supposed bank charter was named the Bank of Western Canada. One could assume from that that here was a knight in shining armour riding forth to the west to help them to get rid of the eastern bankers that were forever robbing and hurting great western Canada. Here was the shining knight riding out to the west, to save the west with his finances. Not so, Mr. Speaker. Why did he name it the Bank of Western Canada? That is very interesting.

Western Canada at that time was a surplus depository area. The former governor of the Bank of Canada, James Coyne, admitted that to me before a finance committee. He said, "Yes, my records prove to me western Canada is a surplus depository area." The inspector general of banks at the time, before the finance committee admitted to me that, "Yes, western Canada was a surplus depository area". This all took place, for the benefit of members, in 1966 and 1967 when the bank interest rates were frozen at 6 per cent. But there had been a Porter Royal Commission on Banking in Canada. The Porter Royal Commission recommended to the government of the day that they should raise the interest rates and take the ceiling off banks so they could charge more than 6 per cent—

An hon. Member: What about sales tax?

Mr. Horner: So, the shrewd finance critic, what did he do? He proposed a bank just before the interest rates were being raised; a very opportune time. He called it the Bank of Western Canada—

Mr. Deputy Speaker: Order, please. The hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) is rising on a point of order.

Mr. Hnatyshyn: Mr. Speaker, I am sorry to interrupt the proceedings. I know you have been listening to the debate, as we have been in this House, and we have been listening with some interest to the minister's comments. However, I submit to you with all deference that the comments of the minister, even with the widest latitude given by yourself on second reading in a debate on Bill C-56, bear absolutely no relevance to content of the bill. It is in fact an attempt on the part of the minister to comment on the financial critic of the opposition with respect to his capabilities to act in that capacity. With the greatest of deference, if the minister wants to get up and speak in support of the bill, we will be interested in hearing him. If he wants to get up and give the names of those on this side of the House he alleges were playing the market, we will be glad to listen to him on that.

● (1622)

Mr. Deputy Speaker: Order, please. I think the hon. member for Saskatoon-Biggar has a point. I was following the minister's remarks closely. He did lay aside the subject matter of the bill for his own purpose. I am sure he was about to come back to the bill. I hope he will do that.

Mr. Horner: I intend to deal with the bill at length, Mr. Speaker. I was quoting the speech of the hon. member for York-Simcoe. I had suggested earlier that the hon. member for Don Valley (Mr. Gillies) would have been a far better finance critic, and the hon. member for Edmonton West (Mr. Lambert) would have been a far more credible finance critic.

Mr. Hnatyshyn: Even you could do a better job, I suppose!

Mr. Horner: We again have Sir Arthur riding to the rescue. He looks beautiful on the white horse with the hon. member for York-Simcoe. The beauty of those two hon. members is that they can ride a horse, which is more than the Leader of the Opposition can do.

In his whole speech the hon. member attempted to build on the premise that the Minister of Finance knew not what he was doing and was incapable of being Minister of Finance. This has been his whole line of attack. I was, as Your Honour correctly stated, nearly at the end of my remarks about the Bank of Western Canada.

The hon. member tried to run $195,000 into a pyramid and control $13 million—not a bad stroke of business if you can do it overnight. However, he was not able to do it.

He had called it the Bank of Western Canada. He wanted the deposits of western Canada. The interest rates were coming off. Where was the control going to be? It was to be held by a consortium of basically his family and two other people in the city of Toronto. He would not put 53 per cent on the market for sale. It was not because the remainder was not gobbled up. The nearly six and a half was gobbled up quickly. He kept control in Toronto and tried to perpetrate the belief that he was some kind of a saviour to western Canada and that he cared about western Canada. He cared about his own pocket and not much else at that time.

I want to say how Alberta has benefited in recent years and will continue to benefit by the budget of April 10.

Mr. Stevens: I rise on a point of order, Mr. Speaker. I did not interrupt the minister when he was making certain comments concerning the formation of the Bank of Western Canada, but I hasten to add, in case anybody has inferred otherwise, there is not one tittle of truth in what he has said.

Mr. Horner: That is not a question of privilege. What I said is on the Finance Committee records. What I said was supported by the former governor of the Bank of Canada, Mr. James Coyne, when he blew the whistle on the hon. member and said, "produce your $4½ million," and he could not. I am not saying any untruths. It all can be substantiated and, in fact, has been substantiated in the past.

I wanted to deal with how the energy development incentives announced on April 10 will benefit the province of Alberta. Most Canadians are aware of the energy picture in the world today. I will paint the picture as vividly as I can so that Canadians can clearly understand.

In the known conventional oil reserves there are about 6.4 billion barrels of oil in Canada. We in this country use about 600 million barrels a year, or 1.6 million barrels a day. If someone looks at this speech tomorrow, he can use a computer or check my mathematics and he will see that we have in conventional oil reserves, if our consumption does not increase, somewhere between ten and 12 years' of known supplies.

What about the tar sands and the heavy oil, the development of which this budget attempted to encourage? In the tar sands in Alberta there is estimated to be 900 billion barrels of oil, a fabulous amount when you equate that to our conventional reserves. Three hundred billion barrels of oil can readily be mined in the tar sands if we put the capital investment into that area. With regard to the other 600 billion, we may have to develop new technology. We may have to develop a better in situ method of recovery. Of the 300 billion barrels I spoke of in the tar sands, about 80 per cent is recoverable with today's technology. Of the remaining 600 billion, with today's technology we can probably recover something in the neighbourhood of 15 to 20 per cent.

Looking at those figures one can see how fortunate this country is, if we develop the tar sands quickly enough and have it coming on stream when our conventional oil begins to slow up.

We have a lead time of 12 years, at best 15. Therefore it behooves the federal government to encourage tar sands development now. Did the Minister of Finance take that into consideration in his budget? Yes he did, in about three different ways, and I will deal with them.

Outside of the conventional oil wells and the tar sands, we have in northeastern Alberta what is commonly referred to as the heavy oils. They are in the ground. The present method of bringing them up is to pump steam down which forces up the oil. In the known estimate of reserves of heavy oils, there is about 30 billion barrels of oil. Roughly speaking, we have five times the amount of reserves in the heavy oils and 150 times the amount in the tar sands that we have in the conventional wells.

There is only one other industrial country in the world today that can say down the road, if proper care is taken now, that it will be self-sufficient. We can become a major exporter of oil. We have that much. Action must be taken.

I am often accused of comparing our country with other countries. Today I want to compare our country with the United States with regard to the question of oil. One year ago the United States were using approximately 14.7 million barrels a day. Today they are using 17.1 million barrels a day. They have had a tremendously rapid increase in their consumption of oil. What has their production been? One year ago production in the United States was 8.7 million barrels a day. Today it is 8.1 million barrels a day. Their consumption has risen rapidly and their production has gone down nearly as rapidly.

This is a very fortunate country. Our consumption has not gone up as fast, and our production and our capabilities of producing have increased substantially. If Canadians ever

looked around, they would see we are at the bottom of the rainbow. This country is very, very fortunate.

What is the federal government doing through this budget which is being attacked, by innocent people, I believe, because they know not why they speak? Some of them know not why they are here, even from the province of Alberta. I have heard Albertans stand up in this House and say that Alberta is not helped in any way by this budget. How foolish can they be! How unknowing of the truth can they be of the province of Alberta?

Previous ministers of finance introduced in budgets, and the present Minister of Finance reinstated it again last fall, drilling exploration funds that individuals can put together to invest in oil and gas exploration in the province of Alberta. Individuals can get together and invest in gas exploration in Alberta. Why do I say in Alberta? It so happens that in our great nation between 83 per cent and 85 per cent of the oil industry is in Alberta.

● (1632)

This tax provision, allowing individuals to invest in drilling and exploration, brought tremendous funds into the province from all over Canada. The president of Ranger Oil told me when I was speaking with him recently that, as far as his company was concerned, it was the largest investment put together in Canada for a Canadian firm. I asked him, out of curiosity, where the money came from, and he said that, by and large, most of it came from people in Montreal. More than 100 investment funds had been put together to back exploration and drilling. Dome Petroleum, which has done such tremendously good work for Canada in the Arctic exploring for oil and gas in the Beaufort Sea, has put a fund together using the tax provision brought forward in the budget and extended by the present Minister of Finance.

In his present budget the Minister of Finance has recognized the importance of heavy oil and of the tar sands. The federal government has put together a research fund under which $2 million a year will be devoted to extending our knowledge, particularly of the tar sands, in the next five years.

The Syncrude project alone involved an expenditure of some $2 billion, and the contribution made by the federal government was 15 per cent, or $300 million. Mr. Speaker, that is more than Quebec is getting under this sales tax proposal. That province is getting something in the neighbourhood of $215 million. But Ottawa put $300 million into Syncrude, bringing the consortium together after Atlantic Richfield backed out. The project is now coming on stream and will produce something like 125,000 barrels a day. I estimate that Syncrude cost $2 billion. A large proportion of that money was spent within the province of Alberta. Wages and salaries of workers accounted for half the cost. That money was spent within the province, and those people pay income tax into the provincial treasury. And I am not taking into consideration, now, the royalties which the provincial government will receive on the sale of this oil, oil developed through the encouragement of the federal government.

[Mr. Horner.]

Look at page 10 of this document under Energy Development Incentives. The Minister of Finance clearly spells out:

> Second, it will be important to extract as much oil as technologically possible from all deposits. It has already been established that enhanced recovery systems can greatly increase total production. After today, therefore, special machinery, equipment and other facilities acquired for enhanced recovery systems—specifically, so-called "tertiary" recovery—will be able to earn depletion at a rate of $1 for every $2 of expenditure as compared to the normal earning rate of $1 for $3.

This change means substantially more revenue for Alberta because it will continue for a lot longer than six months. The sales tax reduction is only for six months. Let us keep things in perspective.

The budget went on to say:

> Finally, earned depletion may be applied at present only to reduce taxable resource profits, and only up to a ceiling of 25 per cent. This provision will be significantly improved. Effective immediately, corporations may deduct depletion earned through certain qualifying investment in non-conventional oil projects up to the extent of 50 per cent of total income.

These two measures will greatly encourage investment in the tar sands and in heavy oils. Further, the minister states, as set out on page 10 of the budgetary papers:

> I want to make clear that the up-grading plants to process the heavy oil produced from wells into a type of oil similar to conventional crude will be treated as a manufacturing facility, eligible for fast write-offs and the reduced tax rate.

All this gives us an idea of the immense amount of money which will be invested in Alberta as a result of the encouragement given in the budget. I suppose the oil industry is still not clear as to the interpretation of these tax measures or as to what their full effect will be, but there is no question in my mind that there will be far more potential benefit from the assistance given to the development of oil deposits in Alberta than from the total of the tax reduction, which amounts to around $1.1 billion.

In other words, these measures will mean more by way of financial benefit and encourage more investment in Alberta than all the other benefits seen in the budget for all the other provinces put together.

If this is correct, one might say, "Surely, this is too much to give one province?" Mr. Speaker, it is not going out to one province. It is benefiting the whole nation. We know that sooner or later we must develop these resources. Indeed, we could become energy sufficient, and if we develop the proper technology we could even become a major exporter of oil after 1995, I estimate.

What has all this meant to the province of Alberta? I am told that many people are envious of that wealthy province. Many say it was Premier Manning, through his connection with the Lord above us all, who put the oil below the surface of Alberta. Today, many newcomers believe it was Premier Lougheed who put the oil below the surface of the province. There are some in this House who believe that the prosperity of Alberta is the result of the way in which the affairs of the province have been managed by its present government.

Mr. Speaker, I am well connected with the present government of Alberta, and you might say I even have good relations with that government. But I am fair enough to realize that the

tax measures to which I have referred were brought in by the former minister of finance and by the present Minister of Finance. The tax measures contained in the budget of April 10 have contributed and will continue to contribute to a dramatic growth in the part of Canada about which I have been talking.

Looking at the growth figures for the population generally I see a figure of 1.25 per cent. I look out to Alberta and find that the population there is growing at close to 4 per cent. The population of the city of Calgary is growing at the rate of 1,500 a month. The city of Edmonton is growing at a like rate. Fort McMurray—

An hon. Member: How about Cessford?

Mr. Horner: It is growing too. It is very near my home ranch and it is growing faster even than the rest of the province. I feel a little like Khrushchev when I say that, because when you start from nothing it is very easy to grow quickly.

● (1642)

An hon. Member: Not with this government.

Mr. Horner: Calgary is growing at the rate of 1,500 per month, and the same is true of Edmonton. In 1973 Fort McMurray had a population of about 8,000. Today it is 23,000. Citizens from all over Canada have gone to the province of Alberta. Rightly or wrongly they are now paying income tax to the province of Alberta. I think it is right that they should, but we have to recognize that it was the federal government, particularly since the oil dispute of 1973-74, which caused a great deal of rapid expansion of that province.

Alberta has benefited immensely. As I flew out of Calgary on Monday I looked at the skyline of that city and wondered what it was like ten years ago. It was nothing like it is today. I also thought of the gigantic roadways traversing the valley of the Saskatchewan River, and the gigantic hotels and apartment buildings built at the edge of the Saskatchewan River in the city of Edmonton. I thought to myself about how the skyline of that city has changed immensely in the last ten years.

One can say that the Minister of Finance neglected Alberta in his April 10 budget, but if one wanted to be parochial and to divide Canada into regions, he could do that too. I do not particularly like that. I got into federal politics because I am a federalist. One could even accuse me of being a centralist. I do not mind that, because I believe that in order to hold this nation together we have to accept the fact that there should be one government for the whole of the nation.

Some hon. Members: Hear, hear!

Mr. Horner: When I was a member of the other party I once asked my leader what power he would decentralize, so that I could know what he would do to my country. He could not tell me what power he would decentralize. It is a nice sounding phrase, but I said to my leader that he could not go on forever saying it. I told him that someone would ask him what he would do, but he could not tell me. I hope he has thought up an answer by now. Perhaps the hon. member for York-Simcoe has given him an answer. The hon. member for York-Simcoe seems to have many answers and rumours ready.

Mr. Hnatyshyn: We decentralized by giving you to the Liberals.

Mr. Horner: When the hon. member for York Simcoe was in Calgary he said on a radio phone-in program that he was very glad to see the hon. member for Crowfoot go because he could not get along with him. I explained in my speech today how he and I disagreed about what he was trying to do with the Bank of Western Canada. Anyone who reads my remarks will readily see why I could not get along with the hon. member.

We are changing the law regarding rape. The hon. member for York Simcoe was attempting to rape western Canada financially, and I will never forgive him for his intentions. Of course he was not a politician then. His true business ethics were coming through loud and clear, to me in any case.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. minister, but his allotted time has expired. Nevertheless, he may continue if there is unanimous consent.

Some hon. Members: Agreed.

Mr. Epp: No.

Mr. Horner: Mr. Speaker—

Mr. Epp: Mr. Speaker, I said no.

The Acting Speaker (Mr. Ethier): I heard one hon. member say no.

Some hon. Members: Hear, hear!

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I welcome the warm applause with which I was greeted by Liberal backbenchers when I stood up. It seldom happens, but I do indeed welcome it.

Some hon. Members: Oh, oh!

Mr. Brewin: Mr. Speaker, is somebody else conducting the debate?

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Greenwood (Mr. Brewin) has the floor.

Mr. Brewin: I have never claimed to be an expert on taxation problems and, indeed, I am not an expert on taxation problems, but I know there are certain basic principles which should be applied to test all taxation problems. These principles depend, in my judgment, on whether proposed tax changes tend toward more equality or more inequality, whether they benefit those who already have too much or whether they are calculated to assist those below the proverty line and those in urgent need. Judged by these tests I find the present bill totally

inadequate. I propose to deal with the sales tax later, but I wish first to speak about the bill as a whole.

In March of this year the National Council of Welfare, which hon. members know is a responsible and experienced group of Canadians, produced a report on taxation and the distribution of income. This report reveals a society, and I quote:

—which continues to be marked by vast inequalities of income—inequalities which condemn three millions of our citizens to lives of poverty in the midst of Canada's widespread affluence.

The income gap separating the richest and poorest 20 per cent of Canadians has grown enormously over the past 25 years, and this drastic increase has been at a time when Canada has been creating an elaborate multi-billion income security system. In 1976 the lowest income 20 per cent of Canadians received barely 4 per cent of the total national income. The highest 20 per cent—in other words, the same number of people at the top level—received more than 40 per cent, a share ten times as great as the poorest 20 per cent.

It is a striking fact that this picture has not changed relatively over the past quarter of a century. In 1951 the bottom fifth of Canadians received 4.4 per cent of the national income. Today those people receive 3.9 per cent. The top fifth got 42.8 per cent. Today those people receive 44 per cent.

The incomes of the lower 20 per cent in 1951 stood at $3,060 which, adjusted for inflation, was the equivalent in 1976 of $6,900. By 1976 the difference between the richest and poorest fifths had increased by $18,000. In other words, the gap had increased by over four and a half times in constant dollars. Despite all the rhetoric about the welfare state, our system of taxation and welfare has had no effect in tempering the overwhelming inequality of income distribution. The supposed levelling effect of the tax system has turned out to be a myth.

The income tax system is indeed progressive, but the tax system includes a great deal more than personal income tax. There are federal and provincial sales taxes, excise taxes, import duties, property taxes, provincial health insurance premiums, contributions to the Canada and Quebec pension plans, and unemployment insurance premiums. These are all taxes under another name. What, then, is the reason for this situation?

In 1972 the Economic Council of Canada found that over the lower portion of the income scale the system tends to contradict the ability to pay principle by taxing the poor at a higher rate than those who are better off. The effect of the few taxes that are progressive, such as the income tax, is completely offset by the remainder of taxes in the system. Most important, a host of new exemptions and reductions has been introduced into income tax, all provisions which give no benefit whatsoever to those too poor to pay taxes, only modest benefits to lower and middle income persons, and the greatest benefits to those with the highest income. In 1976 the National Council of Welfare issued a report discussing these exemptions and reductions. In that report, entitled "The Hidden Welfare System", they estimated the cost of just 17 of these tax subsidies—there are more than 60 all told—at $6.4 billion, with the taxpayer making over $50,000 a year receiving an average of $4,000 in annual benefits, and the taxpayer with less than $10,000 income receiving less than $500.

• (1652)

Much has been said about equity in the tax system. The scrutiny to which it has been put by the National Council of Welfare suggests that no such equity exists. I say—this is something that all of us from all parties in the House should know—that we in this country, despite all the good things we say about ourselves, despite the good fortune which we enjoy, have created a society in which there are gross injustices and inequalities along the lines which I have not dug up but which are based upon the report of the National Welfare Council.

To remedy this would require amendments to the methods of securing funds for the Canada and Quebec pension plans, unemployment insurance, and health care plans. The report of the National Council of Welfare goes into these in detail, but I will not do so here. Let me only remark that we in this party have supported and do support the welfare provisions. Indeed, we take some responsibility for their introduction. However, I will say that we too have underestimated the importance of making sure that the acquisition of funds or payment of these schemes is supported progressively rather than regressively, and adds to rather than diminishes the income of the poorer people. Nor is the objective of more equality merely a moral or humanitarian objective. It is not an objective of people of soft hearts and kind dispositions. It is a condition of a healthy economy?

With hundreds of thousands of Canadians below the poverty line, these Canadians are effectively debarred from playing an effective part in our market system. The net result of this unfair contribution of income is the state of depression, recession, and stagnation with which we are all familiar. The government plans in the tax bill with which we are dealing have failed to make any effective dent in these facts.

I want to return for a minute or two to the sales tax and the means devised to distribute the compensation benefits from the sales tax reductions. It is well known that the sales tax is one of the important means of taxation of the provinces. The provinces have claimed, and no doubt have the right to claim, the right to dispose of the proceeds of direct sales tax according to their own judgment and without interference from the federal government. The present legislation contemplates an intrusion in this field by the federal government. In so far as the provinces agree to this and accept federal leadership, there can be no objection, but interference over the objection of the provinces is interference in a provincial field which is highly important to our whole federal system. In the case of Quebec and the other provinces, the federal government offered to repay compensation equivalent to the reduction in the sales tax and the losses from that across the whole field. This has been accepted with varying degrees of grumbling from all the provinces except the province of Quebec.

The Quebec government preferred a scheme where there should be a total abolition of the sales tax for certain essential commodities. I think it included textiles, furniture, etc. I will not go through the list, but they are unquestionably essentials. This reduction was to be a total reduction, not limited in time, and obviously presented a real contrast to the proposals made by the federal government. However, the purpose of these reductions was to promote employment, which is the objective of the exercise claimed by the federal government. It provided for the stimulation of employment through reduction in the prices of the goods covered by the tax. The federal government has obstinately refused to pay compensation, as requested by the government of Quebec, except in the form of direct payments to the citizens of Quebec who pay income tax.

The federal proposal has earned the opposition of the government of Quebec and all the other parties in the legislative assembly of Quebec, of all the opposition parties in the House of Commons, and some opposition from other provinces. The federal government has persisted in its particular plan with an obstinacy worthy of a better cause.

There may be arguments as to whether the federal or Quebec scheme for the reduction of the sales tax is best. I myself prefer the Parizeau to the Chrétien model, and one of the basic reasons for that is that the federal scheme excludes the most needy of all, the people who do not earn enough even to have to pay any income tax, those who are on the poverty line and who do not benefit, even though they still have to pay sales tax on what they purchase. It is here that the general principle which I outlined at the beginning of my speech is applicable, namely, that all tax proposals should be judged by the effect on the poorest people in the community. But the real tragedy is that this comes at a time when the federal government claims to give leadership to strengthening and preserving our federal system.

What the federal government has proposed gives aid and comfort to separatists, and is a blow to the future of Canada. Furthermore, it appears to violate the government's own proposed guidelines on conditional grants for federal-provincial programs. The hon. member for Kingston and the Islands (Miss MacDonald) has dealt with this matter and I will not repeat what she said but will summarize some of the points in my own way.

In 1969 the Government of Canada issued, under the signature of the Prime Minister (Mr. Trudeau) himself, a constitutional working paper entitled "Federal-Provincial Grants and the Spending Power of Parliament". The white paper stated that the proposed principles would establish two limitations on the use by parliament of its power to make conditional grants for general federal-provincial programs. Of course these schemes for the sales tax are precisely that because the Government of Canada, quite rightly, is going to spend the money and was asking that the moneys received be applied to the sales tax.

According to the white paper on the federal proposal, first, there must be the existence of a broad national consensus in favour of the program, and second, there must be the assurance that a fiscal penalty would not be imposed on the people of non-participating provinces. I note the constitutional paper refers to people and not governments. Perhaps the Minister of Finance (Mr. Chrétien) and others would claim that looking after the claims of the people of Quebec and bypassing the provincial government is in accordance with the guidelines proposed. I do not think the guidelines intended any such thing. The people of Quebec, as selected by the federal government, may well not be the same people as those who would benefit from a disposition of the funds by the provincial legislature.

● (1702)

Undoubtedly it is the constitutional right of the Quebec legislature to prefer to receive the payments in lieu of sales tax. In my understanding of our constitutional system, the federal government communicates in such matters with provincial governments and not with individuals in the provinces. All the preliminary papers I have read constantly refer to the provinces. Our system is composed of a federal parliament and provincial legislatures which are supreme within their own realms. This is not a new doctrine. It was pronounced by learned law lords in the privy council of Great Britain, which was the final court of appeal, nearly a century ago. The provincial legislatures have sovereign rights within their own jurisdictions.

The constitutional paper produced by the Prime Minister goes on to suggest that the first step toward ensuring a consensus would be the introduction in parliament of a money resolution preceding a bill to be proceeded with if and when a consensus was reached. This has not been done yet. Obviously it may be done in the future. It was contemplated to be the first step. Then this resolution was to be sent to each province for approval or rejection in their legislatures. That was contained in the statement of the Prime Minister on behalf of the government when the future constitution of Canada was being dealt with.

The Minister of Finance has not come close to following the proposed method of operation of the federal government. One must assume the federal government is abandoning its own scheme of instituting a federal plan for conditional grants to the provinces. As this is a central feature of federal-provincial relations, greater attention should have been paid to it by the government. Its failure to do so constitutes a blow to the unity of Canada and a blow to Canada itself.

Now I should like to turn to the other provisions of Bill C-56. As I read them, apart from the corporate sales tax, there is little or nothing designed to assist those in the greatest need, or to equalize the distribution of income. Clause 1 of the bill deals with the removal of taxes and expenses of a second residence needed for temporary purposes. Perhaps this is a good idea, but it is hardly an important one. Clause 4 deals with loans to shareholders by corporations. Certainly it is not an earth-shaking measure. Clause 6 deals with additional allowances for scientific research. Indeed this is needed and beneficial, but it can hardly be said to have any direct impact

upon the distribution of income. Clause 11 and other clauses deal with registered retirement income funds. The proposals in clause 11 may be a measure of relief for those who contribute to these funds. Perhaps much of the clause can be commended. However, it encourages saving and not spending. To that extent it fails to stimulate employment, which is a major priority of the day.

Clause 14 deals with the transfer by a taxpayer to his child resident in Canada of shares of a qualifying farm corporation. Indeed this is a helpful provision, but it is of very little significance in the over-all picture. Clause 30 deals with the reduction in 1978 of the tax payable by individual residents in prescribed provinces by $100. Indeed this may have some small effect on stimulating purchasing power, but it would be far more effective in redistributing income equitably if income taxes were used and if it were removed entirely from those at the lowest level.

I cannot say that I have read the bill carefully, but I have glanced at the 66 pages which constitute the involved provisions before us. Also I have read the notice of the ways and means motion to summarize some of the proposed amendments to the Income Tax Act. The same observation is true of nearly all of these provisions. Some of them may remedy minor injustices, but none of them provide an adequate stimulation of the economy by making more purchasing power available, none of them reduce the enormous gap between rich and poor in the country.

My party has made its stand very clear. It believes it is necessary to fulfil these dual purposes: on the one hand, the stimulation of the economy and reduction of unemployment and, on the other hand, more justice in our tax system and a redistribution of income by income tax reductions at lower levels. The government has not taken this advice although many others, as well as the New Democratic Party, advocated this course.

For these reasons I cannot support this bill. It might be said cynically but justly, as my party is against the bill, as I work with the party and attempt to support it when I can, that my vote against the bill is no more than a party vote. Indeed it is a party vote, but it is much more than that. It is an endeavour to express my regret that the government has failed to stimulate the economy adequately, to deal effectively with unemployment so far as the tax system can and, above all, has failed to maintain the principle of a more just and fair distribution of income in Canada to those who are at the poverty line or below.

Also, the government has failed to reduce the gap between those who have acquired substantial and secure incomes in Canada and those who live in poverty. In my view, this is the essence of this legislation. It is ample reason for saying it is not good enough, if we are truly concerned about the welfare of all Canadians.

[Mr. Brewin.]

Some hon. Members: Hear, hear!

• (1712)

[*Translation*]

Mr. Marcel Roy (Laval): Mr. Speaker, I am honoured to bring my humble contribution to the second reading of Bill C-56, an Act to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions. I do not claim to be an expert in taxation or even in constitutional law, but I think I know the problems of Quebec as much as the member who had the floor before me, and I will try to be practical regarding the study of the bill.

To start with, Mr. Speaker, I will confess that I have never felt so surprised in seeing the attitude of the members of the opposition because the issue is to sell a sales tax reduction to all Canadians. There is nothing about increasing taxes, and yet it seems that we are experiencing difficulties in getting people to accept a lower sales tax. I hope that my intervention will not be considered and interpreted by some as an interference into provincial jurisdiction or as the attitude of a traitor to the people of Quebec or even as that of an unconditional federalist. Rather I am appealing to my fellow citizens from Quebec so that they will consider my intervention as that of a representative of Quebec who had been elected to the House of Commons and has the courage of defending his convictions, who believes in the Liberal philososphy and wishes to continue improving the standard and quality of living of his fellow citizens in the city of Laval, in the province of Quebec and all accross this country by supporting a program designed to meet a most difficult economic situation not only in Quebec or even in Canada but in all industrial countries of the world. Throughout my speech, I will endeavour to point out the reasons which justify Bill C-56 while trying to provide some explanations on the crippling attitude of finance minister Parizeau, and also voice my opposition to a general transfer from government to government for if we consider the objectives of this legislation a general transfer cannot reach them.

This bill is in line with the main measures deriving from the economic and fiscal statement made before the Commons on October 20 of last year. Under this initiative from the Minister of Finance (Mr. Chrétien), Canadians have benefited from a $100 income tax reduction for the months of January and February. Altogether this amounted to a reduction of some $700 million which, coupled with the indexation factor of 7.2 per cent, represented another saving, or if you prefer another federal government revenue loss, a saving of $850 million for Canadians. The April 10 Chrétien budget reflects this trend by offering the provinces a reduction in their sales tax. The two-thirds compensation by the Canadian government comes in addition to the $700 million which I mentioned earlier, so to these $850 million granted through indexation we are adding another contribution of some $1.147 billion, namely the value of the proposed reduction of the retail sales tax.

The budget is a positive reform in the context of our current economic problems, increasing as it does the consumer's purchasing power and the level of production of a number of our manufacturers who are now using some 60 per cent of their capacity. So we are increasing our industrial production, which will in turn foster job creation. Mr. Speaker, the sales tax reduction initiative has been supported and indeed called for by a number of economic groups. As an illustration, I would like to quote from the Canadian Chamber of Commerce report, *Impact*, Vol. 2, No. 3, the March 1978 bulletin issued when the Canadian Chamber of Commerce came here to Ottawa to meet with the Minister of Finance (Mr. Chrétien) and the Minister of National Revenue (Mr. Guay):

> If the Canadian government feels it has an absolute duty to stimulate the economy, the Canadian Chamber of Commerce believes the best way would be a 2 to 3 per cent reduction of provincial sales taxes. In the pre-budget brief issued in Ottawa on March 6, the chamber indicates it can easily be proven the government should maintain the size of its deficit . . .

And it goes on with a number of other suggestions. I would once more quote a paragraph from the Canadian Chamber of Commerce submission to minister Chrétien:

> But in order to absorb the high unemployment rate and the serious underutilization forecast for the Canadian economy this year, the Canadian Chamber of Commerce recommends that the federal and provincial governments share equally in the provincial sales tax reduction. However, Ottawa should pay an extra percentage point in areas where unemployment is above the national average. The chamber feels that such reductions will meet a number of prerequisites for a real economic pickup.

That proposition was put forward by the Canadian Chamber of Commerce. I heard no member indicate this was suggested by the Canadian Chamber of Commerce, an important group in our Canadian economy. I would also have welcomed associations and chambers of commerce from various Quebec towns and cities if they also had been in support of the Minister of Finance's initiative at the suggestion of the Canadian Chamber of Commerce. I also have here, Mr. Speaker, another report on the conference of industry, trade and commerce ministers, a federal-provincial conference held here in Ottawa. That document was signed by Mr. Rodrigue Tremblay, the Quebec minister of industry and commerce. I am quoting from page 5 of the magazine *Commerce* of April 1978:

> Precise and immediate actions needed.
>
> Care should be taken however that, under the pretext of discussing medium and long-term industrial strategies, concrete and immediate steps needed to correct the most urgent problems are not neglected. The Canadian manufacturing sector is probably more seriously affected by the current economic recession than other sectors of the economy.
>
> Due to insufficient demand, most companies are now experiencing below normal capacity utilization. Demand stimulation measures therefore appear to be urgently needed to strengthen the manufacturing sector.
>
> We would be doing a real disservice to companies and workers if, in the course of such a conference—

This was the January conference—

> —we simply discuss medium and long-term strategies. It is imperative that each level of government take concrete and immediate steps to stabilize and strengthen employment in the manufacturing sector.

So, Mr. Speaker, there you have Quebec's position as stated by its minister of industry and commerce, Mr. Rodrigue Tremblay, after a federal-provincial conference of ministers of industry, trade and commerce.

● (1722)

So the budget is indeed a positive response to representations. It is an answer to the representations made either by the chamber of commerce or by other organizations in the economic sector—and even trade and commerce minister Tremblay agreed—to do something to stimulate consumer activity. The Chrétien budget is a positive reform for economic problems. It has many elements. I referred earlier to the sales tax and I shall come back to this later on, but the budget is also an incentive for industrial development. As the Minister of Industry, Trade and Commerce (Mr. Horner) said this afternoon, it is an incentive for research and development, and will have short term and long term effects on investments, productivity and employment. These measures are essential to reinforce the position of Canada in an increasingly competitive world.

The third and not the least aspect of this budget which we sometimes forget to mention is the expansion in the field of social legislation of the possibilities offered to the two million individuals who contribute to a registered retirement savings plan and the creation for those who reach retirement age of a new plan for accumulated savings which will be called the registered retirement income fund. I am somewhat disappointed to see that my colleague who spoke before me did not even mention this benefit contained in the budget. The budget also contains other measures such as the extension to incorporated farms of the tax free transfer of farming operations, which now applies only to members of the same family. Mr. Speaker, those are the main features of the Chrétien budget, which also includes the firm commitment to reduce federal expenditures by $350 million. How have the various sectors of the Canadian economy reacted to this budget?

> Chrétien budget favourably received by Canadian business sectors.
>
> Despite a small group of dissatisfied business interests, most Canadian business sectors quickly applauded yesterday the federal budget introduced Monday evening by finance minister, Jean Chrétien.
>
> We fully endorse the fiscal co-operation between provincial and federal governments which has made sales tax cuts possible, stated the Canadian Manufacturers' Association.
>
> This measure will help create jobs because Canadians will buy more Canadian products and it will also result in lower prices at the consumer level.

Chamber of commerce chairman Sam Hughes, to whom I referred the representations made to the Minister of Finance last January, said about the last budget:

> Mr. Chrétien has taken the "basic measures that were required".
>
> According to him, . . .

. . . the chairman of the Canadian Chamber of Commerce . . .

. . . sales tax cuts will do much to eliminate regional disparities and will encourage demand at the consumer level "where it is required".

Mr. Hughes believes that Mr. Chrétien was right not to reduce personal income tax as it would have interfered with capital inflow into government coffers.

The Chairman of the Canadian Federation of Independent Businessmen, Mr. John Bulloch, said that the last budget showed fiscal creativity and emphasized that the government did its best with little money. Those are a few comments on this budget from various organizations in the private sector.

The budget, as presented, has surely answered the wishes of several organizations to which I have referred and it is obvious that it cannot get the unanimous approval of all those individuals. The budget has even succeeded in suggesting steps likely to increase the total demand of the Canadian economy. Following meetings and consultations with the provinces, the budget is the first step towards the distribution of responsibilities between the two levels of government as regards the stabilization policy and more especially the economic stimulus.

Rather than being an intrusion into provincial autonomy, the budget provisions reflect the importance of divided responsibilities as a result of economic conditions. As stated on several occasions by the Minister of Finance, we must bear in mind that 60 per cent of taxes in Canada are levied by provinces and municipalities while 40 per cent are collected by the federal government. It is therefore impossible for the federal government to take full responsibility for the employment situation and to implement alone an economic stabilization policy without the provinces' co-operation.

This situation is most obvious, it seems to me, in the Chrétien-Parizeau dispute, especially since in negotiations, with a separatist government whose "raison d'être" is to leave Canada, and solutions are apt to be slow in coming. The aim of the Quebec government is precisely to show the people of that province that it is impossible to live under a federal system. Mr. Lévesque said in October 1967, and I quote, as I think this is extremely important in the context of this debate:

A sovereign Quebec assumes all powers and all financial resources of the public sector. Thus it has all the tools of decision and the total product of its fiscal efforts.

Today, this same Mr. Lévesque goes to the United States, Mr. Morin to London and others to African countries who are stating that this is a sovereignty association. It is therefore not surprising that negotiations between the province of Quebec and the Minister of Finance cannot take the form of a dialogue as with the other provinces. Mr. Speaker, it seems as difficult to come to an understanding with the Péquiste government on the sharing of goods and obliglations as it is to reconstitute the eggs from an omelet. That is an absolutely impossible task, Mr. Speaker. Quebec sells more manufactured goods to other provinces than it buys from them and most of its sales consist of highly protected products such as clothing and footwear. To substantiate this, one has only to look at the latest figures published in this regard and which show that Quebec does indeed sell more manufactured products to the rest of Canada than it buys from the other provinces. In textiles, for instance, sales are in the range of $192 million.

In the furniture industry, $134 million. In clothing, $503 million. In the leather industry, $59 million. In textiles, $111 million. In this whole sector, products worth $1 billion are manufactured in Quebec and sold in the rest of Canada. Quebec also sells a high percentage of its products in the other provinces, for example 41 per cent in the rubber industry, the leather industry 47.8 per cent, textile industry 38.6 per cent, knitted wear industry 39.4 per cent, clothing industry 41.7 per cent and furniture industry 40.2 per cent.

• (1732)

What would be the consequences if the other provinces did not cut their taxes on these products? The crippling attitude of Quebec finance minister Parizeau might very well balkanize the provinces. There are other products which are made in Quebec and on which there is absolutely no sales tax cut. I have in mind the refrigerator and range industries in l'Assomption which are providing jobs to some 400 people. In the area of electric lamps, Westinghouse is providing jobs to 600 people in Trois-Rivières. I have also in mind sporting goods and cooking ware industries in Cowansville, Cookshire, Drummondville, and trailer manufacturers in Cookshire, and many other firms which are being penalized because they cannot cut the sales tax by the amount suggested in Mr. Parizeau's budget. I am also thinking of electric controls in Granby and cars in Sainte-Thérèse, with some 3,000 people employed, near my riding. It seems to me that these figures should matter to us, that Quebec also benefits from some products, and that several of the sectors which were meant to be protected were already protected by a number of measures to which I will now refer.

In light of those statistics and the request of representatives of various economic sectors, the Chrétien budget was definitely a necessity. But the situation deteriorated after Quebec finance minister Parizeau refused the Chrétien proposal for reducing the sales tax across the board and suggested instead that the cut apply only to furniture, clothing and textiles. I must say, Mr. Speaker, that I was very disappointed with minister Parizeau who, instead of congratulating the Minister of Finance (Mr. Chrétien) for having consulted the provinces before preparing his budget, accused him of interfering with provincial budgets.

Mr. Speaker, that is an opinion to which I have given a lot of thought. I am a Quebecker, I was born in Quebec, and I find that language problems are not the only source of confrontation between Canadians: there are also problems of power. Cultural, social and economic problems become political as soon as one wonders which government has authority to solve them. That may be even truer in Quebec. The problem of the sharing of powers is fundamental to any given society. The

political aspect is important but basically sharing of power is much more important, more dramatic than sharing of powers.

Mr. Parizeau's refusal to co-operate in economic matters was given support by several provincial groups of constitutional experts that are less competent in the economic and financial field than the organizations which I referred to at the outset of my speech. And yet, being an economist, Mr. Parizeau must know that the economy of any country cannot be dissociated and that it is a joint responsibility of the federal government and the provinces to stimulate the economy by appropriate measures.

It is obvious that the sales tax comes under provincial jurisdiction. Some people are still pointing that out as if the Minister of Finance was not even aware of it. That is precisely why he spent three weeks negotiating with the provinces and that eight out of ten agreed because he knew perfectly well it was a provincial jurisdiction. The sales tax does belong to the provinces but they are not losing anything because the federal government is prepared to pay two thirds of the total cost of the proposed reduction. General reduction of the sales tax on all products in all provinces should increase demand for consumer goods. We should recall that in his budget of April 1975 Ontario finance minister McKeough allowed a 2 per cent sales tax reduction until December of the same year.

Retail sales in Ontario had increased by 14 per cent in that year, i.e. 2 per cent over and above the Canadian average. All the stores have shown a certain amount of prosperity with increased sales of goods. The Chrétien proposal has seemed so interesting for the Quebec government which had identified itself a few months ago with levying tax on children's clothing and shoes that today, being conscious of their error, they have taken through their minister Parizeau this opportunity to exempt clothing, shoes and even furniture. And the federal tax on children's clothing had been completely removed at the wholesaler's level three years ago. The imagination of finance minister Parizeau had been involved to a greater extent in the levying of taxes on children's clothing and shoes than with any reduction of sales tax. Has minister Chrétien's proposal led minister Parizeau to think about removing that sales tax that he had himself initiated for Quebeckers?

Given its economic objective, the Canadian government has committed itself along with the provinces to overcoming unemployment, creating jobs and straightening out the economy all across Canada. They therefore suggested to the Canadian provinces a reduction in consumer sales tax for all manufactured goods sold by any busines or store, for any retail sale. Recently, I met a group of manufacturers, at an exhibition held in Quebec. Naturally, I was asked what was my reaction, my attitude to the Parizeau proposal as against the Chrétien budget? They were manufacturers at an exhibition. I told them: "I will reply by asking you a question. You will then say that it is the way a politician answers but I would rather be a political man of action than be called a politician." I asked how many of the 126 participants in this exhibition were displaying footwear and clothes? Not a single one. This means that none of those manufacturers could benefit from the sales tax reduction, because Mr. Parizeau has decided to act on a selective basis rather than reduce the sales tax on all manufactured goods. I think that this somehow describes the situation of our industries in Quebec. They are being penalized by the action of Mr. Parizeau.

Alberta—a province that has no retail sales tax, and one of the three Canadian provinces contributing to equalization payments, which Quebec will receive this year to the tune of $1.350 billion, that is, 45 per cent of the total amount—accepted the Chrétien proposal, and not necessarily to benefit from it, because there is no sales tax in Alberta, without receiving the contribution of the Canadian government. That participation, it seems to me, which amounts to $186 million in Quebec, is precisely the federal contribution for the 2 per cent cut in the retail sales tax.

It is unfortunate that millions of Quebec consumers, thousands of Quebec manufacturers, and hundreds of Quebec businessmen and dealers should be penalized because of the attitude of minister Parizeau who restricts the tax cut to textiles, clothing and shoes. I checked whether sheets made in the Eastern Townships, sheets and pillow cases made in Quebec would be tax free, and found they would not. The reason why the sales tax applies is that the goods covered by the Parizeau budget include only yard goods and not sheets, pillow cases and things like that. Yet, all goods imported from Taiwan and manufactured abroad will not be taxed. So, I feel it is unfortunate that millions of consumers, manufacturers and dealers in Quebec should be penalized because of that decision.

The implementation of selective tax cuts will not be an easy matter. It is not easy to monitor retail stores nowadays, shops which sell combs, dishes, tires, paint, electric appliances, and even sweaters imported from Taiwan. The Chrétien formula cut the sales tax on all the products sold. The Chrétien formula applied to all products; it is much simpler and much more direct for all consumers, including those who have no taxable income, which means those who do not pay income tax.

If we changed the formula, it is because of Mr. Parizeau's refusal. It is rather the formula of the Quebec finance minister, a tax measure, which balkanizes the Quebec industry. This late proposal by Mr. Parizeau, being discriminatory, could result in a balkanization of the Canadian economy, it could paralyze the retail sales industry and penalize the consumers in Quebec. I think a responsible government which wants to negotiate an association with the other provinces of Canada should act in a less selfish, not to say in a less separatist manner.

I hope that during this debate we shall make the people in Quebec realize what this dispute means and how important it

is that the Government of Canada develop with the provinces a sound climate of co-operation, if we want to solve together the economic problems in the country and continue to improve the situation of the population which should not be penalized by this dispute. Let us stop bringing politics into the economy, because in so doing, we distort the mechanisms at the expense of all taxpayers, both in the business world, in industry and for the consumers.

● (1742)

[*English*]

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, in rising to speak on Bill C-56 I would like to put on record some of my reservations about the way the minister has handled the provincial tax situation. First, although our expenditures are some $45 billion, with an $11.5 billion deficit, the minister and the government have shown their ineptitude by getting involved in a measure that has only created confusion and consternation. It is doing nobody any good, while the country suffers. I do not disagree but that it is a reasonable tax change as regards sales tax if it could be administered easily, but in our complex federal system it is obvious from the beginning that it was a maze of contradictions, difficult to administer and still more difficult to institute.

The previous member spoke of economists and businesses and suggested that this sales tax abatement is a good idea. I agree, but not in our complex federal system. Furthermore, many of the negotiations seem to have been by telephone and, unless they are recorded, there is no record but merely the verbal recall of the Minister of Finance (Mr. Chrétien) of the various provinces.

This is interesting because the Prime Minister (Mr. Trudeau) and the Minister of Finance suggested they had long consultations with the four western premiers and with Mr. Parizeau. However, these gentlemen generally denied there were any great consultations. In the case of Manitoba, they were more or less told, rather than there being negotiations.

Given the situation in Quebec, Mr. Parizeau has roundly outfoxed the Minister of Finance, and the federal government will be putting up some $140 million more money from general revenues, according to my calculation, than what it would have if the government had followed the same course with Quebec as it has followed with Ontario, Manitoba, Saskatchewan, and British Columbia, the so-called provinces that have economic stability. The dilemma of the government can be best summarized by the editorial in the *Globe and Mail* of May 18, and I quote:

> The federal government has done what nobody thought could be done. It has united the Quebec National Assembly. It has induced all members of all parties in that assembly to denounce as "totally unacceptable" the federal response to the Quebec government's refusal to cut its sales tax to fit federal demands. It has produced a unanimous request from the assembly to members of all parties in parliament, including members of the Liberal party, to oppose the federal legislation which would grant tax rebates to Quebec taxpayers in place of the across-the-board cut in provincial sales tax which the Quebec government has refused to make.
>
> Even Prime Minister Pierre Trudeau virtually admitted that his government was in the wrong. "The federal government" he told the House, "should not use tax leverage over the provinces to force a province to do certain things." He tried to contend that Mr. Chrétien had not done such a thing because he had consulted the provinces for three weeks before he brought in his budget which guaranteed that Ottawa would pick up two-thirds of the cost of a temporary across-the-board reduction in sales taxes if the provinces would pick up the other one-third.
>
> Yet on budget night Mr. Chrétien himself admitted that Quebec had not agreed to the deal. And Quebec did not agree to the deal. It decided instead to eliminate the sales tax entirely on certain items that are chiefly produced in Quebec, thus providing maximum stimulation to the Quebec economy. That was within its right.

In the Montreal *Gazette* of May 18 we have what I think is a very good account of the problems of the Minister of Finance in dealing with Mr. Parizeau. It had always been my impression that the Minister of Finance had the tacit approval of Mr. Parizeau when he introduced the controversial sales tax measure. But instead, he, Mr. Parizeau, did something entirely different than what the rest of the nine provinces have done.

In effect, the provinces of the rest of Canada, where they have sales taxes, reduced their sales tax by 3 per cent. This, in effect, helped the manufacturing industry mainly in Canada rather than any specific region, and I think it allowed the province of Quebec, more than any other, relative advantage.

According to Mr. Cam Nappi of the University of Montreal, as recorded in the *Gazette* of May 17, Quebec manufacturers would lose 30 per cent of their existing market while manufacturers in the rest of the country would lose only 10 per cent of their existing market. This heavy dependence of Quebec manufacturers on the rest of the country is because of two things. The rest of the country represents a larger market than Quebec alone, but it also means Quebec is more heavily depending on markets in other parts of the country than any of the other four regions in Canada. He went on to state that although statistics of interprovincial trade are incomplete, Quebec is, and I quote:

> —the only region for which the Canadian market is more important than the international market.

Fifty six per cent of Quebec exports go elsewhere in Canada while 44 per cent go to other countries. He estimates that Quebec manufacturing exports over 100,000 Quebec jobs to Ontario while Ontario exports to Quebec about the same number of jobs. Canadian tariff barriers have strongly benefited Quebec manufacturers because industry in that province is concentrated in sectors protected by the highest tariff walls. Exports from Quebec to other provinces are protected by tariffs averaging 9.9 per cent, exports from Ontario averaging 8.4 per cent, and those from other provinces averaging 7.8 per cent.

By the Quebec action of the selective tariff cuts, they have in fact benefited most industries concentrated in those provinces, but the exports of Quebec manufactured goods will benefit from the reduced sales tax in all other parts of the country that have taken up the federal offer.

There has been complaining by the provincial premiers of Manitoba, Saskatchewan, and British Columbia that there was not enough consultation, and that now a new ballgame has developed that is inimical to their interests. I certainly agree, but I wonder why the provincial governments were hood-

winked into agreeing with the Minister of Finance when he invaded their provincial jurisdictions on this short term episode.

Provincial jurisdictions have been invaded in the past through unemployment insurance, old age pensions, health and welfare programs forced on the provinces by the federal government and too expensive for efficient running of these programs. I might add that I believe one of the problems of disunity in this country is the fact that in the last 25 years the federal government has invaded provincial jurisdiction through massive health and welfare programs. This has caused much disunity in this country.

It is folly for the Minister of Finance to invade once again provincial jurisdiction without having very clear outlines as to what was at stake. He has done confederation a great disservice. His complaint in the budget speech that the federal government was losing control of the fiscal responsibility is not quite true. He points out that in 1945 the provincial sector had only 30 per cent of total government revenues whereas it now is 60 per cent. He further states that the provincial and municipal sector actually holds a larger share of total government revenues than does the federal government. But this argument is falacious because most of the increase in terms of percentages has been in the fields of health, welfare and education; in the last 20 years provincial governments have taken over from private plans, and the financing of these very expensive programs has fallen on the provincial governments instead of upon individuals. Some 60 per cent or more of provincial revenues are spent in the health field so the argument put forward by the minister is not valid.

● (1752)

I turn, now to the complex question of cash rebates to the citizens of Quebec. I can understand the contention of the Prime Minister that in the absence of a tax arrangement with Quebec the rebate must be different. But the decision to give a cash rebate to citizens of Quebec in the next few weeks smacks of political opportunism. In Manitoba, when income tax forms are made out in 1979 for 1978 tax, there will be a box in which citizens of that province will be able to claim a rebate of $100 on their 1978 tax from the federal government and, correspondingly, this amount will be taken up by the $100 recovery tax on the provincial side. Why does the federal goverment not reduce the $100 or its equivalent, $85 or whatever it is, on the tax returns for 1978 to be filed in Quebec next year? This would bring them in line with the other provinces.

The Minister of Finance accused Mr. Parizeau of bad taste. But in the matter of payment to Quebeckers it seems to me the Minister of Finance is just as guilty. Cash payments to Quebeckers will induce them to feel they should vote for the Liberal administration in October, if there is an election, and presumably, also, with the referendum coming up in Quebec, citizens of that province will look to Ottawa as a benevolent institution giving them payments they would not otherwise receive.

This must explain Mr. Parizeau's objection, because obviously the total economy of Quebec gains relatively more than the rest of the country. Mr. Parizeau has made selective tax cuts which will presumably effectively minimize the benefits to goods produced in the rest of the country and also to imports which in our financial position is its only saving grace. But Quebec industry will be able to benefit from the tax cuts in all the other parts of the country and their industries should get a relatively greater improvement than industry in other parts of the country.

Now what about the selective tax cuts? In these the federal government has assumed, I believe, that at 3 per cent applied across the board in Quebec as in other provinces they would have cost the Quebec treasury some $330 million, assuming the estimates given are correct, and I would assume that they are probably rough in nature. However, the selective tax cuts will presumably diminish the Quebec treasury by only some $120 million during the six months that the federal plan remains in force, so that the federal government says that it must make up $220 million to be even with the other provinces. Having allowed a $40 million credit for the selective tax cuts, the federal government proposes to pay $186 million to the citizens of Quebec. Assuming that all citizens of Canada paid approximately the same federal tax, the citizens of Quebec would have paid in some 25 per cent of $186 million, or some $45 million.

In the other provinces such as Ontario and Manitoba the provincial treasurers gave up 3 per cent of their sales tax income with 2 per cent reimbursed by their own citizens through the abatement of the federal tax system, and in the province of Quebec the provincial treasurer should have given up $330 million, as I understand the minister's calculations but, in fact, they are only giving up some $120 million, at least for the lifetime of the six months' agreement.

Now, Mr. Speaker, I submit that the rest of Canada is putting up some $140 million through the cash rebates to Quebec citizens over and above what the Quebec people themselves paid to the federal tax. It should be understood that during the lifetime of the agreement of six months, which is the only thing we are talking about, the provincial treasury of Quebec will not lose nearly the revenue that they would have under the across the board 3 per cent reduction. This represents a transfer from one portion of the country to the Quebec economy and a form presumably of equalization. I do not necessarily disagree with this but I should recognize it is a form of equalization payment.

I do not disagree one whit with the right of Quebec to impose selective tax cuts, but it is probably wrong to extend some form of federal subsidy hidden under the guise of sales tax rebates. I think it would have been better to allow the tax reduction to the Quebec taxpayer at the time he filed his

income tax return for 1978. Taxation would have fallen more evenly across the country.

One of our taxation problems in this country is that justice must be seen to be done, it must not only be done. When taxpayers in different parts of the country are taxed differently—

The Acting Speaker (Mr. Ethier): Order. It being six o'clock this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 2(4).

At six o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, May 25, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

NATIONAL FILM BOARD

BURNING OF CANADIAN FLAG AFTER FILM FESTIVAL—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity.

Last week the National Film Board, in Montreal, celebrated a film festival. It has been reported to me that at the end of the festivities a Canadian flag was burned in the yard of the National Film Board headquarters. In view of the seriousness of such a report, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That the Secretary of State investigate this report to establish its validity and, if it is found to be true, investigate the circumstances, determine who was involved and report back to the House on his findings.

Mr. Speaker: Such a motion, under the terms of Standing Order 43, requires the unanimous consent of the House before it can be put. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

FINANCE

SUGGESTED SOLUTION FOR QUEBEC SALES TAX DISPUTE—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Pursuant to Standing Order 43, Mr. Speaker, I seek the unanimous consent of the House to move a motion.

In view of the fact that the leader of the opposition in the Quebec national assembly has come up with a reasonable suggestion to put an end to this dialogue which falls on deaf ears—the Ottawa and Quebec governments—concerning the sales tax issue, namely that both governments should sign an agreement whereby the federal government would collect the $226 million and turn it over to the Quebec government, or grant a tax cut for the fiscal year 1978-79 which would allow the Quebec government to recuperate the sums involved, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the House urge the government to accept one of these solutions to put an end to the conflict between the Ottawa and Quebec governments concerning the sales tax issue.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

CANADIAN TRANSPORT COMMISSION

PROPOSED RAIL LINE ABANDONMENT IN MANITOBA—REQUEST FOR REVIEW—MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that the prairie rail action committee recommended the abandonment of the Quadra to Hamiota and Kenton to Wheatland rail lines in Manitoba, which the Hall commission said should be put under a prairie rail authority, and since the Canadian Transport Commission has acted with unseemly haste, without public hearings, to rubber-stamp this bad decision in spite of the assurance given by the Minister of Transport (Mr. Lang) to the House on May 4 that full hearings would be held, I would move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That the Minister of Transport require the CTC to hold hearings to review its decision to abandon the Quadra to Hamiota and Kenton to Wheatland lines in Manitoba and to hold hearings on other PRAC abandonment recommendations, and that the Minister of Transport disband the prairie rail action committee and bring forward legislation to set up the prairie rail authority.

Mr. Speaker: Hon. members have heard the proposed motion. Under the terms of Standing Order 43, such a motion would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

INDEPENDENCE OF PARLIAMENT

INTRODUCTION OF LEGISLATION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Deputy Prime Minister. As the House knows, there has been considerable controversy in recent days about a potential conflict of interest involving members of this House. The basic problem is that there are no guidelines regarding conflict of interest for all members of parliament, and only meaningless guidelines for members of the cabinet.

Since the Prime Minister has said that conflict of interest legislation is ready, would the Deputy Prime Minister tell the House when we may expect to see this legislation?

● (1412)

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, as I mentioned I believe earlier in the week, the bill on the question of conflict of interest, or the independence of parliament, is ready. There are a few more points which have to be dealt with. It would be my intention, if possible, to bring the bill forward for first reading, if not in May then certainly in June. It would provide a basis for discussion of the whole question of conflict of interest as it applies to members of this House and to members of the Senate.

Mr. Clark: Mr. Speaker, I welcome this legislation and we look forward to seeing it as soon as possible.

If I might turn now to the very difficult question of conflict of interest regulations as they apply to ministers—difficult because it is a question from which this government has backed away—on July 18, 1973, the Prime Minister said that the rules relative to members of the cabinet "will be put in the form of precise guidelines just as soon as parliament has had an opportunity to consider the green paper with regard to members of parliament and senators and the legislation that might be made applicable to them".

Parliament long since has considered that green paper. Will the Deputy Prime Minister tell us whether those precise guidelines promised nearly five years ago by the Prime Minister have been issued? If so, will they be made available to the House of Commons and to the public to see? If not, why have they not been issued as the Prime Minister undertook five years ago?

Mr. MacEachen: Mr. Speaker, I would like to check into the details and get more information on the question. But as I recollect it, based upon the statement that was made by the Prime Minister all ministers were asked to conform to a certain set of guidelines in handling their financial affairs with respect to their public duties. Certainly there has been communicated to members of the cabinet by the Prime Minister the obligations he expects ministers to follow with respect to conflict of interest.

[Mr. Speaker.]

I cannot answer the Leader of the Opposition as to whether these guidelines have been made public, but certainly the obligations which fall upon ministers have been communicated to them and ministers are expected to live up to those obligations.

Mr. Clark: Mr. Speaker, this is a matter of some concern because the Prime Minister went out of his way to make it clear that there would be, and I quote his words of July 18, 1973, "precise guidelines". Not some general directive, but precise guidelines. I presume that if those existed, the Deputy Prime Minister, as a member of the cabinet, would know something about them. I gather that since he does not, they do not.

I would like him to come back to the House of Commons and tell us if the undertaking of the Prime Minister regarding precise guidelines has been honoured; and I would like him, if it has been honoured, to table those guidelines. If it has not, I would like him to set an early date by which that undertaking will be honoured and to give us a commitment now that the guidelines will be tabled in the House of Commons. May we have that date? May we have that undertaking?

Mr. MacEachen: Mr. Speaker, I think the Leader of the Opposition is mistaken in concluding that these precise guidelines do not exist. Precise guidelines do exist, they have been communicated to ministers and ministers have been expected to conform to the guidelines at the request of the Prime Minister. What the Leader of the Opposition is now asking is that these precise guidelines be made available to the public in the form in which they have been transmitted to the ministry: that is something I will check into further.

REQUESTED RESCINDING OF DISCLOSURE OPTION

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is for the Deputy Prime Minister. It relates directly to the precise guidelines which, according to the minister, are available to members of the cabinet.

In view of the fact that the guidelines for cabinet ministers permitted a former minister of finance to take the so-called disclosure option, which involved disclosing the fact that he had a 30 per cent interest in a private investment company without disclosing the company's assets, does the government intend to close this loophole? I point out that when I first asked this question in November of 1974, the minister's predecessor took my question as notice and there has never been any answer to it.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I do not have the details of the arrangements in the particular case to which the hon. member refers. Obviously, it is a matter which can be checked into, and I will do so. That is all I want to say on the subject.

Mr. Beatty: Mr. Speaker, it seems that these guidelines are so stringent that members of the cabinet are held in terror by

them and are very much aware of them. Will the government amend the guidelines for cabinet ministers to require them to disclose their debts to outside creditors, as well as their assets? Also, will the government eliminate the loophole provided by the frozen trust option which allows ministers to manipulate public policy in full and private knowledge of the holdings in their frozen trusts? This is an option which has been followed by six ministers, including the Prime Minister.

● (1417)

Mr. MacEachen: I think the allegations or suggestions made by the hon. member are quite unworthy, Mr. Speaker. The option available to ministers under the frozen trust option or arrangement does not permit manipulation of any kind. The hon. member should really revise his thinking if he is suggesting, as he seems to be, that public policy is being manipulated by ministers in order to accommodate the arrangements they have made under the frozen trust option.

If hon. members are aware of the theory of conflict of interest, they will realize that disclosure is one of the ways of dealing with potential cases of conflict of interest, and in the case of the trust to which the hon. member has referred, the option of disclosure has been used and is well accepted in dealing with cases of conflict of interest. The hon. member should not suggest that that is not the case.

Mr. Beatty: I referred to the frozen trust, not disclosure.

GUIDELINES ON CONFLICT OF INTEREST

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, for the information of the Deputy Prime Minister and of the Leader of the Opposition, let me point out that the guidelines have indeed been made public. They were made public in a letter tabled by the Prime Minister which was written to the Deputy Prime Minister on October 18, 1976. It was tabled in the House on December 17.

My question to the Deputy Prime Minister is as follows: Given this government's discovery during the minority government days that such guidelines were essential, and considering that the Deputy Prime Minister promised in 1976 to act with urgency on the matter, will he, in assuring us that we will have the legislation in June, specifically promise the House that the following two aspects of the legislation in this area will be included in the bill: first, the legislation will establish certain moral and legal standards expected of all members of parliament in financial dealings; second, it will follow the successful British example of making it mandatory that all members of parliament declare their financial interests in a form which is accessible to the public?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I thank the hon. member for reminding us that the precise guidelines have been made public.

Mr. Clark: These are not precise guidelines.

Mr. MacEachen: With respect to the independence of parliament legislation, the hon. member will recall that the green paper on conflict of interest was sent for study to an all-party committee of the House of Commons. That all-party committee has reported to a great extent; maybe not totally. We will be following the advice of the standing committee of the House which reported upon the proposals made in the green paper.

The hon. member will recall, with respect to the second part of his question, that the conclusion of the parliamentary committee is quite different from the request just made by the Leader of the NDP. Hon. members will be able to deal with the bill when it comes forward and see to what extent it has followed the advice of the all-party committee of the House.

Mr. Broadbent: Mr. Speaker, surely the minister can answer a straightforward question. He is quite correct in pointing out that what I am suggesting is different from the recommendations that came from the all-party committee—recommendations, on this detail, which my party did not support.

I should like to ask the minister precisely, given the very successful practice in the British parliament of making all ministers of the Crown declare, in a form which is accessible to the public, their financial holdings, will the Government of Canada now promise us that whatever else they may include in the bill, that provision will be there—because it is essential?

Mr. MacEachen: The hon. member may believe that provision to be essential: the fact is that the majority of the members of the committee decided otherwise. Normally, we are asked to pay more attention to the recommendations of parliamentary committees. Should we take their advice, or the advice of the Leader of the NDP?

● (1422)

Quite apart from that point, the bill will deal with disclosure provisions. It will be before the House of Commons and members from all parties will be able to decide what regime they wish to have followed in respect of how they deal with the very difficult question of conflict of interest. Hon. members know that there are other ways than through disclosure to deal with the question of conflict of interest. The House will want to consider what other options will be as useful as disclosure in the context of the bill.

Mr. Broadbent: Mr. Speaker, the minister is quite right; there are many ways of avoiding the problem which disclosure in this area is intended to solve. Given the answer of the Deputy Prime Minister, we can expect the bill not to include this very important provision. With respect to the second point in my first question, will the bill or bills the government intends to bring in next month also include guidelines which it thinks are appropriate for members on both sides, in terms of either moral or legal obligations which affect their financial dealings? I say this in the context of allegations which have been made, for example, by the Minister of Industry, Trade and Commerce about behaviour on this side of the House, as

well as the government side. Is that question to be dealt with by the government as well?

Mr. MacEachen: Mr. Speaker, certainly the interface between members of parliament, senators and, for example, the business community and what financial affairs will be tolerable, will be dealt with in the bill. We hope it will be dealt with fully. In addition to the written rules or the written laws which may be adopted by the House of Commons, there is a certain sense of ethics and responsibility which must be exercised by each individual member of the House of Commons. It seems to me that is a stronger guarantee, over-all, than to attempt to anticipate every possible situation which might cause a conflict of interest. I would add to the rules, regulations and the Standing Orders which may be proposed, the sense of ethics and responsibility that hon. members must follow in all their dealings: that is much more important.

Some hon. Members: Hear, hear!

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[*Translation*]

SUPPLY AND SERVICES

DELAY IN MAKING GRANTS UNDER CANADA WORKS PROGRAM

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of Supply and Services. As phase II of the Canada Works program is drawing to a close and some of the sponsors of projects have to borrow money to pay their bills, can the minister tell the House whether he will find out why payment of the subsidies earmarked for the projects is being delayed? If so, can he assure us that those payments will be made in the very near future?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): Mr. Speaker, I shall be happy to do so, all the more so that when we receive requisition for payment from the various departments, we usually comply with their request within three days.

Mr. Lambert (Bellechasse): Mr. Speaker, because payments are made so quickly, may I ask whether the books are checked by civil servants in the department and, if so, is there a long delay between checking and authorizing the payments?

Mr. Goyer: There may be, Mr. Speaker, but the hon. member can rest assured that I shall look into the matter and speed things up if necessary.

[Mr. Broadbent.]

[*English*]

TRADE

GOVERNMENT POLICY RESPECTING EXPORT DEVELOPMENT CORPORATION

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in the absence of both the Minister of Industry, Trade and Commerce and the Prime Minister, I should like to direct my first question to the Secretary of State for External Affairs: it deals with the activities of the Export Development Corporation, with particular reference to governmental policy behind EDC. With reference to possible aid or assistance to Cuba, the Prime Minister stated on Tuesday:

● (1427)

This program of co-operation began several years ago, before the Angolan incident. It is being brought to termination: the Secretary of State for External Affairs has said so. There are no present plans for any future projects in Cuba.

Is the minister aware that John MacDonald, chairman of the Export Development Corporation, stated this morning before a standing committee that he has received no instructions to discontinue any future planning in respect of the financing of projects in Cuba and, secondly, that until there is a public declaration requiring all future financing of Cuban projects to be made by the government, he feels free, through his board of directors, to finance projects in Cuba?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I was not aware of that particular statement and I am glad the hon. member has told me about it. In so far as statements made previously are concerned, the hon. member will also recall that they were primarily, if not exclusively, directed to CIDA activities. I think the hon. member for Edmonton West originally asked the questions of me and it was in that context that I replied. We are not engaged in any additional activities in respect of CIDA support or financing.

The question in respect of the Export Development Corporation is, of course, quite a different one. That is equally valid as to whether we wish or ought to withdraw or in some way issue the kind of directive with which the hon. member is concerned. One of the considerations is whether or not, for example, such would be a greater penalty to Cuba or one which would, indeed, bear most heavily on Canadian suppliers. The hon. Leader of the Opposition shakes his head. I put it to him that there are a good many agricultural sales and sales of other Canadian products and equipment—

An hon. Member: Double standard.

Mr. Jamieson: If the hon. member thinks it is a double standard, Mr. Speaker, it may very well be, but I am not going to argue the point. I think it is a question that we should sit down and discuss at a committee, and I would be very happy to do so, in order to determine precisely what it is we are going to do. I point out to the hon. member that if, in fact, this kind of assistance is withdrawn from Cuba or any other country, it is basically Canadian suppliers, including quite a number in

the agricultural community, who will be affected. Hon. members should recognize that and should also be prepared to stand in support of that kind of proposition.

EXPORT DEVELOPMENT CORPORATION—SALES TO IRAN AND SAUDI ARABIA

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my supplementary question is directed to the Minister of Supply and Services: it again deals with general government policy in respect of the activities of the Export Development Corporation. It was reported this morning that the minister has elaborated on plans for export sales amounting to about $1 billion involving Iran and Saudi Arabia.

Will the minister indicate whether it is anticipated that as these plans become more formalized they will be turning at any time to the Export Development Corporation in order that financing can be made available to either Iran or Saudi Arabia, or both?

[*Translation*]

Hon. Jean-Pierre Goyer (Minister of Supply and Services): Mr. Speaker, it is the Canadian Commercial Corporation which has been requested by the private sector to help consortia already set up to get contracts, one in Iran and the other in Saudi Arabia, and we are there at their request. As for project financing, it is the prime responsibility of the participants in the consortia and, of course, if we can help them complete financing, we will, because it is our duty to help the private sector export more.

[*English*]

EXPORT DEVELOPMENT FINANCING FOR IRAN AND SAUDI ARABIA

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my final supplementary question is directed to the Minister of Finance, and again it centres on the activities of the Export Development Corporation. As the minister has probably heard, this new move will likely result in export development financing being made available to Iran and Saudi Arabia if the Canadian Commercial Corporation's transactions are formalized.

● (1432)

As we learned this morning the EDC have fairly large offers of credit, amounting to $500 million to $1 billion, outstanding in favour of Iran, would the Minister of Finance indicate to the House how he reconciles the extensive foreign borrowing, possibly up to $7 billion, that he has put in place with the fact that we are lending money in terms of hundreds of millions of dollars to Iran and Saudi Arabia?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we are dealing at this moment with two different aspects. We have borrowed on American markets for our exchange operations in Canada and of course when we export we offer Canadian exporters credit facilities in order to be able to sell Canadian products. Those are two completely different problems which I have no difficulty in reconciling.

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FINANCE

REQUESTED RESUMPTION OF NEGOTIATIONS ON QUEBEC SALES TAX

Mr. Roch La Salle (Joliette): Mr. Speaker, the Minister of Finance stated the day before yesterday that his last communication with his Quebec counterpart dated from May 15. Since we must recognize the failure of those negotiations, whatever may be the reason for that deadlock which should not be extended further in the interests of the Canadian people, does the minister not feel that as Minister of Finance it is his duty to make the first move to resume negotiations on the matter?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, before the introduction of the budget during three weeks I spoke on several occasions to Mr. Parizeau. He did not give any answer. After the introduction of the budget, he told me about his decision a few hours before announcing the selective tax cut which he made without any negotiation. Afterwards, I sent him two different messages which he rejected in a backhanded manner without calling me back. Before introducing my bill on Monday, I phoned him and he told me that perhaps he would call me back. That was ten days ago and he has not yet done so. I think, Mr. Speaker, that I have shown great flexibility in the matter and since the bill is still under consideration, our solution lies in the bill and the problem will be solved when it is passed.

Mr. La Salle: Mr. Speaker, I would like to ask a supplementary question.

The minister is telling us about his flexibility whereas I feel it is a matter of responsibility. Considering this deadlock and the day to day increasing support—and the minister knows what I mean—and considering also the circumstances and his responsibilities, for how long yet is the minister prepared to sulk while he is perfectly aware that Quebeckers expect him to take his responsibilities and act promptly on that matter?

Mr. Chrétien: Mr. Speaker, perhaps the hon. member has failed to read some papers yesterday morning where it is stated that 87 per cent of Quebeckers agree on the $85 income tax rebate. Besides, the interesting thing in Mr. Ryan's proposal yesterday is the fact that he rejected what I would call the La Salle-Parizeau solution to make a direct payment to the Quebec government. He said that the income tax rebate was the solution. Of course, I realize that I am in good company now when the Liberal leader says that the income tax rebate, that is the tax reduction, is the solution and that he rejects the

La Salle-Parizeau Conservative-Péquiste solution to make a direct payment to the Quebec government.

Mr. La Salle: Mr. Speaker, can the minister assure us that with this tax rebate formula the Quebec government will be able to pass this benefit on to Quebeckers for the five selected products as advocated in the formula, something which would go a long way toward providing Quebec residents with the advantages they are now seeking?

Mr. Chrétien: Mr. Speaker, since the sales tax is under provincial jurisdiction, the Quebec government decided to act within the limits of its responsibilities and to cut taxes in a way which was unacceptable to the federal government. But Mr. Parizeau has already cut his taxes and he must now suffer the consequences of his act. As far as I am concerned, I will maintain the policy I announced on budget night, which is to reduce the income tax for all Canadians. At this moment the only difference with Quebec Liberals is that they would prefer to have the problem solved in 1978 rather than taking the list of taxpayers for 1977. All in all, it is a question of deciding when the people of Quebec will receive their tax rebate. Since my budget was aiming at stimulating the economy in 1978, I think it is preferable to give Quebec residents their benefits right now rather than having them wait until next spring.

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[*English*]

AIR CANADA

LEASING OF AIRCRAFT TO CUBA

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Minister of Transport. During the last few days I have endeavoured to secure the lease agreement that was made between Air Canada and Cuba, or with Fidel Castro directly, whereby two jet aircraft were leased to Cuba.

Could the minister, in whose custody the agreement now is, according to Air Canada, produce that particular document so that parliament will understand the basis for what was, and still is, being considered as a most unusual procedure?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am surprised at the right hon. member's suggestion that it is in my custody. In fact, the question arises as to whether this is the kind of document which should ordinarily be requested on the order paper and then dealt with in the ordinary way. As I understand it, however, it was an ordinary commercial transaction between Air Canada and Cuba, or the Cuban airline, in which I think a total of two DC-8s were involved.

The leases were terminated, in one case, I think, with the destruction of or harm to the aircraft and in the other case by the passing of time, last February. In any case, at no time was there any basis for the right hon. gentleman's extraordinary suggestion the other day of Air Canada's participation in any movement of troops, if this is what he is now trying to support with his strange question.

Mr. Diefenbaker: Mr. Speaker, the hon. gentleman has an infinite capacity for evasion. I simply ask, will he produce this innocuous document, which is the way he has described it: simply a document of agreement, of no consequence? Parliament has a right to see the agreement, or there must be some reason for the concealment that has taken place ever since the request was first made by the hon. member for Edmonton Centre. Why hide this agreement, if it is so simple; or does it conceal some information that the government does not want exposed?

Mr. Lang: Mr. Speaker, that is, again, a rather characteristic refusal of the right hon. gentleman to note the answer which I provided. If he refers to the blues he will see that I answered him completely. There are ordinary procedures for testing this. He asked whether I would produce it and suggested that I have it in my custody, and I tell the right hon. gentleman that it is not.

Mr. Diefenbaker: It is in your custody; at least, that is what Air Canada says.

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AIR TRANSPORT

PURCHASE OF STOL AIRCRAFT BY EPA

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, my question is for the Minister of Transport. In view of the fact that spokesmen for Eastern Provincial Airways, the Atlantic provinces regional carrier, are publicly stating they are considering purchasing Dash-7 STOL aircraft from the government-owned de Havilland Aircraft if an equitable financing arrangement is arrived at, is the Ministry of Transport supporting and encouraging this move, and have we the assurance this change in planes would improve both the interregional service and the access service to other parts of Canada?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, we are very actively pursuing the question of the additional use of the Dash-7 by several of our regional airlines in providing service to various parts of the country. I, personally, believe that there is a very good chance that the Dash-7 could provide far better service than any alternative, and at a lower cost when you take into account the infrastructure as well as the cost of the aircraft themselves. We are pursuing this with the regional carriers and asking for their analysis of the kinds of routes which would be served and what the financial requirements may be. I look forward to progress in these discussions in the days ahead.

EXTERNAL AFFAIRS

NEUTRON BOMB—CANADIAN POSITION

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is addressed to the Secretary of State for External Affairs. I intended to address it to the Prime Minister, but he is not here. It is reported that the Prime Minister proposes to disclose, in a speech to the disarmament conference at the United Nations in New York, Canada's attitude toward the production of the neutron bomb.

● (1442)

At the risk of stealing, or at least dulling some of the Prime Minister's thunder there, will the Secretary of State for External Affairs disclose to parliament the attitude Canada is taking to this weapon which is so important to NATO and to the peace of the world?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I think it is entirely appropriate that in a major speech on disarmament, the Prime Minister should include reference to this particular and quite important subject.

Mr. Clark: Why not to parliament?

Mr. Jamieson: There is no particular reason why not to parliament. I do not believe, however, that it would be possible to handle this question in the context of the question period: this is a most complex subject which I think it would be quite impossible to deal with properly.

I should like to make the observation that I have spent some five or six hours before the committee which includes members of all parties, and I think my colleague, the Minister of National Defence, has done the same thing; but I have yet to be asked a single question on the neutron bomb in the committee, where it would be possible to answer in full.

An hon. Member: That is an evasion.

Mr. Jamieson: I do not consider it at all an evasion. May I suggest to hon. members that, following the discussions on disarmament which are taking place at the United Nations—in which we have arranged to have members from all parties participate—it would be extremely useful, after that session is over, to have a full discussion of the total disarmament question either in committee or in full session of the House. I would be very happy to answer all questions at such time, but it is not possible to deal with this matter in a minute of the question period.

Mr. Brewin: Mr. Speaker, may I point out to the Secretary of State for External Affairs that as far as most of us are concerned, this question of the neutron bomb has only arisen very recently, probably since he appeared before the Standing Committee on External Affairs and National Defence.

Is there any good reason, that he can think of, why a statement on motions should not be made to this House, and why is this House not the proper place to make an announcement of such crucial importance to Canada's policy?

Mr. Jamieson: Mr. Speaker, when I referred to the committee, I was not saying it in any critical way with regard to the hon. member; but I do think it was an issue and was known because it is only a matter of two or three weeks since I was before the committee.

I see no reason why there should not be a statement on motions in this regard. I repeat, I am sure the House leader would be glad to consult on this, but I do not think it would be possible for me to do it today, for a number of reasons. I may say that if there is agreement among the House leaders as to either a statement on motions or an appearance before the committee, there is nothing in this issue that we wish to conceal.

To suggest that in some way the Prime Minister is substituting the United Nations for the House of Commons is grossly unfair, I think, because he is making a comprehensive statement on the whole issue of disarmament. Surely it is logical that something of that nature be included. So far as I know, this is the first occasion anybody has asked in the House that such a statement be made on motions.

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AIR TRANSPORT

PURCHASE OF STOL AIRCRAFT BY EPA

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Minister of Transport: it is supplementary to the important questions raised by my good friend, the hon. member for Madawaska-Victoria, and the minister's reply.

Considering the fact that EPA has, to my mind, alway given excellent service in the Atlantic provinces, if there should be an arrangement made with regard to the Dash-7 through government subsidiaries, etc., can we have the assurance of the minister that Air Canada will not abandon the Atlantic provinces' service?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I do not think any such inference should be taken from my answer to the earlier question. This is simply a question of how to provide services which are suitable for regional carriers or primary level carriers. It should in no way diminish the need for mainline carriers connecting our principal cities.

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NATIONAL DEFENCE

NEUTRON BOMB—CANADIAN POSITION

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Minister of National Defence. Does the minister know what Canada's policy is regarding the neutron bomb, bearing in mind—perhaps the Secretary of State for External

Affairs would also take note of this—that he stonewalled my questions on this matter on July 15, 1977, October 24, 1977, and April 5, 1978, in this House?

If the minister knows what Canada's policy is, would he tell the House of Commons and, through us, the Canadian people? Surely we have more right to hear our government's policy in such a vital matter than does the New York or Washington media?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I really have nothing more to add.

Some hon. Members: Oh, oh!

Mr. Danson: The people who aspire to government over there should learn to deal with issues like this a little more sensibly than the comments I hear coming across this aisle.

Mr. Clark: You are so bad that you could be minister of finance.

Mr. McKinnon: A supplementary question, Mr. Speaker. In his stonewalling procedures, the minister always protested there was continuing consideration, particularly during the last three months. This appears to have a certain amount of sanctimoniousness to it when one considers that his department issued a report which concluded as follows:

Given reductions in indiscriminate effects and the potential for a more resilient deterrent posture, it is likely that the enhanced radiation warheads would be a positive addition to NATO's nuclear inventory.

How can the minister explain such support of the bomb when he is unwilling to discuss it in this House?

Mr. Danson: Mr. Speaker, I, too, would be happy to discuss this in greater detail—

Some hon. Members: Oh, oh!

Mr. Danson: —than one can in the question period. Certainly, that is a piece of advice on which there has been a lot of information, briefing papers and articles written; but they are not directions to ministers. Ministers will make up their minds, as will the government. When we have, we will let you know.

NEUTRON BOMB—REQUEST FOR STATEMENTS LATER TODAY

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, given the willingnes of the two ministers, the Secretary of State for External Affairs to deal with the matter of Canada's policy at the disarmament conference and, now, the willingness of the Minister of National Defence to discuss in this House the question of the neutron bomb and the government's policy, whatever that may be—these matters are related—would the Minister of National Defence or the Secretary of State for External Affairs tell the House whether they would be willing to begin statements tonight at eight o'clock, giving them each an hour to make their statements, with an appropriate question period? I know they need time, but would they be prepared to do that tonight?

[Mr. McKinnon.]

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, in the first place, I will not be here at eight o'clock tonight. In the second place, I have emphasized that I think it will require consultation about how this is going to be handled, particularly in view of the fact that there are some elements which members would want to discuss privately before there is any public discussion. In the third place, while we might be ready with a sensible statement by eight o'clock tonight, given the ignorance that has been displayed on the other side, they will never be ready.

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TRADE

"BUY CANADIAN" POLICY

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, my question is directed to the government House leader. On May 18, the Minister of Industry, Trade and Commerce—who unfortunately is not with us today—revealed on a T-shirt that we have a new policy in Canada, a "Buy Canadian" policy. Could the minister tell the House whether the government feels bound by the "Buy Canadian" policy, where possible?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Yes, Mr. Speaker, where possible.

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PUBLIC WORKS

EXTERIOR LIGHTING FOR TRANSPORT CANADA BUILDING AT CORNWALL, ONT.

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I should like to put a question to the Minister of Public Works. The Minister of Transport might also be interested, because the Department of Public Works is responsible for putting up a building in Cornwall for the Department of Transport, called the Transport Canada training institute.

Why would they allow specifications to go through for decorative, exterior lighting fixtures which are so stringent that they apply only to one type of lighting fixture which is manufactured and sold solely in the United States, when if they had broadened the specifications they could have obtained cheaper fixtures which would use less energy and are manufactured in Canada?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I am not certain whether the allegation made by the hon. member is correct. I should like to deal with his fundamental point, that we should make certain architects specify very clearly that products which are available in Canada are used. This is a subject I am currently reviewing with the department. I am making certain that directions go out to architects who are doing design work for the Government of Canada which make

it very clear that we expect them to specify products which will favour Canadian producers.

* * *

● (1452)

EXTERNAL AFFAIRS

WATER AND AIR QUALITY OF POPLAR RIVER, SASK.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my question is to the Secretary of State for External Affairs. I refer to the press release of the International Joint Commission concerning water apportionment on the Poplar River, Saskatchewan. I notice that on the second page the commission says:

> The commission's report does not discuss the potential air and water quality impacts of proposed developments in the area because those issues were beyond the scope of the reference given to the commission by Canada and the United States—although a 1977 reference deals with the water quality of the Poplar River.

Will the minister now correct that mistake, join with the United States and give a reference to the International Joint Commission that does include both water and air quality?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, the hon. member for Assiniboia, who obviously has a similar interest in this matter, asked me the same question privately today. I told him at that time, and I tell the hon. member now, that I will take his question as notice and will be in touch with the International Joint Commission. I am informed that the government of Saskatchewan has made such a proposition. We will undoubtedly be looking at it. I am not sure it has reached us formally as yet.

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COMMUNICATIONS

CABLE BROADCASTING IN MANITOBA

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Minister of Communications. It arises from the Canada-Manitoba agreement on cable broadcasting that was reached last December 21 which will extend cable service to 28 rural communities in Manitoba.

Can the minister give assurance that she is strongly supporting the agreement and, in particular, the ownership of the hardware, including cable drops, by the Manitoba Telephone System?

Hon. Jeanne Sauvé (Minister of Communications): Yes, Mr. Speaker, of course I stand behind that agreement which was signed by myself and the minister of communications of Manitoba. There are some problems which have arisen as to the application of the agreement. I understand that the rural cable companies have come to an understanding with the CRTC.

As to the question to which the hon. member refers, I know that there will be a meeting in Ottawa of the cable operators of the rural regions, where I hope all these matters will be properly ironed out.

Mr. Dinsdale: I am pleased that the minister is aware of the urgency of the matter. In view of the fact that Westman Media is proceeding to supply service to the rural areas by September, can the minister give her assurance that the problem of the ownership of the drops will be resolved in plenty of time to reach the target date for opening service?

Mrs. Sauvé: Yes, Mr. Speaker. I know there is a problem with construction. The summer period, of course, is the best period in which this can be done. This is the reason I have asked the chairman of the CRTC to look into these questions in a very urgent manner. There are conditions to the licence which had been given by the CRTC prior to the agreement. Therefore, there is some administrative difficulty as well as practical difficulty in the application of the agreement. I am very confident this will be ironed out. I have been in constant contact with the minister in Manitoba, and the chairman of the CRTC tells me he is doing his utmost to come to a favourable solution.

* * *

EXTERNAL AFFAIRS

POPLAR RIVER, SASK., POWER PROJECT

Mr. Ralph E. Goodale (Assiniboia): Mr. Speaker, I have a supplementary question with regard to the Poplar River power project near the international boundary between the province of Saskatchewan and the state of Montana. With reference to the suggestion of a special treaty between Canada and the United States dealing with the question of air quality, which is presently not covered, I hope the Secretary of State for External Affairs will report to the House as soon as he has any word from the Saskatchewan legislature on this point.

My supplementary should be directed to the minister of the environment. In view of the language used in a recent report of the International Joint Commission about this matter, which indicated that the necessary permits and licences had been received by the SPC for only the first phase of development, can the minister say whether the SPC has yet obtained any of the necessary permits or licences to allow that corporation to proceed with anything beyond the first generating unit?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, it is my information that the SPC does not yet have permission to proceed with the second generating station.

Oral Questions

AIR TRANSPORT

STOL SERVICE FROM TORONTO ISLAND AIRPORT

Mr. James Gillies (Don Valley): Mr. Speaker, my question is to the Minister of Transport. Can the minister tell us whether it is government policy to have a STOL service out of Toronto Island airport? If they intend to push forward with this, what are the time dimensions for starting that service, and what do they propose to do about it?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, there is at the present time a regular, scheduled service using the Toronto airport. What I have proposed in discussions with the province of Ontario, and now with local authorities, is that the advantages which may exist at Toronto Island be used for flights between there and Ottawa and Montreal, for example.

Because of the overload at Malton and the clear desire of people to move as quickly as possible between Toronto and some other cities, we are prepared to make significant improvements in relation to the Toronto Island airport if there is general agreement about this kind of service.

The next step, really, is local agreement from the Harbour Commission and the city of Toronto. If that were forthcoming, we could probably put our improvements in place in about an 18-month period. I should think by that time the carriers which might be interested in providing the service could also make the necessary arrangements with their licences.

An hon. Member: Improve the trains.

Mr. Lang: I heard an hon. member shout "Improve the trains". I would like to emphasize that we are going to improve the trains. This is quite a different market which is being served. The air service, trying to cover distance in the shortest possible time, is at a much higher price and for quite a different market than people willing to consider train or bus as a convenient method. In cases of our heavy populations, the Toronto—

Mr. Speaker: Order, please. The hon. member for Winnipeg North Centre.

* * *

ADMINISTRATION OF JUSTICE

APPLICATION OF HUMAN RIGHTS ACT IN LABOUR DISPUTES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have a question for the Minister of Justice. The arbitrator who dealt with the wage dispute between the 25 women members of the Ottawa Steel Plate Examiners Union and the British American Bank Note Company did not address himself to the question of equal pay for work of equal value.

In view of the fact that section 19 of the Canadian Human Rights Act empowers the government to include a directive in federal contracts with respect to the anti-discrimination sections of the act, may I ask the minister if the government will test the validity of section 19 of the act by giving a directive to the British American Bank Note Company to pay attention to those anti-discrimination provisions?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, the award of the arbitrator has not yet been brought to my attention. As a result of the hon. member's question, I will examine the arbitrator's award and the content of his report to determine whether this is an appropriate case in which to issue a directive under the Human Rights Act.

* * *

PRIVILEGE

MR. KNOWLES (WINNIPEG NORTH CENTRE)—MAINTENANCE OF PARLIAMENTARY DECORUM

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in keeping with a notice which I gave to Your Honour earlier today under Standing Order 17(2), I wish to rise on a question of privilege. I shall indicate in a moment why I believe I have a question of privilege in a parliamentary sense. May I point out that what brings the issue to a head is an editorial in today's Toronto *Globe and Mail* which uses my name a couple of times. In particular, I should like to quote this paragraph:

● (1502)

Where was Mr. Basford with his concern for "abuse of the privileges of the members of this House" when the abuse came from Mr. Trudeau and Mr. Horner?

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Perhaps members of the Conservative party will let me finish the paragraph. When I read the end of the sentence they may want to applaud again. It reads: "Where was Mr. Knowles?"

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I regard that as a very fair question, a question which deserves an answer. My view some days ago when the Minister of Industry, Trade and Commerce (Mr. Horner) and other Liberals were throwing taunts across to members of the Conservative party was that it was so much political banter. I did not feel at that time that it was parliamentary. On the other hand, neither did I feel it was severe enough to call for an intervention on my part.

An hon. Member: A very weak argument.

Mr. Knowles (Winnipeg North Centre): But when a few days ago the hon. member for York-Simcoe (Mr. Stevens) made a similar charge with regard to members of the cabinet, it seemed to me it was more serious.

Some hon. Members: Oh!

Mr. Knowles (Winnipeg North Centre): The point I am making, regardless of legal distinctions, is that in terms of parliamentary decorum, in terms of gentlemanly behaviour on the floor of this House, there is no difference. Just as the hon. member for York-Simcoe apologized yesterday for what he had said, so, now, should the Minister of Industry, Trade and Commerce do likewise. It may be argued that the minister's assertions were made some weeks ago. But he repeated them yesterday on television.

My reason for feeling I have a question of privilege is that, as a person who does not belong to either of the parties which are engaged in this warfare, I am concerned about the image of parliament, and I suggest that these allegations back and forth between members of those two parties are not good for the image of this House. In these circumstances I believe I have a right to ask that just as one member yesterday did apologize, so there should be an apology from the other side.

It has been pointed out both in my questions on Tuesday and in the questions asked today by my leader, the hon. member for Oshawa-Whitby (Mr. Broadbent), that the heart of the matter is this: the picture is not clear. Members can make these charges of conflict of interest because no legislation is in effect against such conflicts. It therefore seems to me that for the good of the House there should be a cessation of charges regarding the financial operations of members and that we should clear up this issue. There should be precise legislation setting out the rights and obligations of members of parliament in their financial dealings, so that this whole situation can be cleared. Therefore, Mr. Speaker, if you find I have a question of privilege, I would be prepared to move:

That the question of the urgent need for the introduction and passing of appropriate conflict of interest legislation to clear the air with respect to the rights and obligations of all members of parliament in relation to financial matters be referred to the Standing Committee on Privileges and Elections.

Mr. Speaker: Order, please. Before calling on other hon. members I would have to find at least the vestige of a question of privilege in what has been put forward by the hon. member for Winnipeg North Centre (Mr. Knowles). He has given the Chair notice and indicated the general nature of the question he intended to raise, in accordance with our practice. Today he has referred to an editorial comment, as has been done in the past under the general heading of a question of privilege. I might reflect, however, that in the past it has always been done by members seeking to differ from what was said rather than to agree with it.

While the hon. member had a comment to make of some importance, in the final analysis his intervention was, first of all, in response to an article in a newspaper, followed by a suggestion that a general subject, the need for legislation in a certain area, be referred to a committee. Especially since part of the question period was devoted to this very subject when it was determined that legislation will be forthcoming, I have to find that though there are perhaps several important matters for discussion here there is nothing which would warrant calling on other hon. members to make contributions at this point.

Point of Order—Mr. Clark

POINTS OF ORDER

MR. CLARK—GUIDELINES FOR MINISTERS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise on a point of order in relation to the statement made by the Deputy Prime Minister (Mr. MacEachen) in which he might have inadvertently misled the House. He accepted the suggestion of the hon. member for Oshawa-Whitby (Mr. Broadbent) that the letter of October 8, 1976, to the President of Privy Council from the Prime Minister (Mr. Trudeau) constituted the precise guidelines which the Prime Minister promised parliament in July, 1973, relative to conflict of interest involving ministers. Upon reflection, the Deputy Prime Minister may now have had an opportunity to reread that letter addressed to him and he might have seen that it deals primarily with former ministers—I can see that such a statement might very well be on the mind of members of the Privy Council on that side of the House at this stage. But it deals only in the most general way with conflict of interest guidelines as they might apply to ministers of the Crown. In fact, it lacks all precision.

The hon. gentleman might wish to advise us whether he was correct in indicating that this document, dated October 8, 1976, represents total fulfilment of the undertaking of the Prime Minister to set out precise guidelines relative to the activities of ministers, or whether we may expect something more later on.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): I am glad the Leader of the Opposition (Mr. Clark) has raised this point. He has read the date of the letter referred to by the hon. member for Oshawa-Whitby (Mr. Broadbent) and I see it does not set out the precise guidelines I had in mind, those which were communicated to ministers by the Prime Minister (Mr. Trudeau) and which have been followed by ministers. They are quite precise. It was this particular set of precise guidelines about which I was uncertain as to whether they had been made public or tabled—I undertook to look into the matter further. Judging from the description given by the hon. member, the letter referred to does not contain the precise guidelines I have in mind.

Mr. Clark: The Deputy Prime Minister undertook, after he had verified the nature of those guidelines, to address himself to the question of whether or not they would be made public so that everyone might know what they are. Will those guidelines be tabled in the House and made available to those of us in parliament and elsewhere who are interested?

Mr. MacEachen: I want to check, first of all, whether they have been tabled. To my recollection, they have not. In the second place, because they constitute a direction from the Prime Minister to ministers, I believe I should consult with the Prime Minister before giving any undertaking about publishing them. I will do so when the Prime Minister returns to Ottawa. However, I can tell the hon. gentleman that these

guidelines are quite precise and, as far as I am concerned, are quite onerous.

● (1512)

Hon. members are urging, with legitimacy, the building up of further guidelines and conflict of interest rules for themselves. In so far as those for ministers are concerned, though they may be open to criticism in various ways, I think they are onerous and constitute quite a heavy obligation with respect to the financial dealings of ministers. In contemplating their own guidelines hon. members will want to consider how onerous they wish to be in imposing obligations upon themselves.

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I rise on a separate but related point of order which arises out of the response given by the Deputy Prime Minister (Mr. MacEachen) to my question, which was supplementary to the question put by my leader. If the minister did not mislead the House, he certainly appeared to have misled himself into believing that I in some way indicated that I was opposed to the principle of full, true, and plain disclosure of ministers' assets. In no way do I oppose a policy of disclosure. What I do oppose is a policy of disclosure where there is no disclosure. I oppose a polity of frozen trusts—

Mr. Speaker: Order, please. The right hon. member for Prince Albert.

MR. DIEFENBAKER—AIR CANADA—INCORRECT STATEMENT ON TRANSPORTATION OF CUBAN TROOPS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I always believe in upholding parliament. I have a reference to make today in connection with a statement I made which is recorded at page 5628 of *Hansard*. Today two ministers, the Minister of National Defence (Mr. Danson) and the Secretary of State for External Affairs (Mr. Jamieson), were unable to give answers because apparently the Prime Minister (Mr. Trudeau) has not yet told them what the policy he is going to enunciate will be.

The statement I made was this:

> Mr. Speaker, my question is directed to the Prime Minister. It arises out of the horrifying slaughter in Zaire over the weekend. At the present time, while there is no evidence that Cuban troops were engaged there, nonetheless 32,000—incidentally, transported to their destination by Air Canada—have been acting in such a way as to give leadership in undermining governments in Africa which would lead one to conclude that the leadership of Cuba has been taken over by others in this regard.

The statement I made was based on information from a reliable source who apparently misunderstood what the situation was with respect to the use of Air Canada aircraft. Two aircraft apparently were leased by Air Canada to Cuba under a lease agreement.

The information coming from this person, who knows the facts, was to the effect that Cuban soldiers were transported either directly or indirectly on these two aircraft. Today I tried again to get some information on the agreement. If the government has nothing to hide, why hide it? It is a very simple

agreement, according to the minister, who says he does not have possession, yet only the day before yesterday Air Canada stated that the documents were in the possession of the Department of Transport.

The statement I made was based on information which, as far as I was concerned, had always been acceptable. I made an error in the generality I used. This is my first opportunity to make it clear that, in so far as the Cuban troops now engaged in Africa are concerned, they were not transported by Air Canada. I have a high regard for Air Canada, but must say that a very serious mistake was made when it leased two jet aircraft to Cuba and, directly or indirectly, was beneficial to that country in its communist aggression with Soviet approval and support.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I indicated to the right hon. gentleman, in answer to an earlier question in the question period, that I thought this kind of subject matter indeed would be appropriate to be placed on the order paper. It is my recollection, and I will want to check, that in fact there has been an exchange of questions on the order paper in the past, in connection with the lease, and all the information which is available is already there on the record.

Furthermore, I am glad that the right hon. gentleman has now confirmed what the Prime Minister (Mr. Trudeau) said to him the other day, that he was wrong and in error in suggesting that Air Canada had anything to do with the transport of these troops. What was involved was a commercial transaction between a Canadian airline and Cuba, or the Cuban airlines. Over a long period of time trade has gone on between our country and Cuba, and this was not intended to benefit anyone else but, indeed, from Air Canada's point of view was intended to benefit Air Canada. I think that should be on the record.

Mr. Speaker: The hon. member for Grenville-Carleton (Mr. Baker) on a point of order.

Mr. Diefenbaker: Mr. Speaker, I want to reply to one statement the minister made. It is apparent that he still intends to cover up and refuse to produce the documents. We will find the truth as to what happened to the aircraft and to the Cuban soldiers who allegedly—

Mr. Speaker: Order, please. The hon. member for Grenville-Carleton on a point of order.

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, I wonder if I might vary somewhat the normal House business question today. Rather than asking my friend, the Deputy Prime Minister (Mr. MacEachen) what business he intends for the balance of this week and into next week, I would like to ask him what business, from the government's point of view, he intends to bring forward for the balance of this month and into the next month, bearing in mind the statement made by the Prime Minister (Mr. Trudeau), on two occasions, that it is the desire of the government, if at all possible, to have this part of this session of parliament adjourn at the end of June.

Mr. MacEachen: Mr. Speaker, I wish to confirm that it is the intention of the government, if at all possible, to terminate this part of the session by the end of June. I will attempt to indicate as clearly as I can what I think a realistic package of business might be for the time between now and that date. Obviously I would like to clear all items from the order paper, and if hon. gentlemen would be generous they might indicate their willingness to do that, but in the absence of that generosity I will be realistic and indicate what I think might be achievable. If I am pessimistic, please correct me.

I have in mind two bills arising from the budget which are in the name of the Minister of Finance (Mr. Chrétien); the language of trials bill, which is in committee; the export development bill, which is also in committee; the bill in the name of the Minister of State (Small Business) (Mr. Abbott) having to do with business reporting; the CALURA bill; and another bill which is in committee which has to do with the monitoring of petroleum corporations.

There is a notice on the notice paper today with respect to a bill in the name of the Minister of Veterans Affairs (Mr. MacDonald) having to do with disability pensions. That is also on my list. I discussed last week my interest in Bill C-28, and I noted the response I received when I raised that matter, but it still is very much on my mind. In addition, I would want to deal with a bill which will flow from the notice of ways and means which will be tabled today by the Minister of Finance. I mentioned that privately to representatives of the parties earlier today.

In addition, there is also a number of small bills which I have discussed with my colleagues and which might be dealt with as opportunities present themselves, and as Friday afternoons become available for these small items. The Minister of Finance is suggesting that I raise the question of the Bank Act. It would be of interest to me if the subject matter of the bill, if the House so wished, would go to the committee, but I think it would be unrealistic to expect that the bill could be cleared before the end of June. Obviously I will have further consultations with my colleague, the Minister of Finance.

• (1522)

Mr. Baker (Grenville-Carleton): I understand that there have been discussions with respect to the subject matter of the Bank Act, and I will be prepared to discuss that matter with the government House leader after he has had discussions with the Minister of Finance.

There are two other matters. Would the hon. gentleman designate next Wednesday, May 31, as an allotted day, and could he also make a comment, which he might be prepared to make at this time, with respect to the request that we have made to extend the period for the discussion of estimates in the standing committees of the House of Commons, given the fact that the period has been so short because of the expectation of an election that never came? Is the hon. gentleman in a position to answer those questions?

Mr. MacEachen: Yes, Mr. Speaker, I will designate next Wednesday as an allotted day. I should say, as my hon. friends are aware, that I did mention the possibility of a bill with respect to the Department of Fisheries about which I was not in a position to be conclusive today. I just want to mention it.

With respect to the extension of time period for the consideration of the estimates, I have had discussions with some members on this side of the House and with respresentatives opposite, and I have concluded that it would be useful if the chairmen of the standing committees met with either the steering committees or the committees themselves and assessed the situation in each committee. If necessary, they could come back early next week with a request to sit additional time. If these requests are made by the various committees, then I would certainly consider taking the steps necessary to bring it about. It has been suggested to me that this is a matter which should first be considered in the committees before we dealt with it in the House, or by the steering committee of each committee.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I say with respect to the program which the government House leader has placed before us that, despite its length, it seems to me that under certain conditions it would be possible to conclude most of that business before the end of June. We have already given the commitment that the legislation respecting veterans can be dealt with in a small part of a day. I have reason to be hopeful that the bill to separate the Department of Environment into two separate departments would not take very long either, and there are a number of items that could be dealt with some Friday afternoon. We are all aware of how propitious things can get at that stage of the week.

But I must say to the minister, as one friend to another—

Mr. Alexander: Oh, oh!

Mr. Knowles (Winnipeg North Centre): —that if he wants to make progress and get a number of those small items through, he should not try to bring on Bill C-28. Certainly he should not try to bring it on with any thought of getting it through because it will just not go through, and he should not

even bring it on for a day's debate because it would just mean the loss of a chance to put through three or four other bills.

With respect to the Bank Act, again I make the suggestion that, if possible, we should consider not having a debate in the House but rather we should send the subject matter of the bill to a committee without having a second reading approval. I think that is an endorsable proposition. But to bring on the Bank Act and have a day or two of debate, and then let it go to the bottom of the order paper, seems to me to be very poor planning. In other words, let us use the time between now and the end of June not to start debates which will not be finished but to deal with things that the House is willing to put through.

Mr. Knowles (Norfolk-Haldimand): Mr. Speaker, I rise on the same point of order. I just want to suggest to the government House leader that we are disappointed that the bill on veterans affairs received such low priority on the list that he has just recited to us, and I join with the hon. member for Winnipeg North Centre (Mr. Knowles) in saying that we on this side would be prepared to give it very speedy passage, because it is something we have long advocated. There is no reason why we could not do it in a matter of moments if it could be brought before the House.

* * *

POINT OF ORDER

MR. COSSITT—RECOGNITION DURING QUESTION PERIOD

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on another point of order. With the greatest respect for the Chair, I wish to seek the guidance of the Chair as to the recognition of some of us in the House during the question period. I raise this point because in my case it has been since April 5—I will check the date to be accurate—but almost two months since I have been recognized by the Chair, although I have tried every day and been unable to attract your attention, sir. I know that there are others on the opposition side of the House in the same position as I am. I know my views are not popular with those who sit opposite, and I also realize that that fact has nothing to do with how people are recognized. On the other hand, it forces a backbencher to use the methods of Standing Order 43, points of order, or points of privilege to place his opinions on the record.

Just before I sit down, let me say again that I would like to check my own record to ensure that I am right with regard to the date I have mentioned. If I am inaccurate, I stand to be corrected. I know that in the last few weeks I found it almost impossible to gain the recognition of the Chair.

With all respect, sir, I ask if those of us who are not on the front benches could receive your guidance as to just what the procedure is in that regard.

Mr. Speaker: I am sure the hon. member will recognize, on reflection, that indeed he was one who was not recognized today, although he was endeavouring to be recognized yesterday. In that respect he is joined by the hon. member for Pembina (Mr. Elzinga), the hon. member for Battle River (Mr. Malone), the hon. member for Dauphin (Mr. Ritchie), and the hon. member for Red Deer (Mr. Towers), to mention just a few who I am aware are in that situation. He shares that difficulty in common with his colleagues and with the Chair.

[Mr. Knowles (Winnipeg North Centre).]

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[*Translation*]

LAW OF THE SEA

TABLING OF DELEGATION REPORT

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, pursuant to Standing Order 41(2), I wish to table, on behalf of the Secretary of State for External Affairs, the seventh report of the assessment of the Canadian delegation at the seventh session of the Law of the Sea Conference.

* * *

[*English*]

CANADA LABOUR CODE

AMENDMENT RESPECTING SAFETY OF EMPLOYEES

Mr. John Rodriguez (Nickel Belt) moved for leave to introduce Bill C-458, to amend the Canada Labour Code (safety of employees).

Some hon. Members: Explain.

Mr. Rodriguez: The purpose of this bill is to amend the Canada Labour Code to make the provisions of the Canada Labour Code in relation to safety of employees applicable to all federal undertakings, including the operation of trains, ships and aircraft, departmental corporations, and also to private and local works in both territories.

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

* * *

[*Translation*]

WAYS AND MEANS

DESIGNATION OF ORDER OF THE DAY TO DEBATE WAYS AND MEANS MOTION

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, pursuant to Standing Order 60, I would like to table a notice of motion of ways and means—

[*English*]

—and I request you to designate the necessary order of the day for the consideration thereof.

• (1532)

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the following questions will be answered today: Nos. 104, 715, 836, 1,418 and 1,500.

[*Text*]

CROWN CORPORATIONS

Question No. 104—**Mr. Herbert:**

1. Has the Export Development Corporation declined to divulge the number of persons under contract who receive a salary in excess of $30,000?

2. Is the government given such information and is it the government's intention that Crown corporations should be obliged to communicate salary information on a similar basis as that used to record the salary levels of senior public servants?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. Crown corporations operating in a commercial environment have not traditionally been required by parliament to publish detailed information relating to matters of day-to-day operations and internal administration which could be of value to competitors, for to do so could prejudice the Crown corporations' competitive position.

2. Recognizing the responsibility of boards of directors of Crown corporations to oversee the internal administration and day-to-day operations of Crown corporations, the government does not usually request such information. However, when such information is requested by the government it is provided. The possibility that salary information relating to Crown corporations be published on the same basis as that for senior public servants is currently being considered by the government.

VALLEYFIELD CHEMICAL PRODUCTS LTD.

Question No. 715—**Mr. Crosbie:**

1. Were any conditions attached to the financial assistance given to Valleyfield Chemical Products Limited by the Department of Industry, Trade and Commerce and the Department of Regional Economic Expansion and, if so, what were they?

2. What amount of the assistance was by way of (a) grant (b) loan?

3. (a) Is repayment of the assistance contributed to by the Department of Industry, Trade and Commerce contingent on the realization of profit by the Company and, if so, on what date is repayment expected (b) are there conditions under which repayment is not expected and, if so, what are they?

4. Did the Company make a commitment to the government to operate the chemical plant at Valleyfield, Quebec for any specified number of years?

5. Is there a contractual agreement or tacit agreement between the government and the Company regarding the domestic or foreign ownership of the equity and debt of the Company and, if so, what is the agreement?

6. What is the amount of interest subsidy on the financial assistance given to the Company by the Departments?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Industry, Trade and Commerce is concerned: 1. The assistance provided by the Department of Industry, Trade and Commerce will carry the normal conditions appropriate to Defence Industry Productivity Program commitments. In addition, the department has taken mortgage security and the two departments have, inter alia, imposed a range of conditions which are concerned with the preservation of viability and the protection of the Crown's interests.

2. The financial assistance to be provided by the Department of Industry, Trade and Commerce will consist of: $5,325,000 repayable contribution; $3,000,000 conventional contribution: $8,325,000. The financial assistance to be provided by the Department of Regional Economic Expansion consists of $3,000,000 repayable development incentive. It is to be repaid without interest in five equal annual instalments, commencing 48 months after the date the facility is brought into commercial production.

3. (a) With respect to the $5,325,000 repayable contribution, there is a repayment formula based on sales performance by the company, as well as a minimum repayment provision, which would see the retirement of this contribution within six years after the facility is brought into commercial production. The amount of annual repayment is not contingent upon the profitability of the company except that there are provisions for accelerated repayment if profits exceed current forecasts. (b) With respect to the $3 million conventional contribution, no repayment is expected if the facility is kept in operation for a period of ten years.

4. A contribution agreement was signed in late December by the Department of Industry, Trade and Commerce and the company. This agreement sets out the undertakings and warranties of the company and the terms and conditions attached to the department's contribution. One of the conditions of the agreement is that the company will continue commercial production using the facilities at Valleyfield for a minimum period of ten years. The non-repayable portion of the department's contribution will not be fully vested in the company until ten years after the facility is deemed to have been in commercial operation.

5. Under the terms proposed in the contribution agreement, control of the company whether through debt or equity cannot be altered without prior approval of the government. The company is currently controlled by Canadian citizens.

6. There is no interest payable on the government's contribution to the company.

In so far as the Department of Regional Economic Expansion is concerned: 1. Yes. The financial aid was subject to the applicable conditions of the Department of Regional Economic Expansion Act and the Regional Development Incentives Act and 1974 regulations, special areas order PC 1977-2644 of August 31, 1977, and a memorandum of agreement between the company and the department on the amount of the incentive, dated September 30, 1977.

2. (a) A repayable incentive of $3 million, to be refunded to the government in five equal annual portions ($600,000) beginning 48 months after the facility is brought into commercial production. (b) None.

3. This question will be answered elsewhere.

4. The company is required to operate its Valleyfield plant during the administrative control period that normally applies under the Regional Development Incentives Act to a project of this kind. That period normally extends for at least 24 months after the date of commercial production.

5. No.

6. No interest is charged on the department's repayable grant.

CROWN CORPORATIONS

Question No. 836—**Mr. Alexander:**

1. Have any Crown corporations reacted to the proposals of the government on the control, direction and accountability of Crown corporations and, if so (a) how many, (b) will the results be made public?

2. Has the (a) Royal Commission on Financial Management and Accountability, (b) the Auditor General, reacted to the proposals, and, if so, will the results be made public?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. (a) As of May 5, 1978, of the 49 active Crown corporations listed on schedules B, C, and D of the Financial Administration Act, 13 have provided a formal response to the government. The government has received undertakings from many of the remaining corporations that formal responses will be transmitted to the government as soon as possible. (b) The responses submitted by Crown corporations to the government's proposals will be fully considered during preparation of the omnibus Crown corporations' bill which the government hopes to present to parliament in the fall of this year.

2. (a) No. (b) Yes. The response may be found in part 9 of the report of the Auditor General of Canada to the House of Commons (for the fiscal year ended March 31, 1977).

UNION SUBSIDIES

Question No. 1,418—**Mr. Lambert (Bellechasse):**

In (a) 1976-77 (b) 1977-78 to date, did the government subsidize Canadian workers' unions and, if so, in each case, what was the (i) name of the union (ii) amount of the subsidy (iii) reason for granting the subsidy?

Hon. John C. Munro (Minister of Labour): 1. (a) 1976-1977—No payments; (b) 1977-1978 to date.

(i)	(ii)	(iii)
Hospital Employee Union, Local 180, Vancouver	$ 12,618.75	Labour Education
Vancouver Municipal and Regional Employees Union, Vancouver	2,199.00	Labour Education
British Columbia Government Professional Employees Association	575.25	Labour Education
Registered Nurses Association of British Columbia (Labour Relations Division), Vancouver	8,098.50	Labour Education
Non-Academic Staff Association, University of Alberta	1,200.00	Labour Education
Alberta Certified Nursing Aides Association, Edmonton	2,155.50	Labour Education
Health Sciences Association of Alberta, Edmonton	846.00	Labour Education
Provincial Staff Nurse Committee of the Alberta Association of Registered Nurses, Edmonton	1,000.00	Labour Education
McMurray Independent Oil Workers, Local No. 1, Fort McMurray, Alberta	510.00	Labour Education
Saskatchewan Joint Board, Retail, Wholesale and Department Store Union, Regina	3,565.50	Labour Education
Saskatchewan Union of Nurses, Regina	641.25	Labour Education
The Manitoba Teachers' Society, Winnipeg	7,409.25	Labour Education
Manitoba Organization of Nurses Association, Winnipeg	3,554.25	Labour Education
Communication Union Canada, Toronto (National)	5,424.00	Labour Education
Ontario Public Service Employees' Union, Toronto	33,750.00	Labour Education
Canadian Steelworkers Union, Welland	1,025.25	Labour Education
Christian Labour Association of Canada, Toronto	1,696.00	Labour Education
Canadian Air Traffic Control Association Inc., Ottawa (National)	1,287.75	Labour Education
Centrale des Syndicats Démocratiques, Montréal	25,500.00	Labour Education
Syndicat des Employsé de Soutien de l'Université de Sherbrooke, Sherbrooke	402.00	Labour Education
Fédération des Policiers du Québec, Montréal	5,985.00	Labour Education
The United Nurses Incorporated, Montreal	3,600.00	Labour Education
Syndicat de la Construction Côte-Nord de Sept-Îles, Québec	1,033.75	Labour Education
Canadian Telephone Employees Association Montreal (National)	5,400.00	Labour Education
Nova Scotia Teachers' Union	6,780.00	Labour Education
Prince Edward Island Teachers Federation, Charlottetown	878.25	Labour Education
Newfoundland Teachers Association, St. John's, Newfoundland	4,771.50	Labour Education
Canadian Labour Congress	1,000,000.00	Labour Education
Canadian Conference of Teamsters, Ottawa	56,520.00	Labour Education
Confédération des Syndicats Nationaux, Montréal	120,000.00	Labour Education
Centrale des Syndicats Démocratique	25,500.00	Labour Education

ADVISER FOR FRANCOPHONE AFFAIRS

Question No. 1,500—**Mr. Jones:**

1. What is the meaning of the government's use of the term "international francophonie"?

2. What are the responsibilities of the Adviser for Francophone Affairs to the Secretary of State for External Affairs in the field of international francophonie?

3. Was the Adviser for Francophone Affairs to the Secretary of State for External Affairs accompanied by departmental officials on his visit to Francophone Africa, March 8-13, and if so, what are the names, positions, salaries, and expenses of this trip by these officials? Give details.

4. Has the Adviser for Francophone Affairs to the Secretary of State for External Affairs made other such visits, and if so, please give details, stating full costs for those accompanying him, if any?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): 1. The term "international francophonie" has been used since the early 1960s to describe the multilateral co-operation which has developed in a wide range of fields in both intergovernmental and private bodies between countries where the French language has an official status or is frequently used.

2. The responsibilities of the adviser for Francophone affairs to the Secretary of State for External Affairs in the field of francophonie is to assist the SSEA in his task of developing Canada's relations with Francophone countries and promoting Canada's role and interests in the multilateral institutions and meetings of Francophone countries.

3. The Minister for Supply and Services and adviser for Francophone affairs to the Secretary of State for External Affairs travelled to Togo, Benin and Gabon between March 9 and 13 accompanied by the following officials of External Affairs: Mr. T. J. Arcand, Director, Francophone Africa and Maghreb Division, Department of External Affairs. Salary: Level FS3 ($33,684—$44,806); Transportation: $1,861; Expenses: $1,246.23. Mr. Gilles Duguay, Executive Assistant to the Under-Secretary of State for External Affairs. Salary: Level FS3; Transportation: $1,861; Expenses: $754.46. Mr. Marc Perron, Special Assistant to the Under-Secretary of State for External Affairs, Department of External Affairs. Salary: Level FS3; Transportation: $1,861; Expenses: $734.46.

4. (a) The Minister of Supply and Services and adviser for Francophone affairs to the Secretary of State for External Affairs was called upon to replace the former Minister of Industry, Trade and Commerce who had been scheduled to lead a trade mission to Algeria and Morocco from September 22 to October 7, 1977. He was accompanied by the following official of External Affairs. Mr. Raymond Roy, Director, Francophone Africa and Maghred Division, Department of External Affairs. Salary: Level FS3; Transportation: $1,119; Expenses: $681.81. (b) The Minister of Supply and Services and adviser for Francophone affairs to the Secretary of State for External Affairs made an official visit to Senegal, Cameroun, Mauritania and the Ivory Coast from 3-17 June 1977 accompanied by Mr. André Couvrette—then Canadian ambassador to Senegal. Mr. Gilles Duguay, Executive Assistant to the Under-Secretary of State for External Affairs. Salary: Level FS3; Transportation: $2,229; Expenses: $930.26. Mr. P. Boulanger, Information Division, Department of External Affairs. Salary: Level FS2 ($23,299-$33,684); Transportation: $2,229; Expenses: $915.37. (c) The Minister of Supply and Services and adviser for Francophone affairs made an official visit to Upper Volta, Zaire and Gabon between 7 and 15 November 1977 accompanied by: Mr. Raymond Roy, Director of Francophone Affairs and the Maghred, Department of External Affairs. Salary: Level FS3; Transportation: $1,116; Expenses: $572.52. Mr. Marc Perron, Special Assistant to the Under-Secretary of State for External Affairs. Salary: Level FS3; Transportation: $1,116; Expenses: $693.76.

[*English*]

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

* * *

POINT OF ORDER

MR. COSSITT—DELAY IN ANSWERING QUESTION NO. 1,086

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a point of order which I think Your Honour will find to be a legitimate one. It concerns question No. 1,086, and the question on which I have been attempting to get recognition on the floor of the House for the best part of two months.

Question No. 1,086 concerns the Deputy Prime Minister (Mr. MacEachen). It refers to an oral question which I asked him in November, 1977, in the House, about the so-called Taschereau papers on national security which were taken by Mr. Lemieux to the Privy Council office—Prime Minister's office. At that time I asked him if and when they would be returned, and whether they would be open to public or press inspection after a set number of years, which procedure was halted last year.

The minister said that he would take the question as notice and answer it. The answer has never been forthcoming. In view of the fact that the papers were returned to the National Archives on February 6, 1978, I think there is no logical reason why the question could not have been answered a least to that effect.

Other parts of my question would have brought out why the National Archives has been instructed not to reveal what is in those papers to anyone without the permission of Major Lemieux. I think the answer to this question is long overdue. I gave the Deputy Prime Minister three months, and he did not provide an answer. I put it on the order paper as question No. 1,086 on January 23, 1978. All in all it has been approximately six months and nothing has been forthcoming. I think I am justified in raising this point. What is the government hiding in the Taschereau papers which prohibits the public from knowing what is therein? In other words, are there prominent public servants mentioned in those papers?

In another question I have on the order paper which stands unanswered, I asked if there were, as quoted publicly in the press by Mr. Igor Gouzenko, five Soviet espionage rings which he had disclosed in Canada uninvestigated by the RCMP. No action has been taken. I asked if there was information concerning that in the Taschereau papers, and that has been withheld. Can the parliamentary secretary tell us now when both of those questions will be answered?

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I am going to check whether the

hon. member has read the order paper correctly. I am going to check whether his remarks jibe with the questions he asked, and I can assure him that, as in the past, we shall make every effort to give him as much satisfaction as possible.

[*English*]

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

GRAIN

SHORTAGE OF RAILWAY BOXCARS

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I have a motion of which I gave Your Honour notice. I ask leave, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom), to move the adjournment of the House under the provisions of Standing Order 26 for the purpose of discussing a specific and important matter which has been raised by many members for many weeks, which remains unresolved, and which now requires urgent consideration, namely, the withdrawal of railway boxcars from grain movement which, in spite of the provision of hopper cars by the government, is inhibiting seriously the efforts for record grain movements this crop year; the refusal of the ministry to implement the Hall Royal Commission recommendations regarding statutory Crowsnest grain rates and compensatory payments for the costs of transporting grain; the costs of demurrage charges for ships waiting to be loaded being assessed against prairie grain producers through no fault of theirs; the rail branch line abandonment recommendations by the Prairie Rail Action Committee that are counter to the recommendations of the Hall Royal Commission; and the lack of government legislation or responses to deal with these and other related matters and, which, as a result, prevents increasing our capacity to meet expanded grain export objectives.

Mr. Speaker: Order, please. The hon. member for Regina-Lake Centre (Mr. Benjamin) gave the Chair the required notice pursuant to the terms of Standing Order 26. Having given notice of his intention to ask leave to move the adjournment of the House under the provisions of that Standing Order, he has now put forward basically the contents of that notice which in itself is in conformity with the provisions of the rule.

As is very often the case, I have no hesitation on this occasion in saying that these are very important and urgent matters raised by the hon. member. As he and other hon. members will understand, my decision must be made on the basis of the rules of precedent which confine me to the question of urgency of debate, rather than the urgency attached to the particular subject matter. In this respect I must point out that this subject has been before the House in one way or another on a number of occasions, the most recent being April 25, 1978, approximately a month ago, on a motion on an allotted day which was critical of the transportation policy. That motion was by the hon. member for Vegreville (Mr. Mazankowski).

Subparagraph (d) of that motion called upon the House and the government to implement the major recommendations of the Hall commission report on grain handling and transportation in the west. The hon. member for Regina-Lake Centre moved an amendment to that motion, which read as follows:

(e) to reject the prairie rail action committee recommendations to close down the Liberty to Dilke and Eston to Lacadena rail lines, and to bring forward legislation to set up the prairie rail authority.

In the course of that day I am sure the hon. member had a great deal to say about the subject which he has put forward now. I take that only as a reference point to say that this and other occasions have already presented themselves.

A number of questions have been put forward during question period. It would seem to me, in the face of Standing Order 26(5), I am required to give some consideration to other opportunities for the discussion of these matters.

Also, I must make the general observation that we seem to be dealing with something which is more of a chronic rather than an acute matter in that it has been under consideration by the House for quite some time. Therefore it is not a proper subject for disposition under Standing Order 26.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Wednesday, May 24, consideration of the motion of Mr. Chrétien that Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, be read the second time and referred to the committee of the whole, and of the amendment (Mr. Broadbent) (p. 5548).

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, when we adjourned last night at six o'clock, I had discussed the sales tax and the problems the Minister of Finance (Mr. Chrétien) was having with his counterpart in the province of Quebec. Mr. Parizeau, the minister of finance for Quebec, seems to have come out of this encounter very well. He has outfoxed and outgunned the Minister of Finance in every category.

Let us look at what he has done. By selective tax cuts for those goods mainly consumed in Quebec and made in that province, in effect Mr. Parizeau has set up a non-tariff barrier.

That will not improve manufacturing in the rest of Canada and shipping into the province of Quebec nor garner any advantage. Presumably this will be directed to things like automobiles, wrenches, tools and so on. To this degree, in so far as sales tax is concerned, the province of Quebec has put its interests first, and in this it seems to have been eminently successful.

Each province received 2 per cent from the federal government in lieu of the federal treasury giving up 3 per cent. Each provincial treasury will lose that amount of money, but not the province of Quebec. That province will lose only the portion of money in its selective tax cuts, which is considerably less than the other provinces that went along with the plan. Even so, the Minister of Finance has seen fit to guarantee to the province of Quebec the same amount of money as if it had accepted the federal offer as did the provinces of Ontario, Manitoba, Saskatchewan, and British Columbia.

● (1542)

The Minister of Finance showed that he bowed to pressure from Quebec, making payments that he should not have made if he was to be fair and intended to stick to what he originally attempted to do, and that was reduce sales tax right across the country. In fact the government of Quebec has been able to suggest it can have it both ways; it can have selected tax reductions but still be guaranteed the full value as though it had made a general 3 per cent tax reduction across the board. In the way this is being done the money paid to that province will come out of the general revenue of this country, yet the province of Quebec will maintain its own treasury and tax structure, without great losses. The Minister of Finance supposedly is a street fighter. All I can say in this regard is that he must have slipped on a banana peel when getting his gun out of its holster, because Mr. Parizeau really outgunned him on this occasion.

We are aware of the problems associated with the special status which some want for Quebec. The finance minister for that province has in this case been able to further the interests of his province without necessarily going along with what seemed to be in the national interest. If the Minister of Finance had stuck to the original idea of tax cuts he would have been much better off. He should not have acceded to the request of the finance minister for Quebec, that moneys be given that province indiscriminately.

I should now like to comment on the value of this sales tax reduction so far as its avowed intention of increasing consumer spending is concerned. I might suggest that Mr. Parizeau may have considered some of these things I intend to cover in suggesting that this tax cut will not do what it is supposed to do. It has been suggested there was a personal savings rate of 11¼ per cent in the fourth quarter of 1977, which is twice as high as it has been in the past decade. This rise in the rate is considered by some to be the result of uncertainty over the political situation in Quebec and the possible rearrangement of the country.

There seems to be a trend to save and for people to be frugal. Personal savings have doubled at $45 billion compared to what they were five years ago. Investment in Canada Savings Bonds accounts for $18 billion. That is almost $2 billion more than last year. This money deposited in banks and invested in savings bonds is money not being spent for the purchase of goods and services. It is difficult to make this money available for investment in the maintenance of existing production, or in expansion or new production. The intent of this reduced sales tax should be to get the economy going and restore confidence.

Is much of the saving a desperate effort on the part of the people to conserve value by counting upon the earnings from the savings to offset the erosion of inflation? We also forget the extent to which savings are forced on the people. We have compulsory participation in pension plans, and because home ownership is so excessively subsidized there is a great deal of pressure on people to own houses rather than to rent. Indeed, a citizen loses out if he does not own. Housing has been used as a source of employment rather than as a means of housing the population.

Many people resort to registered home ownership savings plans because of the tax relief. We are putting some $2 billion into these plans, thereby depriving the government of taxes that have to be made up by other means. Incidentally, I think these registered retirement savings plans give too much of an advantage to people in the higher income brackets. Their savings are much greater and are really at the expense of the federal treasury. On the other hand, without this program, resentment against a regressive income tax would be much greater. It seems likely that much of the savings occur in circumstances that create government deficits, rather than contributing to productive growth.

How much of this increased savings is voluntary and how much is forced upon those seeking tax relief? This cannot really be measured. It is obvious that these registered retirement savings plans and savings bonds are designed to discourage liquidation, so the money involved is not really available for the purchase of goods and services in order to take advantage of a sales tax reduction.

In addition, one might ask what the implications of this increase in personal savings may be. How affluent are Canadians when the liabilities of the federal government alone have reached $51 billion and will increase by $12 billion in the next 12 months? These liabilities will have doubled in the last five years. It is obvious there has been a good deal of borrowing by provincial, municipal, and federal governments. They are borrowing in order to spend on social benefits. As a result, we are supplementing current income by borrowing on the future. If the borrowing were for capital goods and capital works, that would be another situation. Certainly the savings of many individuals are being discounted by the charges against them put on at various levels of government. Personal affluence may well be less than what we expect. This may be why the economy is not responding, as the experts have anticipated, to increased spending at both government and personal levels.

It is unfortunate that so much of this debate has been taken up in respect of sales tax, with complex abatements and rebatements, particularly when this represents only a minor part of the federal scene. I was astounded at a meeting of the Standing Committee on Finance the other day to hear Mr. Bouey of the Bank of Canada say that we had no real balance of payments problem. When the government has to borrow $3 billion on the foreign exchange market, with a line of credit for another $4 billion, costing us $100,000 a day, does that not mean our economy is in trouble? Surely Mr. Bouey cannot say we are in robust economic health when in fact we have had to shore up a floating dollar that is supposed to find its own level, keeping in mind the $11.5 billion deficit and the necessity to raise more money. All of this creates considerable problems for our economy.

Mr. Bouey said he would not monetize any of the government's deficits, except up to and within the limits of growth which can be set for the money supply. The money supply has already been growing too fast over the years. In the years from 1972 to 1974, when there was a minority government, the bank monetized some 66 per cent of federal requirements in borrowing, but that only amounted to a total of some $3 billion. Can the federal government in fact borrow $9 billion on the market this year to meet its financing requirements? Even if it is able to do so, how much will that leave the private sector? Without money in that private sector our productivity cannot be increased in order to provide the expansion in the number of jobs necessary to meet our growing labour force and increasing government expenditures.

It would be interesting to note what the Minister of Finance intends to do to resolve this difficulty. Will interest rates go up as competition increases for scare money, that is, competition to meet private and government needs? The minister has stated that the Bank of Canada will not inflate the money supply. Let me suggest that only by increasing interest rates can available capital be rationed.

There have been some events occurring around the world that are disturbing to the Canadian economy. Some are predicting a fairly severe economic setback early next year with the slowdown in the United States economy. The United States suffered a severe recession in 1974-75 when wage-prices were corrected. It seems likely that inflation will remain our greatest problem, and it is difficult to see, with the expected increase in inflation in the United States, how Canada can escape.

There are some good things in the budget, but some are more apparent than real. One is the expansion of the rollover provision for the corporate family farm. But unless what is interpreted as a rollover is more widely interpreted than the present regulations allow, this provision is not of much value. As we discussed in the House when the provisions were introduced in the last budget debate, the rollover provision applies only to like businesses, and in the interpretation of the Department of National Revenue, selling a dairy farm and buying a hog farm does not constitute a like business, nor does selling a grain farm and buying a cattle ranch.

[Mr. Ritchie.]

• (1552)

These rollover provisions are not really of much practical value. They are really only of value where, for example, a farmer has a parcel of land farther away than he would like from his main operation, sells it, and replaces it with another. Unless the department is willing to expand the scope and to be more liberal in the interpretation of what is a like business, it has little value. In any case, of course, the capital gains tax must eventually be paid somewhere down the road, and in many instances it is probably better to pay capital gains tax rather than have it accumulate to be paid in one lump sum at the end of some generation when that generation leaves the farm.

The Royal Commission on Corporate Concentration had a few things to say about capital gains taxation. On the face of it there is a good argument to tax capital gains in fairness to tax on ordinary income, although presumably all capital gains should be taxed instead of half. But this principle has been eroded as it is realized that capital costs are an important and depressing problem to business. Obviously, the practical problem with capital gains is that it represents very often a great deal of inflation and that the savings of perhaps 20 years are suddenly to be taxed as if they were earned in one year, causing a loss to the extent that the capital gain is fairly well eaten up. As well, principal residences are exempted along with the first $1,000 of capital gains dividends and interest income, all of which have eroded the capital gains tax.

The problem is that for a very small amount of revenue, some one third of a percentage point, capital gains tax causes bad business decisions. People do not sell their businesses, real estate and so on because they find they will lose any gain that might accrue. Capital gains tax would have been fine if the economy had remained stable and with little inflation, but in large measure capital gains tax is only a tax on inflation as such and a great depressant to risk capital investment where the individual entrepreneur is concerned.

The royal commission had this to say:

> The design of the capital gains tax ensured that it would do little in terms of equity and the most recent amendments to the tax law are a further step backward in this sense. The result is a complicated and costly addition to the tax system and a disincentive to business investment, with little compensating benefit.

I would certainly agree that the capital gains tax should be abolished. The enormous increase in government spending, particularly in social welfare programs in the past few years, has meant that the tax pay-out of federal and provincial governments has been enormously increased, and all our programs are not yet mature with such further things as bilingualism becoming more expensive. Furthermore, we are facing the probability of an attempt to establish some sort of guaranteed income for our citizens. This, I feel, would be certain disaster and would push our already overburdened service industry into more direct competition with that segment of the economy that produces our goods.

The minister mentioned that indexing of exemptions brackets since 1974 on personal income tax has meant that the take

is $5 billion below what it would have been in the absence of indexing. Specific personal tax cuts totalling $2.5 billion, and $1.6 billion for business, have reduced the federal tax take. Of course no one promises that without indexing there would not have been some alleviation in the tax structure. But with the government tending to increase spending at one end with maturation of programs and new programs, to have cut on the intake through the indexing system makes for fiscal deficit budgeting and conceals for a time the necessity of a better balance between income and outgo. Therefore I believe it is time to consider the fact of indexing and I believe governments must, instead of automatic indexing, consider whether or not they should make the proper adjustments in the rates and levels of taxation as they did in the past.

I know it is easy in an inflationary period to hide behind the index, but in fact it is now recognized the index is not a good method of measuring the total business activity. Studies in the United States have shown that indexing is probably fallacious and gives too high a figure for the cost of living index as related to the actual over-all business activity—something which is very difficult to measure, I know. It has been estimated that this cost of living is too high by something like at least 2 per cent, based upon what studies in the United States would indicate. It may well be that the present method of indexing is not as good a barometer as we would like to see.

I am inclined to feel that the use of indexing creates uncertainty and, while its intent is not questioned, it makes for difficulty in budgeting, and increases the incentive to borrow to cover deficits. I appreciate that more and more people in small business, and I presume in larger ones as well, make business decisions on how the tax changes and taxation system affect the business rather than attempting to run it on a careful and constructive basis. Rewards are as great by taking advantage of the tax system, rather than attempting to run an efficient business, and in the final analysis contributing jobs and economic activity to the over-all community. There are so many exemptions, indices and allowances that the tax accountant becomes the most important person in business management. I do not think this is a good thing.

I was pleased to see that the minister of small business has introduced some ideas and some intentions which hopefully will improve the climate for small business. There are a good many more things in the budget I would like to speak about, but at the moment I would like to wait for committee of the whole.

Mr. Paul E. McRae (Fort William): I am very pleased, Mr. Speaker, to have an opportunity to speak in this budget debate and on Bill C-56, which is perhaps one of the more important bills to be discussed in this House in quite some years. It is important not just because it is a budget bill, but because it is a specific budget bill, and also because of the nature of the debate that has surrounded the sales tax provisions.

There are two fundamental principles that must be examined. One of them is the relationship of a common market to a common market within a nation, and that total concept which has to be examined. The other has to do with how a nation like Canada, in terms of global economics, mobilizes its resources, given the federal and provincial problems that surround confederation to meet some of these critical events that are occurring in our industrial world.

Before I deal with these two principles, I would like to review the sequence of events and the ideas that went into this particular budget and this particular sales tax proposal. We have had a great deal of discussion in the House about the difficulty in stimulating the economy and actually creating effective demand in it. We have had comments about the fact that the quantity or degree of savings in the country have increased immeasurably over the last 15 years. I believe in 1960 we had a savings ratio to gross national product of something like 2.3 per cent, and in the last quarter of 1977 it had risen to 11.25 per cent, which is more than a 400 per cent increase in the level of savings as a percentage of the gross national product. This is extremely substantial.

• (1602)

The effect of the tax cuts in last fall's mini-budget on purchases within Canada was minimal. It did not deter people from taking trips, but neither did it increase the demand for goods produced in this country. It therefore became important to find a method of stimulating the economy over a short period so that people would buy more goods. Most economists indicated that the reduction of sales tax would have a rapid effect.

The minister either met, or discussed this problem with all provincial premiers. The province of Alberta had no sales tax so it opted out, but opted instead for some concessions which favoured Syncrude and other operations in heavy oil and tar sands. That left nine provinces with sales tax. The minister was able to get agreement with eight provinces—not with the province of Quebec. The agreement with the five provinces from Ontario west concerned the transfer of 2 per cent to those provinces through the income tax after which the provinces would reduce the sales tax by 3 per cent, thus redistributing the federal funds by a reduction of sales tax. Because of the slack economy and relative poverty of the four Atlantic provinces, the agreement was for the federal government to fund the provinces for the full 3 per cent reduction in sales tax. The province of Quebec took part in the discussions but did not respond, and a few hours before the budget asked for an extension of 48 hours. I assume that if the budget had been delayed nothing would have been done.

Just 48 hours after the budget was tabled, the province of Quebec announced its program which called for an 8 per cent or total reduction of sales tax on specific items. These items are not totally made in Quebec, but in many ways this would create a separate tariff situation within that province for many of the goods produced there.

There is one aspect of all this which is not well understood, Mr. Speaker, and that is that in the other nine provinces the federal income tax and provincial income tax are collected by the federal government. In 1954 Quebec opted to collect its own income tax separate from the federal government. This

means that the operation could not be conducted the same way in Quebec as in the other provinces.

In the other provinces the federal tax would be reduced by $100 or the provincial tax increased by $100, and the money would be redistributed to the people. That is not possible in Quebec because there the people get separate tax forms.

Let us consider how this program could have operated under two sets of circumstances. Let us assume that the province of Quebec had gone along with the scheme. If it had, the full $226 million would have been sent out in the form of a cheque from the federal government and then redistributed to people in the province by way of a sales tax reduction. The province went along to the extent that there was some reduction on certain items, and for those items the two percentage point reduction will be transferred in this way. In other words, a cheque of roughly $40 million will be given to the province of Quebec to meet this particular reduction, but the other $186 million is not being given in this way because the province did not go along with the scheme.

In the other set of circumstances, the province does not go along with the scheme. If we give the province $40 million to make up for the sales tax being reduced by two percentage points, then the question arises of how we maintain equity in this country in terms of the people of Quebec receiving their fair share of this tax reduction.

Both the Tory party and the NDP have said we should hand over the full amount to the government of Quebec in the form of a cheque even though it has not gone along with the scheme, and then the province could redistribute it in a way that would favour its industry. I cannot accept this method, Mr. Speaker, because I think it would encourage a disruption of the notion of a common market.

The province of Quebec has every right, and should continue to have every right, to do what it wants with its own tax system. It is a different thing, however, when the federal government tries to do something and actually sends a cheque to do it or when the province does something that creates a kind of non-tariff barrier. This is extremely important. Two years ago the province of Ontario removed the sales tax on automobiles. That was a legitimate move. At no time, however, did the federal government offer encouragement to them to do that. This is the difference in the two situations.

I should like to deal with this notion of a common market, Mr. Speaker, because I have seen some things in the press which disturb me. The usual idea of a common market is that it is something that exists between countries and that therefore, in these circumstances we are not talking about the same thing. It seems to me that one of the essential things about nationhood is that the central government does everything it can to maintain the commonality of the market within a nation. This is the principle at stake in this issue. Should the federal government transfer $226 million to the province of Quebec to set up a tax system which tends to break down or disturb that common market—which tends to set up a non-tariff barrier? Should the federal government be in that kind of business? I say no, Mr. Speaker. I think this point is crucial and should be understood.

The other point I wanted to deal with, before I move on to some other aspects of our economy, is the nature of federal-provincial relationships, particularly in a very critical period in our economic history and in the world. There is a very basic difference between the position of the Tory party and the position of the government on this isue. Without putting any value on it, at this particular point it is unique, in the origins of this country and the origins of the Conservative party, that there is a different situation.

● (1612)

Speaker after speaker from the Conservative party has talked about provincial rights, stating that we must do absolutely nothing to reduce provincial rights. They never seem to think there are some very important federal rights that must be maintained. There is a substantial difference in viewpoint and this should be looked at very carefully by the Canadian public.

In this period of real crisis in our country and throughout the world, it is important that the federal government maintain as much power as possible to deal with the critical issues. When we begin making constitutional adjustments, which we are going to do, it is extremely important to remember that this country has a million unemployed, $11 billion deficit, 8½ per cent inflation, and a foreign exchange deficit of perhaps $5 billion. This is not the time to dissipate the power of the federal government to deal with these problems.

When we are criticized in terms of this tax situation, I am afraid it creates the impression that we are in some way trying to usurp provincial powers. What the minister attempted to do, and it was extremely important, in my opinion, was to say that the provinces have a taxing power which we do not, and that we should get together with the provincial finance ministers. This did not start a few weeks before the budget. It began eight months to a year ago. The Minister of Finance (Mr. Chrétien) asked them to sit down to see how co-operatively they could work out a system to reduce sales tax in order to create a demand to solve part of our problem.

It is extremely important that in a crisis situation, almost like a wartime situation, we have the collective support of the provinces. We need to work with the provinces. We need as much power as possible to solve some of these problems. I would like to deal briefly with the global nature of these problems. In dealing with this budget, we have to realize it is a short term instrument which will provide stimulation for a six to eight-month period. It is not a budget to deal with the global crisis that we face.

Let us take a country with an inflation rate of 16 per cent, an unemployment rate of 11 per cent, a $3.4 billion foreign exchange deficit, a reduction in productivity of 4 per cent last year, and a reduction in gross national product in the year 1977 of 2½ per cent. This is not Canada. It is Sweden. That is one example of a country in serious trouble. If you put that foreign exchange deficit of $3.4 billion on a population basis

with Canada, it would be in the order of $10 billion. That country is in serious difficulty. If you go through the group of the 24 OECD countries, you will find similar problems.

I maintain we are in a serious global economic crisis when we see this situation reproduced in country after country. Most of these countries responded extremely well during the sixties and early seventies to very rapid growth. They instituted, as we did in this country, some very elaborate social services to meet the needs of the people.

All of a sudden, a new concept was introduced, a shortage of oil. The OPEC countries began draining off $100 billion to $150 billion a year in capital. From this point, we are all in some trouble. It is not the only reason for the trouble, but it is the point where we seriously began to get into trouble.

There are three major factors globally that we have to look at in terms of these problems. Quantumly in the kinds of problems that all countries are facing, there is a minimum universal rate of inflation of 5 per cent and rapidly growing unemployment, such as in Sweden. A whole series of social problems have grown in a quantum way over the past four or five years. That is the first situation.

The second is the unique situation where, perhaps for the first time in the history of mankind, we see universal shortages of energy. We all grew up with the notion that there was plenty and all we had to do was arrange our lives to take advantage of it. As I mentioned earlier, global shortages have had an effect in terms of the large drain on our dollar. Eventually, we will be required to change our lifestyle.

The third factor which is extremely important is the techniques with which we have traditionally solved these kinds of problems. The Keynesian fiscal and monetary techniques do not work any more. They do not work because of the magnitude of the problems. The problems are far too large to be solved in terms of techniques such as creating demand by sales tax and so on. One cannot reduce one million unemployed just by these techniques.

The second reason they do not work is that they are sometimes counter-productive. We are dealing with stagflation, where you have high unemployment and high inflation at the same time. These are unheard of in any conventional economic theory, at least over a long period of time globally. For these reasons these techniques are not working.

It appears we will not be embarking on an election for some months, possibly a year. It is important that we in this House and we in this nation begin to look very seriously at these long-term problems that face us. I suggest that the government embark on a series of major white papers dealing with some of the alternatives in terms of unemployment, government spending, foreign exchange problems, and energy.

I wish to outline some thoughts on the problems of unemployment. White papers should be set up so that the Canadian public will talk now and at the time of the next election about the real issues facing us. I could perhaps state some ideas on areas such as energy, but the example I wish to deal with is unemployment, one problem that has bedevilled us more than any other single problem in the history of this country.

Canadians seem to be concerned about the notion of creating jobs. The thesis I would like to present is that we cannot possibly begin to solve our unemployment problems and substantially reduce the one million unemployed with the techniques used at the present time. We cannot solve this problem by the use of any kind of notions surrounding job creation. We cannot create enough jobs to do this.

● (1622)

I believe discussion about job creation has led to a myth which has made it impossible to come to grips with unemployment in this country at its present level. I want to explain this contention and give some background material which will show how this figure of one million unemployed came about.

Between 1955 and 1971 the school population of this country rose from 2.7 million to nearly 6.4 million. In other words, it increased by about 2 ⅓ times. In the same period the over-all population increased by only one third. Putting these things together we see that the school population rose seven times as fast as the general population. This created a whole series of problems. For example, we now have more vacant classrooms in this country than we know what to do with. We had to build these schools because of the demographic bulge. I suspect there will be a reverse housing problem in a few years because fewer family units will be formed. Remember, there is a factor here of seven. The situation is beginning to change now, but it will be four or five years before the change is substantial enough to be reflected in the unemployment figures.

It is interesting to note, also, that in 1953 19 per cent of the population of Canada, from infants to people 100 years old, were in the work force, and that by 1971 this percentage had grown to 29. So there are these two factors to consider—the striking increase in the school population during the period I have referred to, and the hardly less remarkable increase in the number of the population engaged in employment. Together this had led to an almost impossible situation in terms of job creation.

The number of people working between 1970 and 1975 increased by 18.2 per cent, or 1.4 million. Look at what the OECD countries have accomplished in this field. You will see that Canada leads the group. We have created almost twice as many jobs as any country in that group. The United States has moved along, but before 1975 its record was well below ours. We have created more jobs than any nation in the industrial world. But there are still one million people unemployed. It is perfectly understandable, given the demographic situation to which I have referred.

Consider the conventional techniques one might use to solve this problem. Look at the latest review from the Economic Council. It says that if we were to achieve a 5 per cent growth rate the unemployment rate would level off at about 8 per cent in the next couple of years, and that if we raised it to 6 per cent unemployment would drop to 7.7 per cent. In other words, an increase of a full point in the g.n.p. would result in only a .3

per cent decrease in unemployment. But how do we achieve even a 5 per cent increase in the g.n.p. when the United States in the first quarter of this year had a negative growth rate—not 5 per cent, or 2 per cent, or 1 per cent, but less than zero? How do we achieve this growth when we are dealing with countries like Sweden, for example, which last year experienced a "growth rate" of minus 2.5 per cent? There are no countries in the OECD at this time which can expect more than 5 per cent.

I should like to refer to a couple statements by different economists, one known as a progressive, and the other an economist for an investment firm. They were made, of all places, on the Barbara Frumm show. The first is from David Wolfe, professor of political science at York University. He was asked whether there were any other things government could still do to improve the situation, and his answer was:

> Possibly, but it would involve a more radical degree of government intervention in the economy than the government has appeared willing to undertake to date or the Canadian public at large has appeared interested in seeing the government take.

The other was from Dr. John Grant, chief economist at Wood, Gundy. But he was talking about the baby boom and the other problem I have mentioned in terms of demography, and he said:

> For this five-year period ahead its almost a superhuman effort for the economy to absorb individuals into the labour force as fast as we would like them to be absorbed

He went on to say:

> I can't conceive of a policy that could bring us down to 6 per cent unemployment in, say, the next couple of years. I just don't think there is a mix we could live with that would do that.

I hope I have demonstrated that a substantial reduction of the present number of unemployed is just not possible given the techniques which are being suggested. It is not possible of solution in terms, for instance, of the Tory suggestion that we might throw another couple of billion dollars into the pot by way of providing income tax cuts. First, that amount is too small—it represents less than one per cent of the g.n.p. Second, we already have an $11 billion deficit. The New Democratic Party talks about $3.5 billion, but we still face the same problem. It is not going to work.

Hon. members opposite talk about an industrial strategy. Well, that might have some effect, but it would take five or six years for results to show, by which time the demographic situation will have changed and the unemployment rate will begin to go down on its own. I might mention that Sweden has embarked on an industrial strategy of the kind suggested and got itself into grave difficults as a result. In short, I do not believe the techniques suggested, including the present budget in terms of a massive effect, will have any basic impact.

When we talk at this point about putting the unemployed to work, one million of them, we are creating a myth which makes it impossible to approach the problem realistically. We say "Let's create more jobs", and then we do not have to think the unthinkable because we keep saying that. I think that is the problem we are facing.

[Mr. McRae.]

● (1632)

I do not begin to presume to say that there are simple answers, but I think there is one thing we can look at as an alternative to job creation. We really have not looked seriously at this as yet. When we cannot create enough jobs, perhaps we should look at redistributing the work that is being done among the people who are available to do it. That may sound like a very fanciful idea. It may sound foolish, but how else can we involve the one million people who are unemployed in the labour force? Let us just look for a moment at this possibility in terms of what it really means.

There are one million people who are unemployed. The rate is 8.5 per cent. Because of the way we live and because of the customs we have developed let us accept that perhaps a 4.5 per cent unemployment rate might very well be close to zero. In other words, if we had enough jobs for everybody to work at, there still might be 4 per cent to 4.5 per cent of the population at any given time not working as a result of job turnarounds, etc. There are all kinds of reasons for this.

What I think we are looking at is reducing that one million to 500,000. In terms of man-days, a very rough calculation shows that if in every 20 days, 19 days are worked at the same hourly rate and that other day is given over to someone else, we would eliminate 500,000 people from the unemployment rolls. That sounds fanciful, and obviously that is not the way we do things, but I think there are many things we can examine. We can consider earlier retirements, educational leaves, sabbatical leaves, shorter weeks, and a very interesting thing called pairing.

As a high school principal I found, especially in the early seventies, that growth in the school population began to dwindle, and we did not need quite as many teachers. There were many people who felt they would like in some way or other to work a shorter week, or possibly to work half days and pair their jobs with others. There are all kinds of ways that can happen. For those people who worry about productivity, the studies which have been carried out indicate that each of the individuals in a pair produces more than 50 per cent of the work, more than was produced before, so we get more than 100 per cent of the work being done. In these circumstances productivity tends to grow. Some people call this work sharing. I prefer to use the phrase "redistributing work" because it at least implies that the work is still being done.

I would not be talking about redistributing work if I thought there was any other way, but I believe that the idea that we can create anywhere near the number of jobs that would be necessary to reduce the number of unemployed by half a million is just not plausible, and therefore we have to look at the other alternative, which is redistributing work. I use that as an example of the kinds of things we should be talking about and of the kinds of things which should be found in a white paper on employment, inflation or energy. These are some challenging ideas about which we have to start talking.

We have spent too much time in this House talking about the RCMP, alleged barn burnings, and this, that, and the other thing. We never seem to focus on the real world out

there, the world of real economic crisis. I hope that before we go before the public, possibly next spring, we will have looked at all these things seriously and given Canadians a chance to have dialogue. We need to have dialogue with Canadians on these problems. When we face the public, I hope we will be talking about the real problems of a world in crisis in a meaningful way.

● (1642)

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, I would like to take full advantage of the time allotted to me to make some comments on Bill C-56. We know that since the beginning of this week, part of this legislation has been the main topic in the House and I would like to say first that I object to the contents of the legislation, and this is not the first time that such a thing has occurred, because it includes a number of economic and financial provisions. And of course the bill covers the proposal made by the Minister of Finance to the provinces in connection with the sales tax.

We on this side of the House realize that there are good provisions which should be supported and indeed we would be prepared to do so. Unfortunately it is impossible for us to accept some of them because we find in the bill a provision which we consider unacceptable, encroaching as it does upon provincial jurisdictions. Under the circumstances, I think we must first of all oppose this legislation fiercely as a consequence of the fact that we refuse to accept a specific measure on the sales tax; if the government had wanted to show some honesty, we could have gone on quickly to measures that would be quite welcome throughout Canada, while withdrawing this one until such time as a solution could be found to the dilemma in which the province of Quebec and the federal government find themselves with regard to the sales tax.

It is not the first time, Mr. Speaker, that we have this kind of legislation hidden inside a bill that can hardly be justified but which it is hoped the official opposition will overlook because most of the other provisions can be supported quickly. Perhaps this one should not be discussed. But I feel that part on the sales tax, which is the important part, cannot be glossed over as easily as some might have wished. Last week, I listened to the Minister of Finance (Mr. Chrétien) when he introduced this bill; naturally, he appealed to all Canadians; he made an effort to play the part of the great Canadian appealing to us to support this measure. Yesterday, I also heard some of the remarks of the Minister of Finance, as well as those of a minister representing Ontario, who blamed the province of Quebec for trying to protect its own industries. I do not understand that coming from Ontario, he does not know that industries protected under the Quebec proposal are from Ontario in a proportion of 50 per cent. In the four areas, the people in Ontario will benefit from the Quebec proposal which, and I repeat it again and again, was unanimously agreed upon by all opposition parties in the National Assembly.

In my opinion, it is an attempt to manipulate public opinion to say that the province of Quebec wants to balkanize a segment of the Canadian economy, when the federal Department of Industry, Trade and Commerce has made it clear that the sectors protected by the Quebec government also exist in the neighbouring province of Ontario in a 50 per cent ratio out of 90 per cent, with the 10 per cent remaining divided among three other provinces. So, I am sorry that they should spread the idea that this measure—and the Prime Minister went even further, saying that it tends to undermine federalism, and the Minister of Finance (Mr. Chrétien) did not hesitate to endorse his leader's position on this matter. Besides, I put a question along those lives to the Prime Minister: Does he still believe, in view of the support which the Quebec government obtained from the Liberals in the Quebec National Assembly, from Mr. Biron's Union Nationale members, from Fabien Roy, from Mr. Samson and from others, including some I shall mention later on, that all these people seek directly and unequivocally to undermine federalism. I must say that the Prime Minister was not as brave as he was with the media. He did not give the same reply and, as a matter of fact, he did not answer my question.

We fully realized also that the Minister of Finance was pursuing a very specific goal, that of stimulating industry and, consequently, the purchasing power. I feel therefore that Quebec's proposal meets in a selective way the need to stimulate industry, taking into account, of course, Quebec's priorities; perhaps I should remind hon. members of the particular problem facing the province of Quebec: an excessive unemployment rate which gives rise to a difficult situation. And the Minister of Finance, with this proposal and in view of the sudden generosity of the federal government, wanted to satisfy the needs of Quebec with a measure which does not purport to balkanize the national economy, and this was ascertained by the federal Minister of Industry, Trade and Commerce. I therefore do not think that the Quebec government can be blamed for wanting to help those sectors most in need. Some economic meetings in Quebec have also shown that all groups agree that these sectors should receive more help.

The Minister of Finance will say that he has tried to help the textile, footwear and clothing sectors by imposing certain barriers or certain quotas, but he waited until their situation had completely deteriorated. So the Quebec government only profits from the federal proposal. Now I wonder just how much candidness the minister has exhibited. He talks of consultations with the finance ministers, and we know perfectly well that this consultation was not as flexible as he claims. That much we know. He says over and over again that for three weeks he showed a flexibility such as no other finance minister had ever shown, and we know perfectly well that a decision had to be made at some point. The Minister of Finance also knew that nine provinces had presented their budget and that, as in the case of the Maritimes, when he

offered to pay 3 per cent of a tax under provincial jurisdiction the province would have been foolish to refuse.

In other provinces, his proposal had strings attached and that is where we see interference in provincial jurisdiction. We are told that is a question of federal and provincial powers which we talked about a moment ago. But the minister also knew that the province of Quebec had not handed down its budget and it was normal that his counterpart, whoever he might be, should want to learn first of the federal generosity to use it for the most pressing needs of his province. That was exactly the reaction of the Quebec finance minister who received, I repeat, unanimous support in the National Assembly. And how many other groups support the Quebec government proposal? It seems, Mr. Speaker, that all those people are not intelligent when the Minister of Finance continues to pretend that the Quebec proposal is unacceptable and means the division of our country.

So I think that the Minister of Finance has lost his credibility in the eyes of Quebeckers and even of all Canadians. Obviously when I ask the Prime Minister if in the circumstances he intends, to deal personally with the situation as a head of state and to reopen the negotiations and initiate a meeting with his Quebec counterpart, I think it is important for the Prime Minister of our country to understand the urgency of that issue. What are the real reasons for such stubbornness on the part of the Minister of Finance? I think that with the support coming from everywhere it is obvious that the minister has some reasons he does not want to reveal in the House. That stubbornness on the part of the Minister of Finance reflects to a certain extent the hatred of the government for the legitimately elected government of the province of Quebec, that is supported by all the opposition in Quebec and it is worrying to see that kind of reaction in the province. I understand that the Prime Minister of Canada now supports the unjustified obstinacy of the Minister of Finance. We must recall for instance their deep deception after the election of that government in the fall of 1976.

I know that the election of the present Quebec government in the fall of 1976 was the proof of the monumental failure of this government which bragged about being able to get all Canadians together to reach the objective of the Prime Minister of Canada which was national unity, but everything turned into a monumental failure in the fall of 1976. And I shall never believe that the majority of those members from Quebec will continue to support this odious obstinacy concerning the legitimate demand from the province of Quebec which is not aimed at federalism or economic balkanization in those sectors but only at meeting an urgent need for the people of Quebec.

This is why I insist, Mr. Speaker, that the Prime Minister take the issue into his own hands. There is no doubt that the Minister of Finance has made a blunder. I have no hesitation in saying that, because of his comments concerning the Quebec government, he can no longer reestablish normal negotiations. I believe that as a responsible leader, the Prime Minister should take matters into his own hands and initiate a meeting with the Quebec premier to find a solution to this problem in the interests of both governments.

Of course, the Prime Minister repeated at a press conference no more than 24 or 48 hours ago: If Quebec wants to negotiate something, I am willing to do so. This is going too far, Mr. Speaker. The Prime Minister is perfectly aware of the concern and the embarrassment that this is causing to many Canadians. However, but for a few exceptions, my colleagues from Quebec remain silent. In fact, these few exceptions will perhaps convince the Minister of Finance to change his attitude because apart from the opposition parties in Quebec, important groups are asking for a change of attitude on the part of the federal government, like the QFL did yesterday. The business executive centre has also condemned the attitude of the federal government in this affair. Moreover, there seem to be some feelings of revolt within the government party, which should normally make the Minister of Finance understand that he could lose everything on this issue. In addition, Mr. Speaker, the Prime Minister of Canada replied with an incredible lack of concern at a press conference that he has other things to do besides dealing with this matter.

● (1652)

It is both disquieting and saddening for Canadians that the Prime Minister acts in such a way on such an important issue. The Prime Minister shrinks from assuming responsibility for the issue for fear of disavowing the Minister of Finance, but he is already disavowed in the minds of Quebeckers and Canadians. The Minister of Finance lacked both competence and know how in these negotiations, as is evidenced by his stubbornness, his negative approach, the pressure he is using because they have the power and the majority to force us into accepting such a proposition on a basic principle, when we believe that any province must have the freedom to negotiate with the federal government and accept such a proposition. Under these circumstances, Mr. Speaker, I can only point to the sell-out by members from Quebec who did not take a stand as they had a duty to do. Regretfully I must indicate this is a conspiracy against one province because it is a well known fact that all opposition parties in the Quebec National Assembly supported their government, and therefore this is turning down the whole of the Quebec people. The Minister of Industry, Trade and Commerce (Mr. Horner), a federal minister, is bringing the proof that protected industries are shared by Ontario and three other provinces, and therefore the reasons given by the Minister of Finance are groundless. Such being the case, certainly I will not hesitate to oppose with all due vigour the Minister of Finance, who suggested he was prepared to put his political future in the balance on this bill. He is doing a very poor job of representing Quebec's interests, a very poor job of meeting his commitments to his own province's interests, and the position we all have a duty to take in

this House at this point I am ready to share with any member who feels he has that duty to defend his province's interests in the face of a federal decision that is not accepted by that province.

I would like to refer later to the question of provincial and federal powers, since the hon. member who spoke before me expressed a concern for what he called a dilution of federal powers, on the assumption that nothing should be changed at a time when we have a $11.5 billion deficit and 1,500,000 unemployed. Well, this government has been there for ten years and the unilateral decisions it has been taking no matter what repercussions and implications there may be at the provincial level, and it is responsible for that 1,500,000 unemployed figure. Some efforts have been made, I have never denied it, but there were too few and they came too late in several cases.

I am fully aware that the government tried, but they failed to take the proper measures at the right time. They wake up today and tell us that because we have a $11.5 billion deficit and 1.5 million unemployed, we must give the federal government greater powers without adequate consultation with the provinces. Mr. Speaker, we shall never agree to such an attitude on the part of the federal government. We believe that in this matter the federal government has failed and infringed upon the provincial jurisdictions. That is why we shall oppose this legislation so long as the government does not withdraw this part, and I am sorry to say that we should like to support some other measures in this piece of legislation, but after the experience we had with other bills a few years ago, we shall certainly not be made to swallow this unsavoury pill contained in this bill.

The Minister of Finance was telling me this afternoon that a survey—I do not know where he found it—showed that 87 per cent of Quebeckers were in favour of his proposition. I hope he will not say that this 87 per cent was taken in the province of Quebec because, Mr. Speaker, I would then—

Mr. Chrétien: In a Montreal paper!

Mr. La Salle: —find myself again in a difficult position, but today I would like to use my allotted time, even if I entertain some serious doubts about such a statement. I see that the Minister of Finance is in the House, so I ask him again to resume negotiations with the Quebec government.

I say to him again while he is here that it is up to the federal government, to the responsible government to make the first move, to set up a meeting with the Quebec government and find a solution. And a government which is no longer able to bow to the unanimous decision of the National Assembly is an irresponsible and incompetent government. It is impossible, Mr. Speaker, for the Minister of Finance to be the only one to be right in this matter. It is unacceptable and unbelievable. Besides, there are thousands of Canadians who think as I do. In the circumstances, they are trying to waste time, they are sulking and refuse to pursue the matter seriously. And I know, and the Minister of Finance is fully aware, that the members behind him are worried by his attitude and would like to see—

Mr. Chrétien: There is only one.

Mr. La Salle: —this issue settled. We have heard some statements and seen some members on television. I can think of one in particular, and I will tell you right away, Mr. Speaker, because he made me laugh a little. The member for Compton (Mr. Tessier) made a statement terming the proposal of the Minister of Finance a political disaster, and the following day he was applauding a statement from the minister like mad. Let the constituents of the riding of Compton be the judge of this performance. It worries me a little, of course, when I see a member act in this manner. But at the same time, another member who is more serious made some remarks and we are waiting to get some evidence in support of his allegations.

Mr. Speaker, the Minister of Finance and the Prime Minister did their best to accuse us of wanting to go to bed with the separatists. Yet they have manipulated, that is the word, public opinion and they chose to conceal the truth. I will not say that they lied but that they concealed the truth, namely that the political parties endorsed the provincial government position. They are not talking about that. The Minister of Finance tells me that Mr. Ryan has rejected the La Salle-Parizeau formula. First of all, this is a further example of public opinion manipulation. No one can claim that I set up that formula with Mr. Parizeau. It is unthinkable, Mr. Speaker! The Minister of Finance fails to say that Mr. Ryan feels the solution of direct payments to taxpayers that Mr. Chrétien is trying to have adopted is inconsistent with the true federalist spirit, administratively costly, cumbersome and socially unfair. He likens that solution to a form of blackmail, Mr. Speaker. It is not I who say so nor a separatist. He believes that should the federal government act in this manner every time a province refused to endorse a program, it would be dangerous for it would exert undue pressures on the provinces and undermine local governments in the minds of the people.

That is a statement the new leader of the Liberal party made just recently. Mr. Biron made one also, as well as Mr. Fabien Roy, the Social Credit representatives and the New Democratic Party. The whole opposition, Mr. Speaker, rejects the attitude and the proposal of the Minister of Finance. Responsible organizations across the country, the QFL, the Quebec workers, are opposed to it. Mr. Laberge did not hesitate to ask the government to clarify that matter. But no, it seems that only the Minister of Finance is right.

Mr. Speaker, may I call it five o'clock? I shall have further comments to make after supper at eight o'clock.

Export Development Corporation

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Fraser Valley West (Mr. Wenman)—Canada Council—Request mandate be studied by committee; the hon. member for St. John's West (Mr. Crosbie)—Transport—Compensation for losses incurred in sinking of m. v. *William Carson.*

[*English*]

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

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

The Acting Speaker (Mr. Ethier): Notice of motion No. 2 in the name of the hon. member for Vaudreuil (Mr. Herbert).

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): The motion stands at the request of the government.

Motion No. 52 in the name of the hon. member for Brandon-Souris (Mr. Dinsdale).

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): The motion stands at the request of the government.

Motion No. 1 in the name of the hon. member for Kootenay West (Mr. Brisco).

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): The motion stands at the request of the government.

CORRESPONDENCE RELATING TO EDC FINANCING OF SUGAR COMPLEX IN REPUBLIC OF IVORY COAST

The House resumed from Thursday, December 15, 1977, consideration of the motion of Mr. Herbert:

That an humble address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence, notes, minutes of meetings, documents and agreements relating to the financing by the Export Development Corporation of a cane sugar complex in the Republic of the Ivory Coast to be built by Redpath Sugars Ltd.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, concerning this motion, I would like to report a few facts in connection with the financing by the Export Development Corporation of a cane sugar refining complex to be developed by Redpath Sugars Ltd. in the Republic of Ivory Coast. This sugar refining complex is an integrated project wholly-owned by the government of Ivory Coast which has committed itself to expanding and diversifying its agricultural production. To that end, Mr. Speaker, they set up a state corporation, Sodesucre, which is responsible for the production of sugar in Ivory Coast. Traditionally, this country has been importing sugar. Today, Mr. Speaker, it hopes to develop its own natural resources in order to supply its domestic market and get foreign exchange from export sales.

To establish that sugar complex, Sodesucre called for tenders internationally and Redpath Sugars Ltd. was awarded the contract, in spite of very stiff international competition from firms which were supported by state organizations equivalent to the Export Development Corporation. The successful bid of this Canadian firm resulted in suppliers and sub-contractors creating employment for Canadians.

This sugar complex which is a commercial undertaking was developed because the government of Ivory Coast felt that it was an answer to an economic need. The EDC supports commercially viable operations which involve exports profitable to Canada. By definition, such operations involve two willing parties: a buyer and a vendor. In other words, such operations must be profitable to both.

On the other hand, the expected operation must be financially viable. As it is a commercial and financial agency responsible for creating firm commercial relations for Canada, the EDC tries to deal with buyers who will prove successful. Indeed, the buyer who concludes a good deal will be able to meet his financial commitments and will become a regular customer for Canadian goods and services. This sale was announced, Mr. Speaker, on May 11, 1976, partly in the following terms:—

● (1702)

Mr. Lambert (Edmonton West): I rise on a point of order, Mr. Speaker.

The Acting Speaker (Mr. Ethier): Order. The hon. member for Edmonton West (Mr. Lambert) on a point of order.

Mr. Lambert (Edmonton West): Mr. Speaker, we are discussing a motion for the production of papers. The matter we have to consider is not the history and the merits of the project, but merely whether the motion introduced by the hon.

member for Vaudreuil (Mr. Herbert) is founded or not, whether the papers are to be produced or not.

We all know that the official record of the Debates does contain numerous decisions made by the Chair to show that the point I am raising is founded and that we cannot afford to spend an hour and forty minutes merely applauding or criticizing the substance of the issue, the contents of the papers. The discussion is on the simple matter of producing or not producing these papers. The member who has the floor should now indicate whether those documents will be tabled or not.

The Acting Speaker (Mr. Ethier): Order. The hon. member for Edmonton West (Mr. Lambert) may have a point of order, but I must remind him that if we listen to the parliamentary secretary, we might learn at the end why he agrees to or rejects this request. I now suggest that we listen to the Parliamentary Secretary to the President of Privy Council (Mr. Pinard).

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I find it strange that the hon. member for Edmonton West (Mr. Lambert) should ak us to say merely yes or no. I find it unbelievable. I am referring specifically to the said organization and I think that for a better understanding of our reasons for agreeing to or rejecting the motion for the production of these papers, it is proper to speak of the organization involved and to give some particulars. I realize that our comments do not always please some members opposite, but the opposite is also true. And the hon. member has enough experience to know that you cannot so candidly censure hon. members who have intelligent remarks to make just because it displeases the members who object to it. So, Mr. Speaker, I think that the hon. member through his intervention—

Mr. Lambert (Edmonton West): Mr. Speaker, I rise on a point of order.

The Acting Speaker (Mr. Ethier): The hon. member for Edmonton West (Mr. Lambert) on a point of order.

Mr. Lambert (Edmonton West): Mr. Speaker, the hon. member is unfair to me. It is not that what he says does not interest me, you can always read any book and find it interesting. But the hon. member being Parliamentary Secretary to the President of Privy Council, the problem is that he has aspirations as concerns our rules and I would urge him, Mr. Speaker, to follow the rules. Our basic rules do not authorize him to talk just about anything during this period. We are considering a motion for the production of papers and I invite the hon. member to say why there should be reluctance or agreement concerning the production of those papers. This is what we would like to know.

The Acting Speaker (Mr. Ethier): Order, please. That is precisely what I pointed out to the hon. parliamentary secretary. During his remarks he certainly will have to say why he supports or rejects the motion for the production of papers.

Mr. Pinard: Mr. Speaker, as the hon. member just said, it is indeed up to the Speaker to decide what is relevant or not under the rules. And what I say is perfectly relevant but no member of the opposition will force me at the beginning of my speech to say in advance if I am for or against a bill. I shall first present my arguments. That is what I am doing. And then I shall decide myself, freely, if the Chair allows me to do so, to support or reject the motion of the hon. member for Vaudreuil (Mr. Herbert). I know as well as the hon. member for Edmonton West the basic rules on which he insisted so much. The rules are the same for everyone. But I do not agree with him on facts and I contend that what I say is particularly relevant to the motion under consideration and that he is entitled not to agree with me. He is entitled to object if he believes that what I am saying is irrelevant, but he does not have a monopoly on truth and you have decided that what I am saying is relevant, Mr. Speaker. Later on in my speech I will say whether or not I support the motion. Therefore, with your permission, I shall continue to explain my position. I was saying that the operation considered must be financially sound.

Since it is a business and financial organization responsible for establishing solid business relationships on behalf of Canada, the EDC wants to do business with buyers who will make money. This is what I said a while ago, Mr. Speaker. The sale in question was announced on August 11, 1976, partly as follows: The Export Development Corporation in Ottawa will be the leader of an international pool of financial institutions which will include the Royal Bank of Canada and the Canadian Imperial Bank of Commerce. This pool will be responsible for financing the establishment of a $172 million sugar cane agro-industrial complex in the Republic of the Ivory Coast.

I would like to mention that this is only one of the many projects which have benefitted from the support of the Export Development Corporation through its loan, insurance and foreign investment guarantee programs. Outside the export sector, the role of the Export Development Corporation is perhaps misunderstood by the public, and I would like to take this opportunity to define its areas of responsibility and mention some of its achievements. I think it would also enlighten the hon. member for Edmonton West. It is a fascinating story that goes back to 1944 when a bill was passed on export credits insurance, creating a body whose head office was located in small quarters near Sparks street and was headed by one administrator, only one, assisted by a lone employee. According to its first annual report, published at the end of March 1945, that body had assets of $1 million in available and excess capital; it had also made $296.55 in operating profits. Since then, that body has grown and the present corporation has granted loans in the order of $4 billion to foreign buyers.

Through its programs alone, just in 1977, its support to Canadian exports exceeded $2.6 billion, Mr. Speaker.

But let us come back to the announcement made in August 1976 on the occasion of the signing by the Export Development Corporation of a loan agreement for $88.3 million for that sugar cane complex. When the Minister of Trade, Industry and Commerce (Mr. Horner) made the announcement, it was with some pride because far more was involved than just a matter of lending money to lubricate the wheels of our trade.

I would like to say a few words about the responsibilities of the corporation, Mr. Speaker. First of all, it issues export credit insurances and as such, it protects exporters against any risk of loss under circumstances beyond their control when carrying out their operations. Those risks include wars, funds freezing, removal of export or import licences and other political hazards. Included are also refusal or failure of payment by the buyer, insolvency, evasions and other commercial risks. The Canadian Export Corporation is the only agency which can provide that range of protection. It can also insure a bank or a third party against insurable risks under an export transaction. As far as insurances and guarantees are concerned, businessmen should also be able to obtain a bank credit to cover their export operations, which would not be charged against their regular line of credit. The CEC covers prior and subsequent risks to delivery either for contracts or for the delivery itself. On the whole, it covers all sales with a one year credit (short term) or a five year credit (middle term). At the end of the year the value of insured exports amounted to something like $1.3 billion.

The Corporation also grants loans to foreign buyers to help them finance the purchase of capital goods, goods and services which, according to standards internationally agreed upon, require a longer credit period, ten years for instance. It is important to emphasize this in this debate on the motion brought forward by the honourable member for Vaudreuil (Mr. Herbert), to justify the position I shall have to take in a few moments, Mr. Speaker, in answer to your suggestion. Such loans cannot be granted by Canadian financial institutions, because either of the lenght of the credit period or the interest rates. The former depends on the level of efficiency of the project and on the existing foreign competition. The loan we grant enable the exporters who are competitive as to prices, quality and delivery periods, not to lose a market for lack of competitive credits. The EDC can also provide guarantees to banks for their export loans. It also encourages banks, involvement as in these loans as much as possible and quite often Mr. Speaker without the benefit of a guarantee. The EDC is not trying to compete with the banks. It only deals with financing arrangements to help the banks. Finally the corporation insures Canadian investors against loss of their foreign investments in case of wars, riots and insurrections, confiscations or uncompensated expropriations and restrictions to the repatriation of gains or goods. This factor is uncreasingly important for our trade and the new trend for countries which buy our goods is to constitute joint ventures. This simple description of the responsibilities of the EDC will certainly give you an idea of the complexity of the problems which we are facing at this time when our trade is becoming more and more specialized. As a matter of fact the EDC has recently launched a new program of completion guarantee for projects abroad and special aid to expanding export firms.

The Ivory Coast operation, Mr. Speaker, is somewhat exceptional in view of the fact that it is the first of the kind in Canada, as has been announced. Incidentally, Redpath Sugar Limited of Montreal has been able to hire a bilingual team of designers and engineers in Montreal. This is the first Canadian project for which three major EDC programs were used to carry out the trade objectives of our country.

At this stage, Mr. Speaker, I would like to state the position I shall be taking on the motion by the hon. member for Vaudreuil (Mr. Herbert), but I see that my speaking time has nearly expired and I will have several other matters to discuss before I let this position be known. I wish to give some of my colleagues the opportunity to take the floor. To conclude I would like to mention that some other programs to which I have referred require the involvement of very important participants. The buyer, the exporter, the bank and the investor are all seeking to pursue their own interest which does not concern anyone else. The details of the projects considered cannot be made public, for it is because of the information of a confidential nature that the EDC had obtained that it could arrange the financial aspect of these projects. These details could not be released without violating the trust of the parties. On the other hand, the activities of the EDC would be hampered, which would be detrimental to Canada's trade.

● (1712)

[*English*]

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I would like to make but two brief points about the motion that is before us today. In supporting the hon. member who wishes to have these papers produced, I would like to read to you once again the motion that is before us:

> That an humble address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence, notes, minutes of meetings, documents and agreements relating to the financing by the Export Development Corporation of a cane sugar complex in the Republic of the Ivory Coast to be built by Redpath Sugars Ltd.

My first point is, as I say, that I support the motion to produce these papers. It is important to know what the arrangements are, and we should have openness in government and in financial transactions that involve the people's money. The other point of major concern in a case like this is that we have an Export Development Corporation helping a large sugar firm, the Redpath company, to establish a sugar complex in the Ivory Coast. I have a number of questions I would like to have answered with regard to that area.

I have seen now for too long large multinational corporations from the west going into the third world countries or developing countries and setting up huge complexes on the best land that is available for luxury crops, primarily goods like sugar, bananas and tobacco—crops that are not part of the necessities of life. These corporations set up on the best land and leave the secondary land for the people of those countries, in this case the Ivory Coast. It is that secondary land that these people must use to feed themselves.

Despite the fact that we have developments like this in many countries of the Third World, there is now more starvation and hunger in many of these countries than there has ever been before. The reason for this is that foreign owners like Redpath are going in and taking the best land and taking advantage of the very cheap labour that is available. Because of this the corporations are making a lot of money but they do not reinvest it in those countries. It is not a good thing to promote, nor is it a good thing for the EDC to be promoting.

It is the taxpayers' money that is financing a project of this sort, and yet, as I said earlier, the people of the Third World countries must live on secondary land and produce their food on land of inferior quality because a foreigner is using their best land to produce a luxury export. This is not a good precedent, nor do I like the importation into the Third World of this sort of agriculture, which is a psychology that North Americans seem to follow.

• (1722)

I do not want that method of farming and agriculture to be exported to countries of the third world because it may not be the best thing for them. Instead, we should help the countries of the developing world help themselves. We should make sure that the countries of Africa, Asia, and South America are self sufficient in food. Few countries can produce enough food to feed themselves. Countries like France and the United States can, of course, and even a small country like Israel is able to feed itself as a result of good planning and proper utilization of its resources. If we do not promote self sufficiency in food for other countries, we will have massive famine. Shortages of food in years to come will make the energy crisis look like a Sunday school picnic. When people are faced with starvation they turn to violence. The EDC should not be involved in transactions of this sort.

The other thing about this kind of development in the Third World is that it is not only important to huge agra-business companies but that those countries also import eating habits. An example is the exportation of skim milk powder to the third world and the promotion of the bottle feeding of children in those countries. This turned out to be a disaster because those children cannot digest the lactose, yet it was promoted for commercial profit. I do not want Canada, through the EDC, to be part of that sort of thing.

I think the House should support the motion for the production of papers relating to the financing arrangements made by the EDC. Just yesterday the hon. member for Simcoe North (Mr. Rynard) questioned the Minister of Supply and Services (Mr. Goyer) about the government's business dealings in Iran and Saudi Arabia. They are two of the wealthiest countries in the world, and anyone who doubts that should read the article in last week's *Time* magazine about the billions of dollars that Saudi Arabia cannot even spend. The money is coming in faster than they can spend it, yet a Canadian Crown corporation is investing in Saudi Arabia and Iran. Today in the House the minister said that the Canadian Export Development Corporation may become involved in the transaction referred to and, if it does, I say that is a crime. If Canadian industrial development is to be stimulated through the EDC it should be done in countries that can be helped, not the wealthy ones.

The motion calls for the production of documents, notes, minutes of meetings, correspondence, and so on, between the EDC and the Republic of the Ivory Coast regarding a sugar complex to be built there by Redpath Sugars Ltd. Perhaps we should also talk about the other things the EDC does and whether it should be doing them in the third world. I say it should not. It should not be investing in countries like Iran and Saudi Arabia.

I hope the government will take note of my remarks and made policy changes which will help people in the developing countries as well as the people of Canada.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I was going to begin by saying for the benefit of the hon. member for Edmonton West (Mr. Lambert)—but I notice he has left the chamber—that I will be speaking against the motion. I will elucidate on the premise I intend to put this afternoon, which is that it would be adverse to the effective functioning of the Export Development Corporation if we were to expose the papers connected with this transaction. That being the case, I suggest it would mean that such a disclosure would be adverse to Canadian export sales and the interests of all of us so far as employment of Canadians is concerned.

It seems to me that the hon. member for Yorkton-Melville (Mr. Nystrom) has serious misconceptions about how the Export Development Corporation assists other countries and Canadians. Perhaps I can give him some of the bits and pieces of information that he said he was looking for, and at the same time explain how it functions, how it helps Canadians, assists developing countries and even some of the more developed countries of the world.

The financing by the Export Development Corporation of the cane sugar complex in the Republic of the Ivory Coast should be regarded as a commercial triumph. I suggest that it is a victory by Canadian exporters. It carries benefits to exporting suppliers and sub-suppliers all the way across Canada. The project involves development and construction of a cane sugar plantation, raw sugar factory, ancillary facilities, with a new railway spur, sidings, and access roads which will link the site to the existing systems and allow transportation of the factory output to the sea for export. The government of the buyer country is the driving force behind the project and is putting up $25 million of equity, as well as guarantees of payment.

The sugar complex is a commercial project being built because the Ivory Coast government has decided that its economy needs and can benefit from it. I want to point out to the hon. member for Yorkton-Melville that is was largely the decision of the Ivory Coast to begin this project. The EDC supports commercially viable transactions which involve exports beneficial to Canada. By definition, such a transaction involves a willing buyer and a willing seller. In other words, it must be mutually beneficial. Furthermore, it must be a financially sound proposition. As a commercial financial institution devoted to building strong, long term trading relationships for Canada, EDC wants to be involved with buyers that will prosper. The satisfied buyer engaged in a sound transaction will be able to meet financial obligations and will also become a valuable repeat customer for Canadian goods and services.

The Ivory Coast government was certainly a willing and enthusiastic buyer. It was represented at the signing of the EDC loan agreement by the minister of finance of the country, its minister of agriculture, two ambassadors, and a number of its very senior officials. Obviously the government sees long term benefits accruing to the country from the project, otherwise it would not have embarked on such a large undertaking in the first place.

● (1732)

The benefits to Canada are very considerable. There is nothing wrong with that. Foreign trade is our economic lifeblood, so to speak. We rely very heavily on export trade. Exports represent over 22 per cent of our gross national product. Canada is seventh in the world of exports as a percentage of gross national product and even more strikingly is second in the world in the value of exports per capita.

The project in the Ivory Coast has been profitable for Redpath Sugar and has been good business for the Export Development Corporation. The foreign investment guarantee was for $12.5 million with respect to a 12-year management contract and for technical services. This provided a substantial premium to the Export Development Corporation. But let me emphasize that the Export Development Corporation proceeded to provide its support when it was satisfied that the government of the Ivory Coast wanted the project. It was at their invitation that the project be conducted. We assume that this project was in the interest of the Ivory Coast, that it made good economic sense for them and would have a beneficial impact on the standard of living in that country.

Let me give some of the specifics about Export Development Corporation's financing with respect to the Redpath Sugar project in the Ivory Coast. On August 11, 1976, the Export Development Corporation announced that it would lead an international syndicate of lending institutions, including the Royal Bank of Canada and Canadian Imperial Bank of Commerce, to finance a $172 million agro-industrial raw cane sugar complex for the Republic of the Ivory Coast. Export Development Corporation is to lend up to $88.3 million for the project.

The Export Development Corporation financing involves participation by Canadian banks totalling $21.6 million which will be co-managed by the Royal Bank of Canada and Canadian Imperial Bank of Commerce. In addition, Antony Gibbs and Sons Limited is participating in the amount of up to $16.7 million.

A $45 million Eurocurrency loan will be provided by a consortium of banks to assist in the local cost financing, start-up working capital and contingencies. The loan will be co-managed by Citicorp International Bank Limited, New York, the Royal Bank of Canada, Canadian Imperial Bank of Commerce and Brandts Limited, London.

A project of Redpath Sugars Limited, Montreal, principal subsidiary of Redpath Industries Limited, Toronto, the 14,800 acre complex in the west African French speaking nation, will provide 60,000 tons of raw sugar for export annually. The deal was the first of its kind for Canada. It was largely due to the assembly, by Redpath, of a bilingual engineering team based in Montreal that the project was a Canadian one and not American or British.

Value of Canadian goods and services to be financed under the Export Development Corporation agreement will exceed $74 million. Export Development will also provide preshipment insurance for Canadian goods and services, as well as guaranteeing the Redpath investment in the form of a long-term management and technical assistance contract. This was the first time all three operating divisions of the corporation have been jointly involved in concluding a project of such magnitude.

Redpath's contract includes responsibility for construction and management of all phases of operation from land preparation to product shipment. This involves development of a sugar plantation, an irrigation system, a molasses terminal, a sugar factory and all necessary infrastructure including a rail spur and marine terminal. The sugar factory, molasses terminal and irrigation system will be handled on a turnkey basis.

A substantial part of capital goods and services will be procured from exporting suppliers and sub-suppliers from accross Canada. The realization of this object has put Canada in a most favourable position for further export sales related to sugar production.

Redpath Industries Limited is a diversified company involved in sugar refining, construction materials manufacturing and engineering, and agricultural consulting services. It employs more than 1,700 people in Canada and abroad.

That is why, Mr. Speaker, I describe the project as somewhat of a triumph. I suggest that for the proper functioning of these facilities provided by Export Development Corporation there must be an element of trust between the Export Development Corporation and its client, exporters and investors, and a similar degree of trust between Export Development Corporation and its correspondents, the banks and similar institutions at home and abroad.

The corporation is on the inside, so to speak, of business deals large and small. In each one the exporter has to trust

Export Development Corporation to safeguard information involving particulars of the exporter's business affairs. That trust would be totally destroyed if the confidentiality were broken. These confidences create an obligation. More than a mere government agency fondness for secrecy is involved. To produce papers of a commercially confidential nature would be to require a breach of that trust.

The project in question, an integrated sugar complex, is wholly owned by the government of the Ivory Coast, a government which has committed itself to expanding and diversifying its agricultural base. In an effort to do just this, it created Sodésucre, a government owned corporation to assume responsibility for the production of Ivorian sugar. The country has traditionally imported sugar, and hopes to develop its own national resources to supply the domestic market and provide the country with foreign exchange earnings from export sales.

Sodésucre called for tenders in the international market for the development of the sugar complex, and in response to this call Redpath Sugars submitted a successful bid. The bid was won in the face of stiff international competition from firms which were supported by their national equivalents to Export Development Corporation. The successful bid of the Canadian firm has resulted in the placing of substantial equipment orders in Canada and has created jobs for Canadians by these suppliers and their sub-suppliers.

The sugar complex is a commercial project being built because the Ivory Coast government has decided that its economy needs and can benefit from it. The Export Development Corporation supports commercially viable transactions which involve exports beneficial to Canada. By definition, such a transaction involves a willing buyer and a willing seller. In other words, it must be mutually beneficial. Furthermore, it must be a financially sound proposition. As a commercial financial institution devoted to building strong long term trading relationships for Canada, Export Development Corporation wants to be involved with buyers that will prosper.

This project represents the first chance that a Canadian company has had to export a sugar cane complex. It was also the largest project of any kind realized by Canada in West Africa. All of this has been made possible by a unique and ingenious blend of the three facilities available through Canada's EDC. It has not been mentioned that Canada is perhaps the only country in which all three such facilities are available under one roof, available through the same government agency. The EDC is an agency, incidentally, that costs the taxpayers nothing except the share capital paid into it for the shares the government holds, and in 1977 EDC made a profit of $18.7 million or 11 per cent on the equity.

● (1742)

It has been mentioned that among the international syndicates which EDC is leading are Canadian banks; the Royal Bank of Canada and the Canadian Imperial Bank of Commerce are lending U.S. $16.6 million. It was pointed out earlier that banks are not in the business of making loans repayable over a term as long as ten years. The EDC has so arranged the financing that the banks' share will be on terms acceptable to the bank's normal practices. They will be repaid out of the first five repayment instalments. Thus we can say the banks' funds will be in for a portion of the construction period and a portion of the repayment period, probably not more than five years, so that the funds can be made available without going beyond the normal five or so years maximum for bank funds.

EDC disburses its loan funds and the banks also disburse their loan funds as payments become due to the exporter under the terms of the sale. For goods and services sold by Canadians the disbursements are made to the Canadian exporter or suppliers as delivery is made or performance is carried out. A small percentage may be applied to local costs of the project, under EDC's practice. The banks' funds are not normally tied to Canadian exports. Thus EDC disburses its loan funds to the Canadian supplier. The money stays here in Canada.

What happens if there is a disaster, or a breach by the borrower of a predisbursement condition? In such a case the EDC can protect the exporter by insurance, credits insurance, commonly called pre-shipment cover, which will cover those risks until the time payment is received. Thus the second of the EDC facilities has been blended into this transaction.

Sugar manufacture has gone a long way from the days of the windmill and open fired vats. Will the borrowers be able to manage a modern plant with all the technological refinements, if I may use the term, of a sugar operation? Redpath will not stay in the Ivory Coast indefinitely, and after it leaves trained personnel will be essential. Provisions have been made to cover that eventuality. Redpath and the buyer have arranged a management contract and a training contract which includes training in Canada in the French language of some 50 Ivorians. So that need has been taken care of.

The management contract brings into play the foreign investment guarantee facility of the EDC. It is an "investment in a foreign country" within the Export Development Act, the statute which has created the machinery for these guarantees. Thus if Redpath were unable to repatriate its earnings from the contract or if the government of the Ivory Coast were to repudiate the contract, the resulting loss would be covered by the foreign investment insurance policy. Thus the third of EDC's three facilities was employed in this sale.

I think it would be gratifying to the House to observe how the wise and beneficial measures parliament has provided are employed to bolster our foreign trade and encourage its development, not by subsidy, but by reasonable, sane and sensible operations carried out in a businesslike way.

Let me emphasize that the exporter, Redpath Sugars Limited of Montreal, employs about 1,700 people in Canada. It is Canada's largest producer of refined sugar. It operates two sugar cane refineries in Canada. This company is the principal subsidiary of Redpath Industries Limited of Toronto, which in turn is slightly more than 50 per cent owned by Tate & Lyle Investments Limited of London, England. The Montreal company certainly has the expertise to carry out successfully the

interesting Ivory Coast project of which we have been speaking.

Still more importantly, perhaps, is the favourable position in which Canada will be for further export sales related to sugar production when the Ivory Coast operation comes into production. There is a real Canadian identity in this sale. Mr. Speaker, those further sales and the sale we have been speaking of mean jobs for Canadians. Reference has been made at some length to the Export Development Corporation, and in one word that is what it stands for—jobs. As we have said, to expose all the papers connected with this important transaction is adverse to the effective functioning of the EDC. In the simplest terms that means adverse to Canadian export sales and against the interests of all of us so far as employment in Canada is concerned.

Mr. J. R. Ellis (Hastings): Mr. Speaker, when this private member's motion was introduced I had, frankly, no reason to get involved in the discussion; but as I sat here this afternoon I found myself irritated by exactly the same kind of nonsense we have heard for years—what is good for the EDC is good for the country. Or, in other words, what is good for General Bullmoose is good for the country.

The hon. member for Niagara Falls (Mr. Young) tells us EDC costs the country nothing. That may be so. But how is it, then, that in the last few minutes in another room closure was almost forced on a committee because the government wanted to raise the appropriation for EDC from $8 billion to $20 billion? If EDC costs us nothing, why should the government be using all its weight to put another $12 billion into the institution? I have great difficulty imagining $18,000 let alone $18 million or $18 million. Yet all of sudden this corporation which costs us nothing is to get $12 billion more.

I rise this afternoon to say thank you to the hon. member for Vaudreuil (Mr. Herbert) who has the courage of his convictions, though his colleagues and the government obviously oppose him, in asking for the production of papers to show what happens when the EDC sponsors a Canadian firm operating in a foreign country. One thing the hon. member for Niagara Falls did was to lay before us a lot of figures, millions of dollars for this, hundreds of thousands of dollars for that. Obviously, somebody knows the answers to all these questions. If the hon. member can submit this information so readily, why should it be so difficult to get a look at some of these papers?

Questions were asked in the House this afternoon. For instance, the ministers were asked to explain why the government, through EDC, was investing in countries like Iran and Saudi Arabia, to the tune of $500 million or $1 billion. My understanding of the current world situation is that those countries have enough money of their own. But the Secretary of State for External Affairs (Mr. Jamieson) stood up and accused us of threatening to take away jobs from Canadian farmers and workers if we as much as raised a whisper against the EDC. I do not buy that balderdash, frankly. I believe that given the right climate Canadian firms would export a great deal more than they are now. But I do not believe this aura of secrecy is needed. Nor do we need the heavy hand of government, the inference that when we ask questions on this subject we are threatening Canadian unity or employment possibilities or doing all kinds of nasty things.

• (1752)

What does the government have to hide? What is there in a contract that is so very secret? If a major Canadian company dealt with a contract overseas, at its annual shareholders' meeting it would certainly be forced to reveal some of the details of that contract. Private enterprise has to do it. Why is it so difficult for the government to bring some of these papers before us? What is there in this government that it is so bound up in secrecy?

I might just digress momentarily. I intend to bring this up before this session is closed. All of us know that the Leader of the Opposition (Mr. Clark) caused quite a flurry in the House just recently when there was a question regarding someone looking at his income tax files. That has been exaggerated to the most ridiculous extent.

I tried the other day, in order to help an aged veteran, to get the date of his discharge from the Canadian forces. I was told that that was a secret and that I had to get a letter from that veteran authorizing me to ask the question. That is utter nonsense. All of us know that one of the things we do most frequently is intercede on behalf of our constituents in matters arising out of conflicts with the Unemployment Insurance Commission. Now we are being told that in the future when we ask questions of the Unemployment Insurance Commission we will have to have letters from our constituents authorizing us to ask those questions. This is happening now with regard to income tax. What is there about this government that it wants to hide everything? I heard as a joke some time ago that the government wanted to keep secret the number of cans of dog food on the DEW line. I sincerely believe that the government would hide almost anything.

I want to hear this government tell us why it is going to hide all these documents, but before I sit down I want to say that I admire the hon. member for Vaudreuil for bringing this matter forward and asking very simply that these papers be produced. I must ask again, why is the government trying to hide them?

[*Translation*]

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, I am very glad to take part in this debate, especially at this time, because of the difficulties we are having in committee, in spite of the agreement in principle we had obtained from the official opposition to support Bill C-36, because of the opposition's eagerness to filibuster and prevent the adoption of this government bill which would provide the Export Development Corporation with a margin of operation which is absolutely essential.

Every time the Corporation wants to increase its authorized capital stock in order to help our Canadian firms export, sell

goods and thereby create jobs, it must indeed come before Parliament.

It is clear that the Opposition is asking why the EDC needs so much leeway to manoeuvre. No later than this afternoon in committee I had to explain once again to the hon. member for York-Simcoe (Mr. Stevens) that if the Corporation—

[*English*]

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. I have been listening to the debate and I am beginning to wonder how committee hearings regarding the EDC might relate to a motion which is very simple, namely, that the government produce certain documents. What happened in the committee today is of interest, of course, but the matter which is before the House is a motion asking the government to produce certain documents. I hope the parliamentary secretary will do his best to answer the question.

The Acting Speaker (Mr. Ethier): Order, please. I think that the remarks of the hon. parliamentary secretary were perhaps brought on by the remarks of the previous speaker, the hon. member for Hastings (Mr. Ellis), which referred to comittee deliberations, particularly those of this afternoon. However, I will ask the parliamentary secretary to confine his remarks to the motion before the House.

[*Translation*]

Mr. Loiselle (Chambly): Mr. Speaker, if my hon. friend on the other side would like to be as patient as we have to be with them everyday and let me continue, he will see that I would quickly come to the point.

With your permission, Mr. Speaker, I should like to mention what happened in committee this afternoon, where members of his party asked us a series of questions. In the case of Redpath Sugar Ltd., we are asked to submit figures, to open books. I ask members of the opposition to take a greater part in the work of the committee on Finance, Trade and Economic Affairs, where the chairman of the Export Development Corporation will answer their questions as long as confidentiality, contrary to what the previous speaker said, is respected. You can indeed, if you are a shareholder of a bank or a company, ask questions at the annual meeting but without going into all sorts of details.

There is secrecy, that principle of confidentiality which might affect the competitive position of the company by divulging some technical aspects, some aspects of their know-how. When you attend meetings of shareholders of private companies, you will note that you cannot always get all details on a bank loan for instance. There is a very simple reason for that; you may borrow $100,000 at 8 per cent but all the other terms of the contract may affect the terms and the cost of borrowing.

However, Mr. Speaker, Redpath Sugar Ltd. is another case where the Export Development Corporation was involved to create employment in Canada. If I may refer to the New Democratic Party members, they used to give examples where the EDC involvement in such transactions had jeopardized employment in Canada. We must remind the Canadian public that if the EDC did not intervene in some cases, as we heard before the standing committee on Finance, Trade and Economic Affairs some other country which has the same financing mechanism will help its own companies compete and get contracts to supply equipment. Consequently not only would our companies not be in a better position and face stiffer competition, but we would lose employment that such initiatives create in Canada. Mr. Speaker, despite all the respect I have for my friend the hon. member for Vaudreuil (Mr. Herbert), it seems to me a proposal, indeed a motion which certainly shows a concern—

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business having expired, I do now leave the chair until 8 p.m.

At 6 p.m. the House took recess.

● (2002)

GOVERNMENT ORDERS

[*Translation*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Chrétien that Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, be read for the second time and referred to the committee of the whole, and of the amendment (Mr. Broadbent) (p. 5548).

Mr. Roch La Salle (Joliette): Mr. Speaker, as I was saying before the five o'clock recess, in my capacity as representative of a province which has its own problems, I am quite sorry to see that few members from that province have disagreed with the Minister of Finance who rejected the Quebec proposal which, I repeat, would not jeopardize the incentives or objectives advocated by the Minister of Finance, namely a stimulus to the economy and to the industry and more purchasing power. And I think that my friends from the province of Quebec know perfectly well that the Quebec proposal is the right response to those two basic requirements and will provide an incentive to crucial sectors of the Quebec industry, and is supported, as I said earlier, by Ontario and three other provinces. The sales tax reduction will amount not to 3 per cent but to 8 per cent and I challenge my friends opposite to pretend that this is not a solution or proposal acceptable for the province of Quebec and honourable for the rest of Canada.

When I look back, Mr. Speaker, on what took place over the last few weeks, and am confronted with this arrogance, this stubbornness, I will not hesitate in accusing the federal government of dishonesty. And what about its prejudiced attitude towards the Quebec move to abolish the sales tax in the soft sectors of its industries? I shall refer you to a recent study in support of the Quebec proposal, by the Department of Industry, Trade and Commerce which shows that in the four sectors where the sales tax was cut out altogether, namely clothing, textile, shoes and furniture, about 122,000 workers out of 270,000 are working in Canada outside the province of Quebec, which clearly proves that the Minister of Finance's allegation that this measure is aiming at the balkanization of the Quebec economy is groundless and deceitful. In fact, it is only in the clothing industry that Quebec has more workers, that is one third of a total number of 121,000 in Canada. I say that by voluntarily suppressing those figures and having us believe that the Quebec proposal is prejudicial to the national interests, the government is misleading the people and is resorting to some kind of political deception which is unworthy of a government with the least sense of honour, Mr. Speaker. A good number of manufacturers in the industries involved outside Quebec have recognized that the other provinces would profit by the withdrawal of the sales tax and not only Quebec, as the government and the Minister of Finance would have us believe.

● (2012)

Once again, Ottawa has infringed upon a field coming under provincial jurisdiction, and because Quebec stands up for its economic priorities and to protect the interests of its citizens, it is taxed with being separatist and with trying to balkanize the Canadian economy. This is just not so, Mr. Speaker. The Prime Minister and his assistants know it quite well, even though they are suffering from chronic federalitis to the extent that they are unable to admit that Quebec can be right without jeopardizing Canadian unity.

The economists, industrialists and political commentators of Canada, even Anglophone, are virtually unanimous in agreeing that the Quebec counter-proposal is likely to stimulate employment, an objective pursued by the Minister of Finance, while at the same time increasing by 8 per cent the purchasing power of Quebec residents. That can only help the national economy and constitute an element of economic revival. Though the complete abolition of the sales tax as advocated by Quebec seems to have favourable effects on the economy throughout the land, the gentlemen heading this government maintain that it is a subversive manoeuvre. According to their reasoning, the formula cannot be beneficial since it supposes a special arrangement with a provincial government. Still, during the negotiations prior to the minister's budget, he himself managed to accommodate the special requests of British Columbia, which delights us, of Saskatchewan, Ontario and the Maritimes. But when it comes to Quebec, that is asking too much, and as they see it it threatens to split the country asunder.

I say most emphatically that if our party were in power now, we would not hesitate in handing over to Quebec, on their own conditions, that is for the pursuit of two objectives, the full amount of $226 million, to which they are entitled under the formula initially proposed by the minister himself. There would be no hesitation either in giving the same advantages, of course, and the same consideration to the provinces which would voice such a wish.

At this point in my comments, Mr. Speaker, I say that the government's present attitude is close to being ridiculous, and that it amounts to mere stubbornness in these circumstances. I conclude by saying that I charge this government with deliberately seeking a pretext to wage war on the government of Quebec on the eve of an election. This will perhaps enable them not to lose face in front of certain provinces but as far as I am concerned, I call this hypocrisy, falsehood and electoral fraud.

Mr. Speaker, I think it is important that Canadians in general and Quebeckers in particular, be made aware of the position taken on this matter by the hon. members who represent them. All Quebeckers, I was reading this morning in the papers, it is unbelievable, when the Minister of Finance tells me that he saw, in the *Journal de Montréal*, the results of a survey showing that 87 per cent of Montrealers favor his proposal. Is it possible, Mr. Speaker, that the Minister of Finance should rely on a survey conducted by a newspaper, the *Journal de Montréal*, which is a serious paper, but this survey may have been rigged by a group of individuals who would report that 87 per cent are supporting Mr. Chrétien's proposal. I see how naive he is when he refers to this seriously, just as naive as when he submitted his proposal to a province that had not yet presented its budget.

Quebeckers must know that the Finance Minister's proposal is far from contributing to the just society promised by this champion of national unity, this champion of inflation and unemployment, this czar of the provinces who has promised to give us heaven during the last ten years. Mr. Chrétien's proposal amounts to gross injustice. That is unfortunate, but I think the leader of the Liberal party was speaking about it yesterday in Quebec City when he said that he found this solution inconsistent with the true spirit of federalism. That was Mr. Ryan speaking, and Mr. Ryan, Mr. Speaker, is no separatist as far as I know. This solution is administratively costly, cumbersome and socially unfair. It is not Mr. Parizeau who said that but the leader of the Quebec Liberal party.

The Minister of Finance (Mr. Chrétien) says that he will compensate for the Quebec refusal by distributing $85 cheques in certain cases, $22, $42 cheques or nothing in other cases, but nearly one million workers in Quebec will not receive this cheque from the federal government. For instance, a young couple who both work and who both paid their $85 in taxes

will receive $85 each or $170. I am very happy for this young couple, Mr. Speaker, but in a family with six children, where the mother cannot have an outside job, the father who must work hard every day will only get $85. No one can tell me that this is the just society promised by the Prime Minister who has certainly not kept his promises. Quebeckers are starting to realize that the dream of 1968, the just society, paradise in Canada, has become a deep disillusion in the last few months, since the Prime Minister (Mr. Trudeau) made his decision recently about the possibility of going to the country. Dr. Gallup advised him not to call an election for a while yet, but for a number of Quebeckers, I believe that this dream will determine the future position of the party in power. No one in Quebec remains untouched by this basic issue. We are defending a matter of principle. We want a viable federalism where the provinces will participate truly in major national decisions. It is only in this way that there can be co-operation in Canada, and not in the way that the Prime Minister and the Minister of Finance are now behaving. This is stubbornness, Mr. Speaker. This reflects hate against a government which was legally elected in Quebec. Why? Because of too many deceptions, too many disagreements, too much confrontation and arrogance on the part of the federal authorities.

I remember very well that I endorsed requests from Quebec members, from the Quebec government at the time of Mr. Johnson. I was accused of supporting the Union Nationale. I supported the submissions of Mr. L'Allier, Mr. Hardy, Mr. Saint-Pierre, when the government in Ottawa turned down recommendations which were perfectly justified in view of the rather special situation of Quebec. At that time, of course, I was not accused of being a Liberal, but the Liberals are now ignoring their colleagues in Quebec. Today we are endorsing the proposal unanimously supported by the four Quebec provincial parties, by the chamber of commerce, by the FLQ, and by I do not know how many organizations which are blaming the Minister of Finance for his present position. We are accused of being bedpartners with separatists. The Minister of Finance should have the courage to say that Mr. Ryan is a separatist, that Mr. Biron is a separatist, that Ontario industrialists manufacturing textiles, clothing and footwear are separatists. That is hogwash, Mr. Speaker, and the Minister of Finance knows it. He is disavowed at this very moment by the whole province of Quebec and he has surely lost much credibility across the country. It is a clear fact that the Minister of Finance has made a colossal mistake.

He has not the courage to recognize his error and correct it, and he is now proving, Mr. Speaker, that federalism as suggested and described by Mr. Lévesque cannot work. He is proving it with the complicity of members opposite from Quebec who refuse to understand that the situation is serious. They are proving that Mr. Lévesque is right when he suggests that federalism cannot work by rejecting a proposal with which most Quebeckers agree, Mr. Speaker.

● (2022)

That is exactly the situation and we are being accused of promoting separatism, but they are the ones who give first class reasons and grounds to Quebeckers to keep on believing that it is impossible to live under such a regime whereas we are fighting for the respect of provincial jurisdictions and we assure to all provinces that they will have their say whenever a proposal will be made on such a vital issue as the sales tax because it does come under provincial jurisdiction.

I have here yesterday's issue of *La Presse* and at one place, I read: How disgusting! The Minister of Finance does not mention it! Contemptible mean action! Ottawa must retract. Deeply sickening! A whole series of headlines, Mr. Speaker, which have been appearing on newspapers for the last few weeks. Our friends opposite do not talk of that. The hon. member for Laval (Mr. Roy) was convinced yesterday that we had not yet understood. He would rather applaud to statements made by the Minister of Industry, Trade and Commerce (Mr. Horner) who as recently as 18 months ago, called the members of this cabinet a bunch of nonentities of the worst kind.

To add insult to injury the Minister of Industry, Trade and Commerce, supported by the hon. member for Laval (Mr. Roy), thought this was funny. A lot of Quebeckers will find that funny indeed! The Minister of Industry, Trade and Commerce indicated that that gentlemanly Minister of Finance had shown competence and initiative, after calling him by less flattering names 18 months ago.

No, Mr. Speaker, I believe that Quebeckers and Canadians are not fooled. In the few remaining moments at my disposal, I want to state, in the name of my party, that public opinion is being manipulated. We are not told the truth. Of course I was granted a short leave of absence last week, perhaps because I was telling the truth, but in the current sales tax strife between Canada and Quebec, the Progressive Conservative party is moved neither by electioneering motives nor by the least bit of sympathy for separatist aspirations. What moves us to support nonetheless the Quebec government's position is our historic interpretation of the nature of Canadian federalism, and also our traditional respect for provincial jurisdictions. There is also a factual analysis of the economic impact of the budget proposals as submitted by the Minister of Finance, as well as a sense of fairness to Quebec workers in Quebec's four industries that are the most severely hit.

That quarrel once more underlines the difference in outlook between the government and our party on the constitutional tax problems. For 30 years at least, through successive leaders three of which were former provincial premiers, the Progressive Conservative party consistently exposed the Liberal party of Canada's traditional tendency to view the provinces simply as administrative agencies, whose role most of the time is to implement the central government's unilateral decisions in many areas of provincial jurisdiction.

To conclude, because I nearing the end of my time, I call once more on Quebec members—if they had some guts left they could not remain seated—and on all members of all sides to work for a solution that is fair, both for Canada and the province I represent here.

Mr. Claude-André Lachance (Lafontaine-Rosemont): Mr. Speaker, the hon. member for Joliette (Mr. La Salle) evidently enjoys the limelight. As a matter of fact, his little performance of last week has demonstrated to all Canadians that of all the words which could be used to describe this party, arrogance is the one that fits best. In this respect, Mr. Speaker, I suggest that Canadians realize now that it is one thing for the Progressive Conservative Party to make allegations and that it is quite another for them to make them stick. Mr. Speaker, the hon. member for Joliette has tried, in a ground-skimming flight of oratory, to prove the unprovable, namely that the Minister of Finance has been dishonest. It is he who is dishonest, Mr. Speaker, because if someone in this House has tried to be an innovator in this whole matter it is the Minister of Finance. If there is someone who has made a real effort to show openness regarding the budget, the consultations with the provinces so that they may take part in the process, it is the Minister of Finance. If there is someone who got himself into hot water in doing so, it is the Minister of Finance.

He can only be blamed for one thing: to have got himself in trouble because of the action of someone in Quebec who has since then taken an uncompromising attitude and who is waiting, sitting on his behind for things to happen and for his own trivial problems to be settled, because Mr. Speaker, we do indeed have a problem. I will come back to that later. But others have problems too and I am convinced that the Canadian people will not be fooled by the petty game played by Mr. Parizeau in Quebec.

In this respect, Mr. Speaker, I think it is important to go over the events which led to the presentation of the bill now under consideration. Besides, I would like to say it is too bad about the sales tax issue, especially because of the difficult relations between Quebec and the federal government which is endeavouring to find a solution. It is too bad that this sales tax issue is so embarrassing that we cannot see the excellent provisions of Bill C-56, which result from the budget presented by the Minister of Finance to improve the economy, to encourage research and development, and to promote small business, in other words, to give it the push it will need during the coming months in order to attain its cruising speed.

But we have a problem, the sales tax issue. Then we must try to understand what has happened. I believe that it is important. First, what do we find in that proposal? There are objectives, ideals, principles, terms and conditions. First, the objectives. Why did the Minister of Finance take all that trouble: consultations, meetings with provincial ministers of Finance, talks with provincial premiers? Why did he go to all that trouble to propose a measure which finally should be beneficial to all Canadians since it is a tax reduction? Why so much trouble, Mr. Speaker? The reason is, according to all the economists, all the serious economists, not those from the opposition, according to all the economists, reducing the sales tax was an appropriate way of improving the Canadian economy until the fall of 1978 when by that time we hope it will be recovering.

They criticize this measure saying it is a mere six month hoist, whereas it is a basic measure designed to accelerate the recovery of the economy, a measure which should directly encourage Canadians to spend more money, to buy more products. If we had reduced the federal tax as we did in the past, once again retailers or manufacturers might have taken advantage of it and the consumers would have gained nothing by it. But by using the sales tax, Mr. Speaker, consumers were being encouraged directly to benefit from the advantage offered to them. Naturally, sales tax is a field now mainly taken over by the provinces but once again let us not be deluded, it is a shared jurisdiction: the provinces are not the only ones that can deal in indirect levying of taxes like that. The federal government also has powers in that field which it is not now using; so, this is not strictly a sphere of provincial jurisdiction; it is shared. In short, since the provinces are now the ones benefitting from the sales tax, then, of course, there had to be negotiations with them.

• (2032)

And let us remember, Mr. Speaker, that the one who started the whole thing was not the Minister of Finance. It was Darcy McKeough, the Ontario Conservative finance minister, who thought and who continues to think, I believe, although he has been contradicting himself a little recently, that this measure could be extremely beneficial to Canadian industry. Negotiations then lasted for three weeks, during which the provinces that wanted some other arrangements presented their views to the Minister of Finance, who upon consideration, accepted some and rejected others. What about Quebec? We do not know. Quebec is in limbo. Quebec is waiting it out. Quebec is waiting for heaven knows what, Mr. Speaker, because when negotiations are under way, each of the concerned parties must try to present its own view of the matter. Mr. Speaker, I have not yet heard the Quebec finance minister tell what he suggested to the Minister of Finance when he should have. We don't even have it from him, Mr. Speaker. So what was he doing? The question remains unanswered, Mr. Speaker because there is no answer to it. Yet, the negotiations are going on—

Mr. La Salle: He made his proposal known. It is unfair to say that.

Mr. Lachance: Mr. Speaker, I would ask the hon. member for Joliette to listen to me. I listened to him for 40 minutes when he had the floor, I did not interrupt him once, so he should hear me out, Mr. Speaker!

Mr. La Salle: It is unfair to say that.

An hon. Member: You will not make the front page like last week!

An hon. Member: Bedfellows with the separatists!

Mr. La Salle: Say in the House what you say outside the House!

An hon. Member: Be quiet!

Mr. La Salle: You are playing another tune!

The Acting Speaker (Mr. Ethier): Order. I would like hon. members to show the same courtesy to this speaker as they did to the previous one. The hon. member for Lafontaine-Rosemont.

Mr. Lachance: Mr. Speaker, as usual, the hon. member for Joliette is clowning, but his voters will decide.

Mr. La Salle: I will not put up with this! You people are dishonest, but I tell the truth.

[*English*]

The Acting Speaker (Mr. Ethier): I must ask that we extend to all hon. members the same courtesy as was extended to the hon. member for Joliette. The hon. member for Lafontaine-Rosemont.

[*Translation*]

Mr. Lachance: Mr. Speaker, this is the House of Commons; I realize that some have a Latin temper, but once again I would ask the hon. member for Joliette to be kind enough to listen to me. If he is not satisfied, he could ask questions. Mr. Speaker, there has been consultation with the ten provinces. The Minister of Finance has received the agreement of nine of them, the other one has given no answer. It is possible, Mr. Speaker, that the Minister of Finance—oh! it is easy to play politics backwards; the hon. member for Joliette is an expert in this field—it is possible that the Minister of Finance has been imprudent. But what is his mistake? He believed that the others too would play the game of federalism. That is his mistake, Mr. Speaker, to have believed in the rules of the federalist game. Having said that, the province of Quebec reacted a few days later with its budget and made public its own sales tax reduction scheme on a selective basis applied to four sectors seen as priorities. Nobody says, Mr. Speaker, that these sectors have no priority. Nobody says, Mr. Speaker, that they should not have reduced the sales tax by 8 per cent. Nobody says, Mr. Speaker, that they were wrong to put the emphasis on the sectors they felt they had to encourage. Nobody ever said that, Mr. Speaker. To my knowledge, nobody ever said that.

Let us make a distinction! We are living in a federation. Since we are living in a federation, there are national interests, provincial interests, and municipal interests, and you also find a federal government, a provincial government and a municipal government. The federal government, Mr. Speaker, proposed a measure designed to spur the economy throughout Canada. Nine provinces accepted, one did not answer. One province, that same one which did not answer, came up a few days later with its own formula. And then it tried to impose upon us its own conclusions because that is what it wanted to do. It wanted to play the game its own way, all by itself. It did not want to play the federal game. It wanted to play the game of the province of Quebec. What are the facts, Mr. Speaker, what are they? In the Maritimes, where the provinces do not have a very strong manufacturing structure, the Minister of Finance suggested that we would pay their sales tax, I mean the reduction, that we would compensate for the loss of revenue due to the sales tax reduction, these 3 per cent. In other provinces, different arrangements were submitted. Quebec, Ontario, Saskatchewan, Manitoba would have to pay 1 per cent, the federal government taking over the other 2 per cent.

By doing away with its 8 per cent sales tax, Quebec figured that this was perhaps not a bad idea at all, Mr. Speaker, and that it just had to squeeze the lemon and see to it that it would not cost them a cent. The problem is again that they will always try their little Parizeau deal but they stand all alone, while the federal Minister of Finance has ten provinces behind him. He is in charge of a federation, you see, Mr. Speaker. When he makes a proposal, Mr. Speaker, he is dealing with ten finance ministers and if the Ministers of Finance were all like Mr. Parizeau, I can tell you that life would be a lot harder in this country because that man wants to play the game his way all by himself. Incidentally, what are the counter-proposals made by Mr. Parizeau? What are they, I ask you? None has come up since the beginning of this debate. All he said was actually "take it or leave it". So much for negotiations, Mr. Speaker! Take it or leave it! You assume entirely the loss of revenue from the sales tax in the four priority sectors on an 8 per cent basis. This is our final position.

The Minister of Finance has played the game from a federal point of view. He made a proposal. He got no answer. Let us admit that he made a mistake. A few days later, maybe one week later, he forwarded a proposal to the Minister of Finance Parizeau. He said: Listen, you have four priority sectors. We might have discussed it before but let us suppose we have been through all that. We shall let you allocate the 1 per cent you should have normally spent for that cut on the four priority sectors you have identified and we are going to pay 2 per cent on everything else. It was perfectly logical, but then there was a problem. The problem was that Mr. Parizeau had to finance a part of his proposal. He does not want to finance it, he wants the whole pie, he wants to press the lemon dry. He wants to get the $220 million without having to pay out a single penny.

Mr. Speaker, that proposal from the Minister of Finance was something different from his original stand. You cannot call this inflexibility, Mr. Speaker. I think that even the hon. member for Joliette must admit that there has been a compromise between the original proposal and the 2 per cent "across the board" proposal. Mr. Speaker, I keep hearing the hon. member for Joliette from behind the curtains, and having made his speech earlier, he should let me speak now. Mr. Parizeau rejected his proposal. After that, a few Quebeckers realizing that the situation was heading towards a dead end, asked the federal Prime Minister whether he was willing to promise that those funds would finally be paid to the province of Quebec. Mr. Speaker, the Prime Minister promised that the funds owed to the province of Quebec would be handed over to the province of Quebec.

● (2042)

What was the next step? The next step was getting bogged down, unfortunately. Now I come to the definition I gave earlier, Mr. Speaker. What was behind that budget proposal? Objectives. What are those objectives? An economic recovery to join with the upturn in the economy which should have some results next fall. The objectives were to make the link. What was the ideal? Consultation. For the first time, provincial ministers of finance were consulted about a federal budget, in order to help precisely the economy to attain its cruising speed. What was the principle? A very simple principle in a federation. It is for a central government to see to it as much as possible that resources are distributed in all parts of the federation, even if some adjustments have to be made through negotiations, adjustments which were made in the case of five provinces. What were the terms and conditions, Mr. Speaker? That is where things went wrong.

Since Mr. Parizeau refuses the offers made by the Minister of Finance, the minister must find ways to return to the Quebec economy and turn over to Quebeckers and eventually to the Quebec government the funds which cannot be distributed for lack of an agreement. Several proposals have been suggested. As a matter of fact, there have been four proposals.

First of all, there is this proposal which Mr. Parizeau would like us to accept because it would solve some of his problems, and I say some, Mr. Speaker, because it would give rise to problems of another kind, about which I shall say nothing just now. So, let us assume that the federal government turns over to the Quebec government a cheque for $226 million to finance the 8 per cent reduction in the four priority sectors. It is a possibility, but a possibility which does not make sense under the present circumstances for a number of reasons. First, it runs counter to the principle of equality which I explained a while ago. Should a province receive a cheque for $226 million—for that matter, the hon. member for Joliette (Mr. La Salle) stated a while ago: Well, if we are elected, we promise to give them $226 million. And he added: But if other provinces want to do the same thing, they will get the same amount. What kind of a low calibre policy is this that the Canadian population is expected to swallow? They should at least try to meet their objectives, because otherwise it will be a monumental flop. For the moment, it is a flop in Quebec. It is not a flop elsewhere. It is working very well in nine provinces up to this time.

Mr. Speaker, let us talk about the various possibilities. The first one is to give $226 million. It is impossible because, as I said earlier, it goes against a basic principle. It also goes against the most basic rules of negotiation. If you have negotiated something, it is more or less the same as if you have signed a collective agreement with one or two unions, and a third one comes along and says: Listen, we want such or such a thing. The first two unions will not be very happy if you give something to the third that you did not give either to the second or to the first.

If you have agreed on something, you must respect your agreement and do so for everyone. Moreover, this transfer of $226 million is not logical for another reason. I cannot see why the Minister of Finance would give a cheque of $226 million to Quebec when the other provinces will not receive immediately the sums to which they are entitled since they will get this amount in the form of fiscal rebates over a period of six months in 1978. Quebec would therefore have an unfair advantage over the other provinces over a period of six months. This is another possibility, that of fiscal rebates. These rebates can seem very attractive at first glance, but I shall come back to this later on. The third possibility is a tax credit for taxpayers. What is a tax credit? Federal taxpayers simply paid income tax to the federal government. We are making tax room for a certain amount of fiscal points. We are rebating taxpayers the monies involved, so that provincial government may tax in that field. I see nothing bad with that. I cannot understand why there is so much excitement. I do not understand the outcry. There is nothing so horrendous about that, it is simply a matter of provision. There is no principle involved. None, Mr. Speaker, it is merely a matter of provision. I do not say it is the best one, but it is a simple provision. There is no question of principle involved. And what is the principle? It is to rebate $226 million. Once the principle is accepted, we turn to the provision. And what is the available means? It is to rebate an income tax credit for the province to collect. Why is it somewhat more complicated in Quebec? In fact, it is rather more apparent in Quebec. Quebec is the only province with its own revenue department, and I am not judging that in any way. So it collects its own income tax, with its own income tax returns. You have on the one hand the Canadian government collecting its own taxes, and the province doing the same. In other provinces the Canadian government, through Revenue Canada, collects for both levels of government and pays the provinces their share. In other words, to make room for the income tax credit in the nine other provinces, because this in effect was done, the Canadian government vacated a tax field

to the tune of $100, allowing the provinces to increase their income taxes by that amount. Nothing shows on the income tax return. The Canadian government gets a cheque and then distributes the money. In Quebec, things are slightly different because they are more apparent. There is an income tax credit.

The fourth possibility that was not used but that is still available was to rebate $226 million pro-rated on the Quebec population. This way everyone would get a cheque, every Quebecker at least would get a cheque for $45. Trying to understand somewhat the confusion perpetuated by opposition members, it is more or less the formula they were putting forward two weeks ago. They have changed their views two or three times since then, but that was the Clark formula, that of allegedly reimbursing the poor.

But that does not make much sense in taxation, and it is administratively extremely complex. Thus there are two possible formulas left: the tax credit and the tax rebate. The Minister of Finance retained the tax credit. I have no objection in principle, and I repeat, Mr. Speaker, I have no objection in principle because there is no principle involved. As a matter of principle, whether they choose a tax rebate or a tax credit makes no difference at all. I repeat it a third time, Mr. Speaker, because I think it is the basic factor, it is the key which will enable us to get out of this dilemma which some newsmen take pleasure in maintaining because it serves their purpose and makes the news, I think, but never mind the newsmen for the moment. The key is that there is no principle involved. What was the principle? It was to remit $226 million to Quebec so that the government of Quebec can take over this tax field and finance its own activities. There is no invasion of the provincial field, but where is the invasion of the provincial field, Mr. Speaker? You know, so many falsehoods have been spread around. Besides, members opposite have had their share in that matter. There have been so many falsehoods, so much lack of understanding in all that matter that there comes a point when one must restate the facts. There are principles, possibilities, ideals and objectives involved. Let us make a distinction. The possibilities are as follows. A tax credit. The Minister of Finance proposes that $85 be refunded to each Quebec taxpayer, and I mean Quebec taxpayer at the federal level. We are then accused of proposing a socially unjust measure. I surely would like to know why. It is quite easy to launch accusations once again but they should be able to substantiate them.

Why is it socially unjust? Why is it that by making tax room, because this is what we are actually doing by issuing a cheque to allow the provinces or the province of Quebec to move into a tax field, we are applying a socially unjust measure? I would like someone to explain that to me because I fail to understand. Would it be more just to give $45, because I am returning the argument, would it be more just to give $45 to all Quebec taxpayers, and then the government of Quebec steps in and taxes the Quebec taxpayers—who are more or less the same as the federal taxpayers who have actually received only $45—to the tune of $85 because they still have to finance the whole debt!

But is it more just this way? This question has not been answered yet, and I would like somebody to answer it once for all. The tax credit is $85 and not $100 as in the case of the other provinces. The reason for this is also quite simple to understand. It is because the Minister of Finance has agreed to give $40 million to the province of Quebec to finance 2 per cent of the sales tax reduction in four priority sectors. I must admit that I have no objection whatsoever to that, even if I doubt that it is in complete accordance with the original proposal, but this is another story. The Quebec government will get $40 million, and I suppose it will manage to get the rest. Anyway, logic—and I do not say that pure logic necessarily goes with pure politics—logic would have required us to take a position and to stick to it, from A to Z. For example, the tax credit should have been $100 for everybody; thus Quebec would have had to get the $226 million it needs. But these are only technicalities since on the question of principle it does not make much difference to the Quebec government to receive either $40 million from the federal government and $186 million from the taxpayers or $226 million from the taxpayers, even though in practice it makes a slight difference.

However, there was another possibility, that is a tax rebate. It has certain advantages and disadvantages. First of all, it has the advantage of avoiding the obvious administrative problems involved in the $85 refund because to do this, you must take the tax tables for 1978, or what is left of them, and make the deduction at source for an x amount, for instance, 10 tax points in the case of Quebec—I believe it would be 10 in this case—and you must tell the province of Quebec: You will increase your own tax tables for the equivalent amount. What happens then? This implies fairly large expenses for businesses and administrative problems in preparing the tables, but those again are problems that can always be solved in cooperation with the Quebec department of revenue.

So, for 1978, what you would do would be simply to give a tax rebate for a certain number of tax points so that Quebec could, and again this is the same principle, tax within its temporary tax points for a period of six or three months—if the period was six months, it would be ten points, if the period was three months, it would be 20 points. I suppose that there would be problems with the tax tables, but here again, I believe it is possible to come to some agreement with the Quebec department of revenue.

This is a possibility, this is the system that Mr. Ryan supports. There is nothing to get excited about. Why should there be? Why the other system, but not this one? In any event, those are possibilities and possibilities can always be discussed. There is something else that I could perhaps urge the Minister of Finance to try, because we cannot be certain that the other side would agree to this suggestion, and this

would be to discuss these possibilities with the Quebec authorities. Would this be the Quebec minister of finance, or the premier? The decision is up to him and I have complete confidence in him in this regard.

Mr. Speaker, there is a moral to be drawn of all this. Sometimes, the best intentions give rise to problems in politics. Sometimes, logic and feelings are incompatible for all sorts of reasons beyond anyone's control. Sometimes, the population or the politicians of different levels of government fail to understand each other because they do not speak the same language. Sometimes, it is next to impossible to put forward logical, reasonable, realistic arguments. Yet, that is what I tried to do tonight, Mr. Speaker. And I can assure you it is not easy, because even if the hon. member for Joliette might call us traitors, it is quite easy to call someone names. Mr. Speaker, I have always thought that logic was worth a fight at least once. An attempt had to be made to quietly solve these problems which are not really so complicated, Mr. Speaker, to suppress emotions for 40 minutes and try to prove that the objectives were worthwhile, that the ideal was lofty, and that the whole thing fizzled out because of technicalities, a speck of dust having lodged in the wheel axle. In short, Mr. Speaker, I would be the last one to put the blame on the Minister of Finance, because I say once again that he has done a terrific job and has broken new ground. He was the first to discuss tax matters with the provinces while preparing his budget, and that, Mr. Speaker, nobody will be able to take it away from him.

● (2052)

[*English*]

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, the bill before us deals with tax measures which the present government, under the direction of the Minister of Finance (Mr. Chrétien), bungled in an unprecedented way. I say that because never in our history has a government attempted to hand out money to Canadians only to find themselves under near unanimous attack by all, including their Liberal colleagues in Quebec and elsewhere, and, I may add, here within their own caucus as well.

I will not dwell on this subject of underwriting provincial sales taxes because many of my colleagues before me have dealt with that subject in detail, and more have yet to make numerous worthwhile comments on the matter in the days and perhaps weeks ahead. I would like instead to deal with some of the small business measures that were announced this week by the Minister of State (Small Business) (Mr. Abbott) and others.

In introducing these long-awaited announcements on small business, the government created a three-ring circus equivalent to a tragi-comedy drama. Not only did the government choose to spread the announcements on one subject matter over a three-day period, but they did it in such a manner that they once again demonstrated a shameful disregard for parliament by ignoring parliamentary traditions.

[Mr. Lachance.]

On Tuesday, the "minister irresponsible for small business" bypassed the House of Commons by allowing himself to be led by the nose to the weekly news conference of the Prime Minister (Mr. Trudeau) where he read his statement to the most unimpressed media we have ever seen. I was not there, but someone said there were only two questions for the minister. One was, why was he there; and, second, when was he leaving? I am not sure whether that was a fact, but someone suggested that was the case. By announcing what he thought to be new measures outside the House of Commons, he shamefully ignored parliament.

By the reception he received at that press conference, he was moved the next day to table in the House of Commons his second phase of his announcement which dealt with a study on improving the equity financing environment for small business in Canada. A very important topic indeed, and yet the minister again ignored parliamentary procedures, this time by declining to make a statement on motions, thereby removing the rights of all members of parliament to question the minister on this very important subject.

The third part of the three-ring circus came today when the Minister of Finance tabled tax measures related to small business, again without giving the traditional statement. It is obvious that this "charade" was meant to receive maximum exposure for the government and the Minister of State in view of their lack of public activity within the small business sector, particularly when compared to what our party has been proposing in this regard in the last months and years.

I am not one for quoting newspapers, Mr. Speaker. However, Don McGillivray put it correctly when he wrote in his column published in the Montreal *Gazette*, Wednesday, May 24, and I quote:

> We are not having the election. But we are having the campaign, which has now turned into a campaign for victory in the Gallup poll as a prelude to victory in the eventual election.
>
> So the small business plank from the Liberal campaign platform was produced at a Trudeau press conference. The press gallery reporters, gathered for their weekly joust with the Prime Minister, found themselves confronted as well by Tony Abbott, the apple-cheeked Minister of State for Small Business.

The Acting Speaker (Mr. Ethier): Order, please. I am left wondering whether the hon. member is addressing his remarks to Bill C-56 which is before the House.

Mr. Jelinek: Obviously, Mr. Speaker, these are some preambles. I will be dealing with the tax measures. I would like to continue my quote by Mr. McGillivray. I will back up a little bit:

> The press gallery reporters, gathered for their weekly joust with the Prime Minister, found themselves confronted as well by Tony Abbott, the apple-cheeked Minister of State for Small Business.
>
> They were not too pleased to have come loaded for bear only to find that the first course was chipmunk. They sat silent while Abbott read out his press releases. And they still sat silent when asked if there were any questions about small business.

He went on to write, and I quote:

> What Abbott had to say was mostly fluff... Canadians have learned in the past to treat election promises with some reserve. But we are now in a new

situation in which a government that has called no election is likely to conduct its day-to-day administration as though it were part of a political campaign.

The episode also suggested that Trudeau and his colleagues will bear watching as they try to run a government and a campaign at the same time.

That, Mr. Speaker, basically indicates the fiasco surrounding the various announcements this week, and what makes it more serious is the fact that we in the official opposition, as well as a vast number of small business concerns across Canada, have been pressing the government for years to introduce and implement realistic incentive-oriented programs helpful to the small business community and changes in the tax system that would be beneficial to small business. Instead, we received a hodge-podge of rehashed promises with the exception of one or two provisions which we were advocating in the first place.

Nevertheless, my primary purpose in taking part in today's debate is to respond to the minister's long awaited announcements. Although it is the duty of the opposition to oppose, as its name implies, the record shows that over the past few years we have been doing much more than that. In matters pertaining to small business we have taken a wide lead in introducing policies and recommendations geared to the small business sector. These measures have proved sound, logical and realistic and have generally been welcomed by small business interest groups and concerned businessmen in every region of Canada.

● (2102)

I shall not repeat here the policies we have introduced in the past due to the lack of time, and because the last time we did so was less than two weeks ago, on May 16, when we took the initiative to introduce again measures to assist the small business community in Canada. In fact, it is ironic, Mr. Speaker, that important as the small business community is, employing well over 50 per cent of the labour force, it has only been the Conservative party which has prompted and initiated debates on small business in the House of Commons. I believe it is this insistence which has moved the government into at least the limited action we witnessed this week.

It seems that the federal sales tax amendments by the Minister of National Revenue were the highlight of the minister's announcements last Tuesday. The proposal is to raise from $10,000 to $50,000 the level of sales by manufacturing firms which would make them exempt from paying the 12 per cent federal sales tax on production and sales.

At first glance this seems like an honourable and welcome gesture by the government. However, does any hon. member here know of a full time manufacturing firm which can operate on total yearly sales of $50,000 a year? We are not talking about small retail outlets, we are talking about manufacturers. Even the government's claim that 11,000 businesses will be affected by this change indicates less than one per cent involvement from the 1.1 million plus small firms operating in Canada today. Less than one per cent, Mr. Speaker, by the government's own admission, and in my opinion less than one tenth of one per cent of full time Canadian manufacturers. That, Mr. Speaker, was the highlight of the minister's announcement when he claimed that this measure will greatly enhance the betterment of the over-all small business community in Canada.

I believe consideration should be given instead to removing the federal sales tax from all Canadian owned and operated small business manufacturers. This would not only help the over-all small business community, but make Canadian-produced goods at least competitive with their imported counterparts on which federal sales tax would continue to be collected.

This renewed sense of competition by Canadian manufacturers would naturally stimulate sales and thereby equalize government losses caused by removing the federal sales tax in the first place. This, of course, cannot be done unless a realistic definition is used, one which the government obviously lacks. As I stated last week in this House, the government up to that time had taken four different positions within one year as to definitions, including one of 100 employees or less. Since then a new definition has been added which indicates that a small business is one that has 300 employees or less. In this last definition, as in previous ones, no provisions have been made to exempt subsidiaries of large multinational corporations from the small business definitions.

This latest addition to the government's various definitions only underlines the total chaos within the small business secretariat in its relationship to other federal departments. I repeat that any definition based on the number of employees is only a negative incentive to small business, urging them to curb growth and employment opportunities for the sake of remaining within the small business definition.

We on this side of the House have consistently maintained that the only realistic definition is the one used by the United States small business administration, that being that a small business is one that is owner-managed and not dominant in its field.

The minister also announced that a series of information bulletins will be sent out to small businessmen by his office. Small business does not need more government paperwork. Small business does not need more government directives, regulations or controls. It is obvious that these bulletins would only add to an already heavy paper burden while at the same time promoting the government and the minister himself prior to an election.

One area of importance which the minister did touch on was that of job creation for university graduates. But can you imagine, Mr. Speaker, that the minister is limiting this program to only 800 students, and this on a temporary basis at a cost of $5.4 million to the taxpayer? It is like throwing crumbs at potential voters. What about the thousands of other graduates in Canada who are just as qualified and unable to find job opportunities? At least the minister did not repeat what the Prime Minister told students in Toronto a year or so ago, that if they do not like it here, they should move elsewhere.

I believe that governments, being the largest potential employers in this country by far, should have a set-aside employment program for graduate students along the same lines as a set-aside program for goods and services to small

business as proposed by my party. In the area of procurement the minister also had an announcement to make. He acknowledged "that small businesses from time to time have cash flow problems which stem from slow payment of bills by the federal government." He promised that progress to speed up these payments will be made. Hurray for the minister! He promised something which should have been done years ago.

The rest of the minister's announcements on Tuesday were generally, as I said at the outset, rehashed policies or proposals already made. For example, the minister emphasized the importance of the Small Businesses Loans Act. This act, Mr. Speaker, has been in effect since 1961 with amendments made last year only for the sake of keeping up with the times. The minister also dwelt on the enterprise development program, for example, and said that millions of dollars are available to small business. No specific number of millions was mentioned though he did say that the amount allocated to the EDP for this coming year is less than last year. And is it really geared to small business? Just recently, the government awarded $8 million to C.C.M., not only a large company on its own but a subsidiary of a multinational corporation, Multi Seaway Corporation. Hardly helpful for small business, is it?

We move now to the second ring of the circus, the minister's tabling of the white paper on venture capital. Yesterday in the House of Commons, after years of persistence by us and other Canadians concerned with the lack of working capital in the small business community, the minister presented a white paper on venture capital. I will not dwell on it very long because most of the paper is dedicated to such sub-titles as "Government recognition of the need to support small business financing". We told the government that years ago. I am happy they finally recognized its importance. In any event, the three basic proposals within the paper are viable to a certain extent although in some cases overlapping with existing programs. The simplest, of course, is to increase the equity investment activities of the FBDB. My own thought is that since the FBDB, an extension of the IDB, has not been overly successful in the past, the idea is perhaps overly simplified.

The second option is to introduce tax measures to enhance the availability of risk capital to small business. This is excellent verbiage except that the paper does not expound on how the government would go about providing these tax measures.

The third option—

The Acting Speaker (Mr. Turner): Order, please. I suggest the hon. member get back to Bill C-56 and not continue to address himself entirely to the subject of small business.

● (2112)

Mr. Jelinek: Mr. Speaker, with all due respect I suggest that Bill C-56 has a great deal to do with small business, tax incentives and with all the other matters connected therewith. If this government—or anyone for that matter—thinks that small business should be disregarded in Bill C-56, it does not have the right perspective of what small business is all about in Canada.

[Mr. Jelinek.]

If I may continue, the other option is to introduce tax measures to enhance the availability of risk capital to small business. The option is to create another intermediary vehicle, this time referred to as a venture enterprise company. The bulk of the white paper deals with the licensing requirements of this program, the limitations, ownership, powers and so forth, and generally one can conclude that the incentive to invest in this program is a back end incentive, which would not be very entertaining to the investor. "Back end" means that the incentive would not be there at the beginning, and Canadians would be discouraged from investing in that capital pool. It is obviously based on the United States program called the Small Business Investment Company, operational since 1958; and even the white paper refers to this program as not having been an unqualified success.

Therefore, it seems strange to me that, on the one hand, the government would be considering following the not too successful program of the United States while ignoring the very successful SBA policies, such as the introduction of a small business act or the general definition of small business plus any number of incentive-oriented programs which have been working effectively in the United States.

Although the white paper is impressive in its appearance—it consists of 36 pages—it is far too unrealistic in its recommendations for improving the equity financing environment for small business in Canada. It is, of course, presented for public discussion and therefore all options should stay open, and I do hope it will receive the attention it deserves. In any event, I believe that the recommendations we have been making in this regard, whether we want to call it venture capital, risk capital or working capital, are far more realistic and relatively simple to implement. We must continue to realize that red tape and bureaucracy must be simplified rather than made more complicated. Therefore, one of the ways to increase working capital for small business is to utilize and expand on existing programs.

One such program which is in place but which is under-utilized is the Small Businesses Loans Act, which assists small businesses with sales of $1.5 million or less with up to $75,000 toward fixed assets. My party's recommendation has been to expand this program to include working capital as well, and I will quote from my remarks during our opposition day on Tuesday, May 16. We have been recommending this for quite some time, and we made it clear again that day. I said the following:

> —in order to help owner-operated enterprises raise working capital, we are recommending that the small business loans program cover working, as well as investment capital where such funds are not available through normal commercial arrangements. We feel that including working capital assistance within the loans act would enhance the use of the act and assist the small firms where assistance is most required.

This is precisely what the white paper is attempting to achieve, but I am afraid that instead of achieving such an objective it will only enhance the already confusing and contradictory atmosphere which the small business ministry is creating.

Our second recommendation in this regard, which we have been advocating for some time, is to provide an incentive tax credit to any Canadian citizen who makes a direct investment in the equity of a Canadian-owned small business. This is a front end incentive because the incentive would come to the Canadian citizen directly as a tax credit when investing in a Canadian-owned and Canadian-operated small business enterprise. This again is a typical example of what the white paper is trying to get at. Instead of copying, borrowing, stealing or begging ideas which are available—I do not care which—many of which are operational in the United States and elsewhere, we create a monster, the white paper which was put forward just yesterday in this House for discussion. I hope there will be a discussion of the paper on a national level, but I hope that the final outcome will be simplified and realistic because we need less government and more incentive programs in this very vital sector of our economy.

The third and final tabling of the government was the amendments to the Income Tax Act and the excise tax, which were tabled yesterday. Naturally, we welcome these amendments, particularly the first one which deals with the rollover of capital gains tax to families in small businesses. In March of 1977 we made precisely that recommendation, and I quote: "Amend those provisions of the Income Tax Act which discourage the transfer of small businesses within families or to employees." This tax proposal does do this, but it does not go far enough. There is a limitation of $200,000 and, therefore, as a capital gain only $100,000 is gained.

Second, it does not include employees. In small businesses there are a great number of employees who are close to the ownership, and it would be worthwhile to be able to transfer those businesses to employees rather than shutting them down because the taxes cannot be paid at the time of death.

The other two matters, the capital losses and the amendments to the Income Tax Act, are really just window dressing to the VEIC program proposed in the white paper. We have no objection to that amendment except, as I say, that it is applied by the government to make the VEIC proposal in the white paper more favourable to the investor by amending the Income Tax Act according to the capital losses as outlined in the paper.

The third amendment to the Excise Tax Act by the Minister of National Revenue, through the Minister of Finance, deals strictly with those announcements of last Tuesday on the removal of the federal sales tax for companies whose sales are under $50,000. Basically this last move by the government today in its three-ring circus was clearly just to tie in with the two announcements which were made over the past two days.

It is incredible to me that the latest budget did not include these amendments to the Income Tax Act. Is this a second thought by the government in dealing with small business? Is it because the government has seen fit to move into the small business area after it saw what happened in the Gallup poll? Is it because many people are involved in small business in Canada? It is not that long ago that the budget was introduced, and in fact in the budget—and, to satisfy you, Mr. Speaker, in Bill C-56—the limits we are taking off for incorporated farms and farm partnerships as far as the rollovers are concerned do nothing for small business.

Then, as an afterthought, when the government does come in with amendments for the rest of the small business community, they do not compare with the amendments regarding farmers. I agree with those farm amendments. They are long overdue. Farmers deserve the amendments in Bill C-56 and we support them, but why not handle the small business community in a uniform way? Why is there a limit on the other small business sector of our economy? Why are employees not included? These are some of the questions which must be answered by the government in the very near future.

● (2122)

I just want to emphasize that any assistance to small business is naturally welcome. Small business has become, I believe, a partisan issue because everyone always wants to help the small guy. But the government must realize who the small guy is. They cannot make provisions, tax amendments and assistance available in the form of incentive oriented programs unless they come up with a realistic definition of small business. I repeat, we have had five different positions from the government so far as definitions are concerned, and this cannot work. It has not worked in any other industrialized country. Therefore, I recommend again what I have done many times in the House: let us borrow from the United States small business administration their definition of small business which has worked effectively and which is viable. I do not understand why the minister is afraid to come up with that definition rather than changing it every week.

As I said, we welcome as well any policies or measures that the government decides to borrow from us. I say "borrow" because after the next election when we are on the other side we will naturally keep those recommendations and suggestions which we have been making and develop them in such a way that small business will once again become the backbone of our economy, and our economy will once again reflect the healthy and free enterprising system on which this country was built.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I will try to deal with Bill C-56 and I would ask you to be as lenient with me as you have been with the previous speaker. I have always wondered why it was so hard to get along in Canada, particularly Quebec and Ottawa, and now I realize why: Not only do we not speak the same language, Mr. Speaker, but we cannot discuss the same subject.

With regard to Bill C-56, I regret to have to say again that the government has once again brought forward an omnibus bill. This is just another bill designed to make us accept the unacceptable. I think that someday someone will write about this government saying that it was the omnibus bills champion. I think that all the discussions which we have had in this House since the present Prime Minister (Mr. Trudeau)

became the head of the government and most particularly since the issue of the provincial sales tax came up, which will compel us to reject this bill C-56, if the Finance Minister (Mr. Chrétien) does not see reason, will have been completely useless if the government won't give way.

The crisis which we are presently experiencing is just the outcome of the increasingly centralizing policies of this government and if we want to put an end to this rising federal dictature which I have ceaselessly denounced before this House, there is only one way: throw out of this House those intruders into areas of provincial jurisdiction, who are going to destroy Canada. As soon as we rise to defend the constitutional rights of the provinces, and most particularly today, those of Quebec, all the Liberal party tenors call us separatists but where are the separatists actually to be found, Mr. Speaker? Are they not among those who want to strip the provinces of all their powers, which are at the very basis of our Confederation? The Parti Québécois wants to establish a true and legitimate association so that Canada will cease to have to survive by snatching one compromise after another. With regard to the British North America Act which I do not consider as a constitution but rather a royal decree, do people know that there has never been a formal agreement signed by the Canadian people and supported by it?

All that this act contains is a compromise between the newly constituted provinces of the time and it is from that compromise that have emerged all the struggles between the two founding peoples of Canada, mainly over the past 110 years. England has always acted as the arbitrator between two groups which have never gotten along with one another, because it was actually London's intentions to make us quarrel between ourselves to dominate us. This is what we have never understood in Canada. An in this regard we are not yet decolonized. This is why a petty autocrat such as the present Prime Minister (Mr. Trudeau) French by birth and English by principle has managed to bring Canada to the brink of collapse. And just like any dictator has to have its court jester, ours has found one in the person of the Minister of Finance (Mr. Chrétien) who seems to enjoy that role greatly. The Minister of Finance keeps shouting right and left that he does not want to grant Quebec any favors, that he wants to treat the province of Quebec absolutely like any other province. Let us see how he acts out his contradictions. While he accepts to hand over directly to the provincial governments the reimbursement of the loss incurred through cancellation of the sales tax, after entering into various agreements with each one of the provinces, and incidentally those agreements are tailored to the need of each province, when it comes to Quebec, he finds all kinds of reasons not to transfer to the province the amounts he had promised and refuses to allow it the freedom to choose its own mode of taxation and distribution.

[Mr. Gauthier (Robcrval).]

• (2132)

This is not the first time the provinces are allowed to choose. It happened with family allowances when Quebec decided on how they would be distributed, contrary to the other provinces; but we did not have then in power the petty dictators we have today. What we have here in this fight is the Prime Minister who, having failed to get the Quebec government to kowtow to him since November 15, 1976 has decided to resort to any legal or illegal means he could find to punish Quebecers for having elected such a government by launching an attack on all sectors of exclusively provincial jurisdiction. Today, he was caught red-handed in the case of the sales tax. Having been found out, he now plays innocent and even proclaims his innocence, laying the blame on the P.Q. government and separatism.

From the very beginning, I have followed the confrontation with regard to the provincial sales tax. Clearly, the present government has once again put its foot in it, not to say in the provinces, by interfering in the field of sales tax which is an area of provincial jurisdiction. We should not forget that. I heard earlier spokesman for the Liberal party say: What is so wrong about that? What is wrong is that you have trampled on someone else's ground and do not want to admit it. To justify this intrusion which all parties in the Quebec national assembly objected to the Minister of Finance tries to flip-flop like the Prime Minister or under his direction.

I do not know exactly how you could call someone who acts exactly contrary to what he preaches. I am not saying he is a liar. Nor is he perfectly honest. In fact, the Minister of Finance is always saying that he does not want to grant the province of Quebec any special privilege and will treat it exactly like any other province. However, in bill C-56 the Minister demonstrates that he deals differently with each province according to the discussions he had privately with each of them except Quebec as they did not accept his proposals like the others. In fact, except Quebec, the other provinces have finally accepted the federal proposal while they reacted and obtained what they asked for as the Minister of Industry, Trade and Commerce (Mr. Horner) mentioned yesterday. And he recognized that the Atlantic provinces were in a position different from that of other provinces. They had different agreements. It appears on page 5695 of the *Debates*.

First, four provinces have seriously blamed the government, which the Minister does not want to admit, for having invaded an area of exclusive provincial jurisdiction. We must let the people know because the Minister of Finance will not admit it and does not want the people to find out. Second, some provinces asked for a nine months' exemption instead of six months. The federal government has accepted in spite of all the budget difficulties it might cause. Some provinces will have a nine months' cut and for others it will be six months within a twelve months' budget. And last, in the case of some provinces the Minister of Finance has accepted to repay two-thirds of

the loss while for other provinces it will be a complete write-off. And in another province he will pay nothing. The legislation leaves the door open for some other forthcoming arrangements that have yet to be determined. All those provinces had discussions with the minister, and they succeeded in having their requirements accepted according to their criteria. When it comes to Quebec, the finance minister also states his conditions and has priority since it is an exclusively provincial jurisdiction. Although he was extremely surprised to see the federal government invade once more an exclusive jurisdiction of Quebec, Mr. Parizeau listened to the Minister of Finance (Mr. Chrétien) make his offer, namely whether he accepted to reduce the sales tax by 3 per cent, the federal government would refund two-thirds of the loss incurred because of this reduction, and the provincial government could get back the 1 per cent through income tax. Although this proposal was against the constitution, Mr. Parizeau accepted it while indicating his preferences or priorities, just as the other provinces did. Here are his priorities: in order to stimulate four industries in the economy of Quebec which had been declining for several years, Mr. Parizeau thought it was time to change direction by removing completely the sales tax in Quebec not for six or nine months, but for twelve months. The government of Quebec and all opposition parties found this proposal fantastic. The Minister of Finance and the right hon. Prime Minister (Mr. Trudeau) did not see it that way. Quebec had had the gall to devise a new formula more appropriate to the priorities of the Quebec economy. That is why federal ministers had to punish the Quebec government and all its supporters.

So the Minister of Finance stated that the government of Quebec will not get anything of those $285 million he had for it. But when he found out that all Quebeckers were behind their representatives in the National Assembly and raised a strong protest, the federal minister of Finance then decided to give $285 million directly to taxpayers, that is to those who have filed an income tax return. The minister did not suspect he had made a bigger mistake since he was prepared to make a gift to the rich, forgetting there were 2,500,000 people who are too poor to pay income tax. And he will not gain friends among the millions of taxpayers who filed income tax returns because they know that the provincial government will have to get back that money and all that scheme has been prepared by the federal government. Its last mistake was to refuse to treat Quebec like all the other provinces by forcing it to find the money which the federal government gave to the other provinces.

The Prime Minister and the Minister of Finance believed they had found a way to humiliate the Quebec government but the whole thing boomeranged because the reaction of Quebeckers was quite contrary to what federal liberal party strategists had anticipated. The Prime Minister and the Minister of Finance succeeded in at least one thing in Quebec, Mr. Speaker, that is to achieve unanimity among all parties in the national assembly, among all federal opposition parties and among all Quebeckers who want Quebec to survive and the constitution to be respected. And of course some senators supported the population, unlike federal members who cannot say how they feel about it. Speaking about the flip-flop of the Minister of Finance, I cannot help mentioning the acrobatic trick played by the right hon. Prime Minister on May 18, 1978.

● (2142)

In trying to reply to the question of the hon. member for Kingston and the Islands (Miss MacDonald), as reported on page 5532 of *Hansard*:

—yesterday the Prime Minister stated that the same deal on tax room was being offered to all the provinces. I still question that, but the point I want to clarify now is this: will the Prime Minister not concede that the effect of this proposal will be that individuals in the province of Quebec will be affected in a much different way than individuals in the provinces which have agreed to an across-the board reduction in sales tax, and that that effect will be a sort of reverse means test so that in the province of Quebec only those individuals who have income high enough to pay income tax will benefit—

And the Prime Minister replied, and I quote:

—the hon. lady is confusing two things: the federal action and the provincial response. In so far as the federal action is concerned, it is the same in all provinces which accepted the scheme and it is the same in Quebec.

And the Prime Minister went on:

We are cutting taxes and making room so the provinces can increase their income tax . . . Obviously what the provinces are delivering is different. Eight of the provinces have said: "Yes, . . . One province has said: "No . . . We will cut them in the way we want."

Let us consider the craftiness used by the Prime Minister of Canada to conceal the discrimination he practices against the Quebec government. He attacks the response of the provinces. But surely there are various responses and it could not be otherwise, since the Prime Minister or the Minister of Finance contacted them one after the other. Why were they not brought together. It was a matter of national interest since they were going against a basic principle of the constitution. It should have been dealt with at a federal-provincial conference, but when the federal government has infringed upon provincial areas, it has always done so as cunningly as possible. When the Prime Minister states that eight provinces unanimously agreed to the federal proposal, I must point out to him that some of them reacted to the terms and conditions of that proposal, as did Quebec, and it is precisely on that point that I heard recently the Prime Minister expressing his support for the Minister of Finance. It is true that some provinces, after discussions, have accepted a six- or nine-month exemption, but Quebec asked for a 12-month exemption. Why accept six or nine, but not 12? The other provinces indicated that they were primarily interested in a general reduction. Quebec proposed four specific sectors of its economy. I think that Quebec, like the other provinces, had the right to indicate its priorities within its field of taxation.

When the Prime Minister says: We are cutting taxes so that the provinces may collect more, I am stunned by such a statement, Mr. Speaker. In my opinion, the Prime Minister should have said: We ask or we suggest that the provinces reduce their sales taxes; instead of we are reducing them. The truth is that the federal government does not cut any of its taxes. It asks the provinces to cut their own taxes. Why let the population believe that the federal government is the most generous? The Minister of Finance wants to punish the province of Quebec because his provincial counterpart took a few weeks before answering to his proposals. Should we not instead blame the federal Minister of Finance for having so long delayed his budget. The two budgets would not have come out at the same time as they did. The Minister of Finance first refused to introduce a budget probably because just before an election he did not want Canadians to realize that it would cost them $56 billion to look after 23 million people. It is a fantastic amount because the government took over all the best tax fields and spends unsparingly, while the provinces cannot find enough money for their administration. The province of Quebec which was preparing its budget as well wanted to know more about the intentions of the federal government in order to gear its own budget accordingly. But because of the budget secrecy and because the government, constantly fears any possible leak I am sure that the Minister of Finance of Quebec had not been informed of some important details, especially when we learn on the side that the Federal government is ready to change the provincial sales tax.

Any serious Minister of Finance would have reacted just as the Quebec Minister did. The federal government ought not to have brought forward generalities, invading somebody else's jurisdiction. If the Minister of Finance had been serious and sincere, he would have gone to Quebec and would have revealed the whole thing to Mr. Parizeau, even at the risk of a few leaks. After all, they are both Ministers of Finance, two Ministers who should be able to keep a secret. One could hardly expect the provincial minister to run after the federal minister because the federal government was asking a favour in coming into a provincial field of jurisdiction to play the good Samaritan. Why did not the government use their own tax fields to bring a tax relief to the people? The federal government has more powers of taxation than the provinces. Why ask the provinces to stimulate the economy when the federal government have all the money?

I am sure that if ever the provinces were to ventures into the federal tax field, this would raise a general outcry here in the House. But with all this quarrelling and more to come, we have an irrefutable evidence of the need for a new Canadian Constitution in order to determine once for all the rights and duties of each level of government, with well defined standards and severe penalties in case of non-compliance.

We have said it time and times again in the House: Canada is made up of various regions; their geography, their various resources, their economic features make them different. This is why we maintain that not two provinces in Canada are alike and therefore that each of them must be treated differently. That is why we say that a true confederation must be based on the authority of the provinces joined in an economic association, based on a truly Canadian constitution, written for Canadians and voted by Canadians in a referendum, after interprovincial meetings where it will be determined which sectors the provinces wish to relinquish to the federal government which will become the executor of provincial wishes.

It is time, Mr. Speaker, that a group of men from financial influences took over Canada. Unfortunately today, we are faced with a personality clash where the opponents are risking the future of Canada for their own personal glory. This may surprise everyone, but the minister is showing us here the government's true face.

Since this Prime Minister has been leading the government, he has been dreaming of the day he has all fiscal rights now enjoyed by the provinces. He is dreaming of a central government for Canada, and yesterday we heard the statement made by the Minister of Industry, Trade and Commerce (Mr. Horner) on the subject. I believe it perfectly reflects this government's schemes. Let me quote his comments from page 5699 of *Hansard*:

> . . . One could even accuse me of being a centralist. I do not mind that, because I believe that in order to hold this nation together we have to accept the fact that there should be one government for the whole of the nation.

That is the Liberal party's dream, Mr. Speaker. Those are the people who pretend to save Confederation, who do not even realize they are destroying it. All those centralist federalists must have read the sad history of federal-provincial conferences, which shows all the tricks used by various Liberal governments to steal tax fields away from the provinces in order to completely dominate them one day.

A single scenario runs through all those conferences. The federal government takes hold of the most profitable tax fields, leaving only residues for the provinces, and then perforce remitting them a share to allow them to survive, rebating a fraction after they have taken everything. Or alternately, the federal makes loans, this is still better, loans that tie them up, ropes around their necks, those famous shared cost programs that are just so many ropes to hold the provinces and make them pay interest to the federal government.

Mr. Lambert (Bellechasse): Repay five for one!

Mr. Gauthier (Roberval): A province with a five to ten year loan repays five and ten times the principal. In the 1867 financial arrangements, it is stated that the federal gets unlimited taxing powers in indirect taxes, but direct taxes were so hated it left them to provinces. Anything repugnant was left to the provinces.

With changing direct taxation, especially in the 40's, the provinces had to enter direct taxation because the federal

government had occupied everything else. When direct taxation became profitable for the provinces, especially in the 40's, the federal government used all available tricks to get its hands on direct taxes, because he saw they were profitable, to the dismay of the provinces losing the main bulkwork of their autonomy.

As the government of that time could not get the agreement of the provinces, the Minister of Finance used its discretionary powers in wartime to declare that the dominion would levy taxes on personal and corporate income. It forced the provinces to find other sources of revenue, which explains the series of small taxes that the provinces had to levy while the federal government used those additional revenues to invade areas under provincial jurisdiction such as health, education, municipal affairs, because the provinces no longer had the money to work in those fields. That is the federal government's iron collar of which we have been trying to rid ourselves since this famous invasion.

And again today, after they robbed the provinces of their direct taxation power, they have the nerve to propose the abolition of the provincial revenue department. The Minister of Finance declared that if Quebec considers it too expensive, they should abolish their revenue department. They go really far. They even went further by creating a federal Department of Urban Affairs. This is the most serious insult, everybody knows that towns and municipalities are strictly under provincial jurisdiction.

Not satisfied with having its own Department of Agriculture, its own Department of Labour, its own Department of Energy, Mines and Resources, its Department of Communications, its Department of Fisheries and Environment, its Department of Regional Economic Expansion, its Department of National Health, the federal government has now created its own Department of Urban Affairs. All of these already exist at the provincial level, but the federal government wants to play the same role as the provinces in Canada. As I watched the right hon. Prime Minister in the last few years, and more recently the Minister of Finance, I have been wondering if they have not sworn to destroy Canada and if their prejudices against Quebec did not override every other consideration. The survival of Canada should not be based on the result of a confrontation between two men.

National interests outweigh the pride of a few politicians who seem to care nothing about better harmony among our provinces. I only hope that what I said here tonight will bring back to sanity certain Liberal party leaders who seem to ignore the law, the constitutional agreements and show no respect for the provinces and cannot forget about their resentment for Quebeckers because they elected that particular government on November 15, 1976. The bitterness has reached its climax with that surprising interference of the Minister of Finance in a tax field which has always been recognized as being exclusive to Quebec. And still more recently, the latest statements made by the Minister of State for Urban Affairs (Mr. Ouellet), thus following the example of his leader, the Minister of Finance and others. It so happens that the little people in Quebec have succeeded in reaching a consensus in Quebec, something that not one government had managed to do since Confederation, to alienate all parties in Quebec.

I heard Mr. Gérard D. Lévesque, Mr. Claude Ryan, Mr. Goldbloom state on television that they strongly objected to the statements of the Prime Minister, the Minister of Finance and the Minister of State for Urban Affairs. I sincerely hope that all those testimonies will bring the Minister of Finance to his senses and that he will refrain from shirking the issue and from playing on words about the the rebate to Quebec. He may not like the PQ supporters, but he should not forget that most Quebeckers of all political parties do not like at all the present Minister of Finance.

• (2152)

[*English*]

Miss Campbell: Mr. Speaker, on a point of order, I wonder if you would call it ten o'clock and not count this as my time to speak? I cannot speak tomorrow and I would like to speak next week.

The Acting Speaker (Mr. Turner): Shall we call it ten o'clock?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

CANADA COUNCIL—REQUEST MANDATE BE STUDIED BY COMMITTEE

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, when I made my motion back in early April suggesting that the House of Commons should assign the committee on broadcasting and the arts to re-examine the mandate of the Canada Council, the minister received the request in a careful, studied and seemingly concerned manner and indicated that he would look into the matter. That was the first time he had said in his studied way that he would look at the matter. Well, he looked at the matter. Then he looked at the matter six months ago when I raised it and I thought, "Well, I shall raise it again in the House of Commons". This is that opportunity.

However, as I stand to raise this issue I know that the minister has already answered. In fact, he gave the studied, careful response that he would make in an address to the

Canadian Conference of the Arts in Halifax on April 28. That studied response in reference to the arts and their relationship to the Canada Council and its relationship to the government was entitled "The Relationship between Government and Support for the Arts". I waited anticipating that we might have a response, even a non-partisan look at the Canada Council mandate, the Canada Council's relationship to government, members of parliament and the people of Canada. And what was the response? It was one of the most amazing and irresponsible speeches that I have heard given by a minister.

I could understand when he stood up in this House of Commons and in committee and said, "I am not accountable or responsible for the Canada Council." The Canada Council agreed he was not responsible. So who was responsible and accountable? We were led to believe it was this House of Commons—you and me, Mr. Speaker. If we are going to be responsible, I say let us look at the information. Let us look at the criticisms of the Auditor General who said that things were not right in the Canada Council; that in the way they were spending their money there was not adequate invoicing, there was not adequate documentation, there was not adequate assessment. It was one of the severest criticisms in the Auditor General's report.

● (2202)

In reply to the allegations of the Auditor General the Canada Council has said, "Mr. Auditor General, you are overstating the matter. It is just not so." Now we have a dispute between the Auditor General and the Canada Council, each of them saying very opposite things on the basis of some documentation. One of them is saying that this is serious and the other one is saying that it is not. Mr. Speaker, who is to judge whether the allegations of the Auditor General are serious? The minister cannot be the judge.

In committee I asked if he had access to the files of the Canada Council and his answer was that he did not. He has confirmed that in his speech. Can you believe a minister would make a statement such as the following:

> Politicians, on both the opposition and government sides of the Commons, have been demanding information—

What a terrible thing, that members of the House of Commons should be demanding information, Mr. Speaker! The minister continued:

> I am not one of them. I want to be clear about that.

Then he went on in the next paragraph to say:

> I am opposed to that. So long as I am Secretary of State I shall not allow interference—

I want to give notice tonight to this House of Commons, to the minister, to parliament and to the people of Canada that I intend to interfere, and my interference is just starting. I realize now how absolutely necessary it is that I interfere, because the minister refuses to accept his responsibility. In addition to that his attitude is that, if he is not going to do it, then members of parliament will have to.

I should like to give the House the minister's description of himself, Mr. Speaker—not my description or that of another person eulogizing him. This is what he said in the same speech:

> I regard myself, personally, as a sensitive and discriminating individual, knowledgeable of our past cultural heritage, perceptive, and sure of what should or should not be accepted. I am quite assertive and combative about my judgments: I hold to them strongly. I am undismayed by the fact that few agree with me. I am superbly confident of my taste.

That is the Secretary of State (Mr. Roberts) speaking of himself. He is a paragon, Mr. Speaker. But what does this very sure person do with what he has? I will quote him again:

> Politicians, on both the opposition and government sides of the Commons, have been demanding information—

And then again:

> I am not one of them.

In the House I asked the minister if he had ever been refused information by the Canada Council.

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member his allotted time has expired.

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, some time ago the hon. member raised the question which I thought he would pursue this evening, but since he has gone in a different direction I will not stick to the answer that I thought he might be seeking.

The hon. member has demonstrated an inability to perceive or understand the speech delivered on the east coast. Even when he has it before him he picks and chooses bits and pieces from it that completely distort the direction of the speech. The hon. member takes bits and pieces out of his speech and would indicate that the minister was not seeking information. He would have the House believe that in fact it dealt not only with the finances and the directions of the Canada Council, but all aspects of the Canada Council.

● (2207)

The speech makes quite clear that the minister accepts full responsibility in terms of the finances and, indeed, he believes that he, together with the parliamentary committee, has the responsibility to examine the finances. He has made that clear not only in that speech, but in this House and in the committee. If the hon. member is going to be fair, he will agree that that in fact is what has been done.

In addition, the speech makes quite clear that the hon. minister does not feel he has the responsibility—indeed, he said that not only in his speech but in this House—to interfere with the ordinary day-to-day operations of Canada Council. That is not his mandate. He has never had that mandate. He proposes not to move into that sphere.

The minister does not delude himself or anyone else into believing that he does not have financial responsibility in terms of presenting Canada Council applications to Treasury Board and appearing before the appropriate committee with the financial administration of the Canada Council. Indeed, there is an opportunity for all hon. members, the hon. member opposite as well as myself, to go before that committee and

examine in great detail and very closely the Canada Council and demand the figures showing what they are spending, on what and why.

The Canada Council has made clear that it will in fact make that information available. The information the council will not make available is the private information of artists who are seeking grants, the kind of information that in fact is the day to day operation of the Canada Council. That would go beyond any mandate that this House has ever given the Canada Council if that were the case.

Mr. Wenman: You are wrong.

Mr. Daudlin: The hon. member says I am wrong. I suggest that he go back to the questions and answers that were given to him in the committee. He seems not to be able to understand those answers, notwithstanding that they come to him directly in response to questions given to him. I suggest in effect he has completely misread the speech. He does not understand—

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the parliamentary secretary but his allotted time has expired.

TRANSPORT—COMPENSATION FOR LOSSES INCURRED IN SINKING OF "WILLIAM CARSON"

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise in connection with a question I asked of the Minister of Transport (Mr. Lang) yesterday about the sinking of the *William Carson* and his reaction to some things that now need to be clarified. I received an unsatisfactory response. In fact, I did not get much of a response at all.

The Minister of Transport, as all members know, is as popular as a school of dogfish in a cod trap. He is continuing to sully his reputation in that direction. In fact, today in the transport committee it was moved that the committee does not have any confidence in the Minister of Transport and urges the Prime Minister (Mr. Trudeau) to request his resignation, a motion I would strongly support.

On May 23 the minister made public the report of Mr. Justice Nathaniel S. Noel of the Newfoundland Supreme Court on his investigation into the sinking of the m.v. *William Carson* off Labrador, on June 3, 1977. By the way, that report is dated January 27. The minister explained today that he did not receive it until March 13. Well, even March 13 is 71 days earlier than May 23. Why did the public have to wait 71 days to have the minister make this public? It is unjustified. It should have been made public a lot sooner. It does not take 71 days to print this little report that I have in my hand now.

The commissioner found that the vessel sank, and I quote:

> —due to the default of the vessel's operator, Canadian National Railway Company and her Master, Norman Lewis Hinks, the sinking was caused by ice penetrating the hull when the vessel was making a passage through an ice field on a voyage from St. Anthony to Cartwright.

At the end of his report he repeats those findings. I quote from page 39:

> The sinking of the m.v. *William Carson* was contributed to by the default of her Master, Norman Lewis Hinks, who directed the ship into the hazards of Labrador ice when there was no grave necessity to do so.

At page 40 he states:

> The sinking of the m.v. *William Carson* was contributed to by the default of her operators, Canadian National Railway Company, who sent the ship on a voyage to Goose Bay, via intermediate ports, when it was known and intended that she would encounter Labrador ice, under a Master who had little experience in the conditions to be met.

Mr. Justice Noel may be right or not right in his conclusions and opinions, but this is what he has found after studying the case. This brings up several questions. One that arises is whether CN, who are not going to be pleased with this report of Mr. Justice Noel, and I cannot blame them, will be driven by the conclusions of this report perhaps to hesitate to send a ship up to Goose Bay this year while there is still Labrador ice around. The *Bond* is supposed to replace the *Carson* and is to be under way on July 4. It is possible CN will say they are not going to send a ship, that they will not take that responsibility in view of this report.

I asked the minister today in that committee what he would do in that event. It is possible CN might say: "We are not going to send a ship; we are not going to take responsibility in view of this report". I asked the minister today in committee what would he do in that event. He seemed to indicate there was only one course of action to take. The government would then have to instruct CN to send a vessel or to agree to indemnify them and take the responsibility to assure that that service starts as soon as possible, that the people on the Labrador coast get the cargo and other supplies they need and enjoy the passenger service that is required. I hope the minister understands this and that if CN attempts this manoeuvre he will counteract it immediately.

● (2212)

Yesterday I asked him:

> Is he going to direct the CNR to pay the passengers and crew loss claims and the cargo owners their claims which have been in abeyance now for 11 months?

There were 1,000 tons of cargo aboard the vessel, Mr. Speaker. It was not insured by the consignees. It was not insured by CN. CN, a Crown corporation, has refused to pay the claims. It will be 12 months one week from Saturday, on June 3, 1978, during which the cargo owners have had to sustain this cost not knowing whether they will ever be paid.

Canadian National has stated that the claims will only be paid if the company is held legally liable. CN has certainly been found, now, to be liable by the commissioner, Mr. Justice Noel, so I asked the minister where he would now direct the railway company to pay up with no further delay. Some of these small businesses in Labrador are in a bankrupt condition. It was the start of the season last year when the *Carson* sank, and very large consignments were on the way to them. The minister said:

It would not be my intention to give directions to the Canadian National. I am sure they are looking at their legal position and what is their proper course of action.

Mr. Speaker, the government is responsible for this service. The government meets its deficits through subsidies. The minister can direct CN. It is the government that is responsible. The minister should say to CN: "Pay those cargo owners. Never mind your strict legal liability, never mind running them through the courts for the next three or four years, pay up; we have a commission report that says you were in default." But he has given no undertaking he would do this.

Then when I asked him whether he would have CN speed the matter up, he said:

I would certainly be glad if I could do anything to speed up the resolution of the questions referred to in the first part of the hon. member's question.

What nonsense, saying he would be glad if he could speed it up. That is no answer. He is the minister. He could order the company on behalf of the government to settle these claims or to speed up the settlement.

Then I asked him whether the government was going to take action against the CN to recover the value of the *Carson* which had been lost due to fault on the part of the company. The minister replied:

The Canadian National was operating this vessel on behalf of the government and I would want to have legal advice as to the implications of that in respect of any potential claim.

● (2217)

It is time, Mr. Speaker, for this minister to wake up and observe his responsibilities. Here are those poor cargo owners, 1,000 tons of cargo lost, and their claims are still not peid. It may take years for the courts to settle this. Mr. Justice Noel has given his view and opinion now. Why should the vast CN Crown corporation be able to punish them by making them wait for years for their money? Or perhaps they won't get it at all in strict legal terms.

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired.

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, the hon. member started off this evening by talking about mackerel and dogfish. I suggest that at least the first half of the question he asked tonight is neither of those two species but probably herring of the red variety. Having spent a lot of time on the first question he raised with the minister with respect particularly to the date of January 27, he today finds out that he was wrong about that date, so the next tack is to say that, notwithstanding what the time was, it still has been too long. He emphasized that the date, which he now admits was March—I think March 9—was still too long ago.

The essence and the crunch of what the hon. member is getting to is the fact that he would have the minister direct CN to pay. I suggest that the hon. member ask us to direct Canadian National to pay compensation to those who lost goods as a result of the sinking. In so doing he would have us pre-empt the legal process, and I do not think he really means that. Perhaps he really has not thought about it. In any event , I believe that all hon. members sympathize with those who are in this position. However, surely the hon. member would not want the government to act arbitrarily in this case in setting aside the legal rights which exist not only for the company but for the claimants as well.

With regard to the whole question of claims I can do no more than reiterate what the minister has said, that CN should deal with the situation expeditiously and with the sensitivity which is always appropriate for any business in a situation like this involving many individual claims.

The Acting Speaker (Mr. Turner): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m.

At 10.18 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, May 26, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

SPORTS

ANOTHER STANLEY CUP FOR LES CANADIENS!—MOTION UNDER S.O. 43

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with an important matter of pressing necessity. Considering that on Thursday, May 25, the Canadiens won a brilliant victory and once again carried off the Stanley Cup, I move, seconded by the hon. member for Red Deer (Mr. Towers):

That congratulations be sent to the directors, coach and players for their success and for the fine way in which they contributed to the prestige of Canada in the world of hockey, where their fame is proverbial.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The hon. member for Winnipeg South Centre (Mr. McKenzie).

* * *

THE CANADIAN ECONOMY

INDIVIDUAL INVESTMENT IN UNITED STATES—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise on a matter or urgent and pressing necessity, under the provisions of Standing Order 43. During Tuesday's debate on my motion calling for a special committee to be established to examine how our federal tax system is forcing Canadian businessmen to invest in the United States, the hon. member for Waterloo-Cambridge (Mr. Saltsman), in disagreeing with the motion, severely criticized Canadians who choose to invest in the United States and those who have moved there to escape excessive taxation and government regulation.

In view of the hon. member's conviction that Canadians who invest in or move to the United States are greedy, venal and less than loyal to their country, and in view of the startling fact revealed by my colleague, the hon. member for Halton-Wentworth (Mr. Kempling), to the effect that this same member has or had property and business interests in the United States, I move, seconded by the hon. member for Leeds (Mr. Cossitt):

That this House instruct the NDP House leader, the hon. member for Winnipeg North Centre, to ask the hon. member for Waterloo-Cambridge to explain to the House why it is legitimate for him to have or to have had investments in the United States, but illegitimate, greedy and venal for other Canadians to have similar investments in that country.

Mr. Speaker: Presentation of such a motion would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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UNEMPLOYMENT INSURANCE

ADVERTISING TO REDUCE ABUSE OF SYSTEM—MOTION UNDER S.O. 43

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I rise under the provisions of Standing Order 43. My motion concerns the fact that the Minister of Employment and Immigration (Mr. Cullen) has virtually admitted in committee that the recent $3 million advertising campaign against UIC cheating was designed to manipulate the Canadian people into believing that the commission was doing a good job. In view of the fact that this is not the first instance of the use of taxpayers' money by a public agency to manipulate the public politically and to pressure parliament, I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That this House condemns the use of taxpayers' money for partisan political purposes by agencies such as the Unemployment Insurance Commission, the Export Development Corporation, the Anti-Inflation Board and Petro-Canada, to name only a few, and notes that if the UIC had really wanted to discourage cheating it could have circulated warnings against it inside envelopes mailed to UIC recipients.

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

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

TRANSPORT

HARBOUR DREDGING AT FOX ISLAND, NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. In order that Newfoundland fishermen at Port au Port will not have to risk their lives and boats as they did last weekend when they were unable to enter the Fox Island harbour during a storm because of a sand bar which has impeded passage for more than two years, I move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That this House instructs the Minister of Transport to undertake emergency action which will permit temporary dredging while the department awaits new tenders for permanent work, delayed last year through a technical error in awarding a contract for this project.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDIAN AFFAIRS

OBLIGATIONS UNDER TREATIES—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, under the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity concerning the several Indian treaties solemnly entered into by Her Majesty Queen Victoria. I move:

That this House declares that such treaties are in effect and their respective terms are sacred obligations which are now being deliberately evaded, diminished or denied in administration in the face of the fact that such treaties were to be continued "as long as the sun shall shine and the rivers shall flow".

Mr. Speaker: Presentation of such a motion for debate, pursuant to the Standing Order, would require unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Diefenbaker: Mr. Speaker, I think it is only fair that there should be identification of members who are denying these motions.

Mr. Speaker: Order, please. The hon. member for Yorkton-Melville (Mr. Nystrom).

[Mr. Speaker.]

• (1112)

LABOUR RELATIONS

GOVERNMENT INTERVENTION IN ONTARIO LABOUR DISPUTE—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43. In view of the fact that violence on the picket line at the Fleck manufacturing plant in Centralia is increasing, with the reported beating of men and women on the picket line by members of the Ontario provincial police, and in view of the fact that no progress is being made between members of the UAW and the management of the Fleck plant, I move, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent):

That this House instruct the Minister of Labour to approach the premier of Ontario to encourage the management of Fleck to bargain in good faith and reduce the possibility of further violence on the picket line.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN WHEAT BOARD

COMMITTEE STUDY OF ANNUAL REPORT—MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, under the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity concerning the continuing backlog in the movement of grain, the accumulation of record demurrage costs, the loss of sales and customer confidence, all of which are having a serious impact upon the Canadian economy. Therefore, I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the 1976-77 Canadian Wheat Board annual report be referred to the Standing Committee on Agriculture to review the current situation and consider new initiatives related to grain handling and grain marketing strategies.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL SECURITY

RELEASE OF TASCHEREAU PAPERS—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgency concerning the so-called Taschereau papers on national security that were scheduled to be made public in 1976 and

were removed from the Public Archives prior to such revelation by Major P. A. Lemieux of the Privy Council office. Recently I was informed they were returned to the archives on February 6, 1978, without public knowledge, and a further mandatory term of ten years applied before release, with a review to take place at that time. I therefore move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That the Prime Minister release all details as to why Michael Pitfield, secretary to the cabinet, wrote a letter to the Public Archives ordering release extension to 1986; all reasons why the Prime Minister and the security committee of the cabinet ordered that such release be delayed; specifically, why it is considered necessary to protect the identity and testimony of certain public servants, some of whom have or are presently occupying high positions in the public service after so many years; and, finally, whether release of such evidence would be incriminating against some of the persons involved.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

PUBLIC SCRUTINY OF REAL GROWTH FORECASTS—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I rise under the provisions of Standing Order 43. My motion concerns the fall in real domestic product of 0.2 per cent in March. In view of the fact that this tends to undermine what little credibility remains in the Minister of Finance's 1978 growth target of 5 per cent, and in view of the fact that the minister has yet to make an accurate forecast during his entire career as finance minister, I move, seconded by the hon. member for Don Valley (Mr. Gillies):

That this motion does not call upon the Minister of Finance for yet another bogus forecast, but demands that the minister now open his forecasting procedures to public scrutiny and that a special committee of this House be given the mandate to investigate the Department of Finance's forecasting practices.

Mr. Speaker: Presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

NATIONAL REVENUE

CONFIDENTIALITY OF TAX FILES

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is for the Deputy Prime Minister, and it relates directly and exclusively to the way in which ministers of the Crown carry out or have carried out their responsibility to uphold the law of Canada.

As hon. members and the minister know, there was a 1972 agreement between the Department of National Revenue and the RCMP which allowed a violation of confidentiality of tax files. The McDonald royal commission yesterday heard testimony to the effect that there was a letter from a minister of national revenue, unidentified, to a solicitor general, unidentified, in which the minister of national revenue expressed the view that that agreement was against the law—that it broke the law of Canada.

I presume that the Deputy Prime Minister, having had his attention drawn to that testimony of yesterday, would have looked into this question. I would like him to tell us whether there was such a letter, whether he will table it, and what was the resolution of the position of the minister of national revenue that the 1972 agreement broke the law of Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, in reply to the question of the Leader of the Opposition, I think I should make it clear that so far as I am aware there was no testimony, in the proper sense, put before the commission. As I understand it, there was a reference by commission counsel to a letter, and that was the extent of the proceeding.

• (1117)

In so far as the government is concerned, the matter is before the commission and it is not the intention of the government, as has been stated on many previous occasions, to replace the work of the royal commission. If this letter is to be adduced as evidence, then it ought to be done at the royal commission. That is the place for any other evidence or evidence from ministers, in our view.

Mr. Clark: Mr. Speaker, once again we have had the capacity of the McDonald royal commission expanded and expanded to cover up activities of this government. Apparently what we have here, according to a letter to which reference was made at that commission yesterday, is an indication that a view was expressed perhaps two years ago by a member of the cabinet of Canada that a practice approved by the cabinet of Canada was against the law. Surely, if the cabinet of Canada is condoning and accepting the breaking of the law of Canada, that is a matter for the House of Commons to inquire into.

Some hon. Members: Hear, hear!

Mr. Clark: Was there an expression of a department position by a minister that an agreement sanctioned by the Government of Canada was in violation of the law of Canada? Was there such a letter? If so, can the House of Commons, to which this government reports—royal commission or no—see that letter? Can the minister tell us whether it continues to be the policy of the Government of Canada to support the breaking of the law of Canada?

Mr. MacEachen: Mr. Speaker, I think as the hon. Leader of the Opposition built his question he drew additional and unwarranted conclusions. As I understand it, what happened yesterday was that commission counsel made brief reference to a letter which had been exchanged and put a particular construction upon the letter himself.

An hon. Member: Let's see the letter.

Mr. MacEachen: There is no desire on the part of the government to impede the work of the royal commission in any sense.

Some hon. Members: Oh, oh!

Mr. MacEachen: As far as we are concerned, we would be very pleased to have this matter fully, thoroughly and expeditiously examined before the royal commission, have whatever evidence is available put on the record, have whatever ministers may be involved in the transmission of correspondence examined before the commission, and have all the evidence brought forward. Certainly, it is not the intention of the government to replace the royal commission, nor is it the intention of the government to put on the record of the House of Commons fragments of information. I think that would be quite irresponsible and quite opposed to the work of the McDonald royal commission.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, no one has ever accused this government of trying to impede the work of the royal commission. It is attempting to use the royal commission to impede the work of the House of Commons.

Some hon. Members: Hear, hear!

Mr. Clark: If the Deputy Prime Minister is worried about unwarranted interpretations of a letter from one of his colleagues to another alleging that the Government of Canada was breaking the law, the way he can resolve those concerns is to let us see the letter. If it continues to be the view of the Minister of National Revenue that that agreement is illegal, can he tell us if he has received a legal opinion from the Minister of Justice as to whether that matter is legal or illegal? He can come clean by telling us what the government of Canada is authorizing, whether it is authorizing activities which violate the law of Canada, and stop trying to hide behind a royal commission.

Some hon. Members: Hear, hear!

Mr. MacEachen: Mr. Speaker, the Government of Canada is not authorizing activities which are against the law of Canada, nor is the Government of Canada attempting to hide behind the McDonald royal commission. It was as a result of repeated representations from members of the opposition that this government finally agreed to establish the McDonald royal commission.

Mr. Baker (Grenville-Carleton): Finally.

Mr. MacEachen: This was because it had been stated frequently that the subject matter which was the concern of the House of Commons was not an appropriate subject for the House of Commons and it ought to be dealt with by the McDonald royal commission. That is why we established the McDonald royal commission.

● (1122)

I want to repeat precisely the same position that was taken by the government on previous occasions when the credibility of witnesses was under examination by the House and when contradictory evidence was put forward before the royal commission and hon. members asked questions in the House. I believe the place to conclude all these questions is before the McDonald commission, where all the evidence will come out in context.

Mr. Broadbent: After the election.

Mr. MacEachen: The hon. leader of the NDP says "After the election". That shows the suspicious mind he has.

An hon. Member: You want to believe it.

Some hon. Members: Oh, oh!

Mr. MacEachen: Maybe the hon. member should have had the foresight not to advocate the establishment of a royal commission if he felt its work might not coincide with his electoral objectives.

Some hon. Members: Oh, oh!

Mr. MacEachen: What he wants to do, of course, is use this issue for political purposes and not to obtain the truth which we believe will be forthcoming at the McDonald royal commission, not through the politicking of members of the opposition.

Some hon. Members: Hear, hear!

CORRESPONDENCE BETWEEN FORMER REVENUE MINISTER AND SOLICITOR GENERAL

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, perhaps the Deputy Prime Minister should await the results of the Laycraft commission which will drop just as big a bombshell in this particular field. However, in the absence of the Minister of National Revenue from this House and the first acting minister of national revenue, I would like to turn to the quite likely second acting minister and direct my question to

the Minister of Employment and Immigration who is a former minister of national revenue. Did he write a letter to the then solicitor general expressing a view with regard to the agreement signed in 1972?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the hon. member is wrong in his premise. I am not the second acting minister of national revenue.

An hon. Member: Answer the question, anyway.

Mr. Lambert (Edmonton West): Mr. Speaker, my supplementary question is addressed to the Deputy Prime Minister. Will he indicate to the House who is the second acting minister of national revenue; or is this part of the shell game that is going on?

An hon. Member: The *Gazette* says Francis Fox.

Some hon. Members: Oh, oh!

An hon. Member: No, it is Iona.

Some hon. Members: Hear, hear!

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I am pleased to take the representations of the hon. member, as second acting minister of this group. I would just like to make sure the hon. member knows that Miss Bégin is prepared to appear and make any representations that are necessary with respect to this matter.

Mr. Lambert (Edmonton West): Mr. Speaker, I direct my question to the hon. lady, since she represents the Minister of National Revenue in this House. Is she able to reconcile the opinion he gave this House late last year on a number of occasions in reply to questions by myself and the hon. member for Perth-Wilmot, to the effect that all that was done by the Department of National Revenue in connection with this particular agreement of 1972 was legal and that the agreement itself was legal?

Mrs. Campagnolo: Mr. Speaker, the hon. Minister of National Health and Welfare will be pleased to take the hon. member's question when she returns to the House.

Mr. Edward Broadbent (Oshawa-Whitby): I have a question for the expert on parliamentary government in this House, the Deputy Prime Minister. Since he, of all people, knows that the central characteristic of parliamentary government is cabinet responsibility to members of this House, if he were interested in the truth, instead of obscuring it, he would realize that the government's central obligation, in view of this political decision reached by the cabinet, is to produce the letter that has been demanded by members on this side.

• (1127)

Considering it is now part of the evidence submitted to the royal commission, that the man who was superintendent of the legal branch of the RCMP, Mr. J. V. Cain, submitted to his superior a memo dated March 3 of this year and in the view of the expert in the RCMP the agreement that had been reached and authorized by the cabinet in 1972 was legal, I would like to ask if he will confirm that the cabinet authorized this agreement in 1972. Will he also inform the House whether or not there was an opinion offered by the minister of justice at that time on the legality of this agreement?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I confirm that the agreement was entered into in 1972. My recollection is, subject to checking, that it was a matter approved by the cabinet and there is absolutely no suggestion or evidence that the agreement was in any way illegal.

Mr. Broadbent: Mr. Speaker, if it is the minister's view that it was not illegal—and he has at least offered his opinion on this matter that is before the McDonald inquiry—will he not reconsider the position he took just a minute ago and provide for all the members of this House and the people of Canada, well in advance of the final report of the royal commission, the letter in question so that we will have an opportunity to judge the opinion that was offered allegedly by one minister of the Crown on this important matter.

Mr. MacEachen: Mr. Speaker, I believe that the hon. member, who is normally fair-minded, would understand how dangerous it would be to produce one single element of the total evidence that will be brought before the royal commission. What happened yesterday was that reference was made by commission counsel to a letter upon which he placed a particular construction. I am not commenting one way or the other on the validity of that construction; but surely, if the letter is relevant, it ought to be considered in the over-all context of all the evidence. If a minister of the Crown is involved in the writing of the letter, then he ought to be heard before the commission and his evidence sought, so that the commission and those who are following the commission can reach a proper conclusion.

It seems to me that it would be a very wrong practice to feed into the House of Commons, in response to newspaper accounts, bits and pieces of evidence and expect that the matter would be dealt with other than in a highly partisan and highly political way.

Mr. Broadbent: Mr. Speaker, if there is one institution in Canada in which politics should be thoroughly discussed, surely it is the House of Commons. Considering that this matter, the decision that was made in 1972 and the subsequent testimony before the royal commission pertaining to the decision, is the first clear indication that the government abused its legal authority in condoning illegal activity, and since those allegations are clearly out now, does the Deputy Prime Minister not agree that the cabinet has a primary political responsibility in this case not to wait for the findings of the royal commission, but to help clear the air now, well in advance of the next election, so the people of Canada can judge in a fair-minded way whether the cabinet has performed legally or illegally?

Mr. MacEachen: Mr. Speaker, as I have stated already, the ministers have already indicated their intention to appear before the royal commission. They can be summoned at any moment the commission so decides and this particular aspect can be dealt with thoroughly and expeditiously long before the election which the hon. member fears so much.

● (1132)

The hon. member says the House of Commons is the place for politics. I agree with him. If we are to take the views of the opposition seriously, however, it is not the place to deal with the activities of the RCM Police in order to determine what illegalities may have occurred—

An hon. Member: It is the cabinet we are talking about.

Mr. MacEachen: —and to determine what the long-run practice of the force ought to be. My hon. friend again forgets that it was at the request of members of the opposition that we put this whole problem before the McDonald royal commission. Now, when there is a snippet of information that may have dribbled out of the commission, the opposition wants to bring it before the House of Commons for political purposes.

LEGALITY OF GOVERNMENT'S INSTRUCTIONS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I think the first thing we should do is get back to the original question asked by the Leader of the Opposition, which is simply this: Was there such a letter in which the Government of Canada was found guilty in advance of doing what was wrong and illegal? Is there such a letter?

I have followed the hon. gentleman's circumlocution with interest and with admiration for his political adroitness, but we come back to the question: Did the Government of Canada know that what was being done was illegal, unlawful and unjustifiable according to the opinion of the Department of Justice? That is all. If so, where is the letter? The fact that the minister has evaded the whole problem so well and so cleverly could lead even the least suspicious to conclude that the reason he is doing it is to hide the facts. They do not want to be found guilty of wrongdoing as was the opinion of a lawyer in the Department of Justice.

This is a very serious matter and not one for a royal commission; it is for parliament to determine. Will the minister produce the document? If there is nothing in it, there will be nothing to worry about; but if there is, he knows there will be a problem for the government.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, that is a whole series of questions.

Mr. Baker (Grenville-Carleton): Just produce the letter.

Mr. Hees: Will you produce the letter; that is all?

An hon. Member: Is there a letter?

[Mr. Broadbent.]

Mr. MacEachen: Mr. Speaker, there is a whole series of questions there. I could answer "No" and "Yes" to the whole series of questions. The right hon. gentleman is asking whether the government will produce the letter.

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

Mr. MacEachen: I am saying that the government is not prepared to produce this particular letter because it has been referred to as part of the proceedings of the royal commission.

Mr. Clark: That is incredible.

Mr. MacEachen: It is before the royal commission.

An hon. Member: It is not.

Mr. MacEachen: The letter obviously is in the possession of the commission. That is the place where it ought to be dealt with, not the House of Commons. If we do it, obviously we are transferring the whole job of the commission to the House of Commons.

Mr. Clark: That is nonsense.

Mr. MacEachen: I just do not think the House of Commons is equipped to do the job that is required.

Mr. Diefenbaker: Mr. Speaker, the hon. gentleman does not think the House of Commons is equipped with the necessary knowledge and appreciation of the issue at stake to be able to look into this matter while a royal commission sits. I ask him once more, why cover up unless there is something to cover up?

Mr. Baker (Grenville-Carleton): No answer.

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AIRPORTS

ADVERTISING CAMPAIGN TO PROMOTE MIRABEL

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question to the Minister of Transport arises from a series of advertisements appearing in newspapers across the country promoting Mirabel airport. Since this lovable white elephant which now symbolizes Mirabel is said to be seriously deficient from a safety point of view, according to the International Federation of Airline Pilots Associations, and since Transport Canada has had to resort to a rather laughable ad campaign to attract business for the airport, may I ask the minister whether he approved of the advertisement? Could he also assure the House that before the travelling public is lured into this love-in, its safety rating will be improved to meet international standards?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the fact is that the pilots' allocation of stars to airports is on the basis of their view of a departure from an absolutely ideal system. There are, of course, significant airports in the United

States with stars of deeper colours than the orange star allocated to Mirabel. In fact, the reason for the star concerns the ambulance response time, but in fact Mirabel is one of the few airports with standby ambulance service available on a 24-hour basis. So there is an argument about the one element they feel is deficient.

I think there is reason to applaud the initiative of the committee and group promoting Mirabel and its usefulness for passengers and cargo as a developmental place. I am rather happy that they decided to use the white elephant symbol. I know they will have a great deal of help from the opposition in drawing attention to the symbol over a period of time and that will, no doubt, reinforce their campaign.

Mr. Mazankowski: Mr. Speaker, it is obvious that the minister approves of the ad. While some people may applaud the ad and the operation of the airport, I can assure him and you, sir, that the taxpayers of Canada are not applauding the airport nor the ad.

I ask the minister if he is disregarding the comments of the international association of pilots. Does he not think the orange star, which in their view rates it as a deficient airport in terms of safety, should be taken into consideration, or does he not agree with their assessment? If he does not agree, is he going to take immediate steps to make sure that assessment is clarified? It seems to me the pilots are the logical people to assess the safety or otherwise of an airport.

Mr. Lang: Mr. Speaker, I thought I had put the matter into perspective for the hon. member by indicating the ambulance response time. It is true that the location of Mirabel means it takes longer for ambulances to arrive than it does from the downtown centres of some of the smaller towns and cities nearby. There is a longer time-span for a large number of ambulances to arrive at Mirabel. On the other hand, Mirabel, unlike most airports, has a 24-hour ambulance service available, which has been used.

I think there is room for disagreement about the type of service that should be provided. I simply point out that I do not in any way diminish the view of the pilots about how they would like all conditions to be ideal, in an ideal world. This is a very small element compared to some of the elements they have noted at other airports with which red and black stars have been associated. Yet aircraft fly into those airports in great numbers. It is a relative matter that we have to weigh against all the other expenditures we could make in terms of air safety. I come back again to the over-all situation, which is that in allocating funds for air safety in Canada we have managed to produce about the safest civil aviation system in the world.

TRANSPORT

STEPS TO REDUCE DANGER AT RAILWAY CROSSINGS

Mr. F. A. Philbrook (Halton): Mr. Speaker, my question is for the Minister of Transport. In view of the fact that some railway crossings in Canada are proven death traps, including the one at Derry Road, Milton, in my riding of Halton, would the minister consider setting up a new, improved system to expedite requests for improvements to make these dangerous crossings secure through the use of crossbars and other safety devices?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, after the hon. member for Halton first drew to my attention the long delay with regard to some crossings, I initiated an investigation into the question. We will be looking at this matter very seriously to see what we can do to expedite approvals so that safety can be provided as quickly as possible.

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AGRICULTURE

PAY-OUTS UNDER FED CATTLE STABILIZATION PROGRAM

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, I have a question for the Minister of Agriculture relating to the meeting of the Standing Committee on Agriculture last Tuesday, at which the minister made an announcement to the effect that there would be no pay-out for the fed cattle stabilization program for the first quarter of 1977—well over a year ago. The actual market price level for the first quarter of 1977 was some $2 lower than the last quarter of 1976, when there was a pay-out; and the costs of production for this period in 1977 were higher than in 1976.

• (1142)

Would the minister explain his rationale for arriving at the decision that there would be no pay-out for this period, other than the fact there will be no immediate election?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the Agricultural Stabilization Act as it stands allows no pay-out for 1977.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a very important question for the President of the Treasury Board which will further illustrate there is a mess in personnel administration regarding classification. However, as he is not here—he seems to be evading me—I will wait until Monday.

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TRANSPORT

REPAIR OF BOXCARS TO SPEED UP MOVEMENT OF GRAIN

Mr. Doug Neil (Moose Jaw): Mr. Speaker, in view of the serious situation facing western grain producers, can the minis-

ter advise the House whether he has met with representatives of the railways to determine what steps can be taken to solve the current problems? Specifically, can he advise whether the railways have given him any undertaking that they are working on a crash program to repair boxcars for the movement of grain? It has been rumoured that if the railways find that the cost of repair is more than $500 per car, they push the boxcar into a siding.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the main work with the railways on the question of grain movement is done by the Canadian Wheat Board and the transportation committee. They do a very good job of working with the railways. When the Wheat Board feels that my intervention would be helpful, they let me know. I have, accordingly, been in touch with the railways from time to time.

The question of car repair was dealt with in the House yesterday and the day before. Essentially, I believe the situation is that most of the cars being repaired are not involved in the movement of grain. A significant number of cars would be suitable for the movement of grain but they require a large expenditure in being rebuilt for that purpose; perhaps a few thousand dollars.

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AGRICULTURE

USE OF INLAND TERMINALS IN MOVEMENT OF GRAIN

Mr. Doug Neil (Moose Jaw): Mr. Speaker, in view of the serious situation facing western grain producers, can the Minister of Agriculture advise whether he has met with the minister in charge of the Canadian Wheat Board to determine what use may be made of Canadian government inland terminals? In particular, has he discussed with the minister in charge of the Wheat Board their use for cleaning grain to export standards and the use of solid or unit trains to speed up the turnabout time so far as grain deliveries to the coast are concerned?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, there is an ongoing discussion about how we can improve the handling of grain. I am sure the hon. member is aware that we did use unit trains to transport grain to the coast. Every means available is being used to expedite the shipment of grain. There are some reservations on the part of some people in the trade about using government elevators, etc. Some people are suggesting that we should turn them over to the private sector, let the private sector operate them, and that that sector may be able to do it in a more efficient manner. When we do suggest turning them over to the private sector, they do not want us to turn them over at a reasonable cost; they want us to give them away. In most instances I object to this because taxpayers' money is involved in these grain elevators. The elevators should be used to their fullest extent by someone, but not given to the private sector.

NATIONAL REVENUE

CONFIDENTIALITY OF TAX FILES

Mr. James Gillies (Don Valley): Mr. Speaker, my question is directed to the Deputy Prime Minister: it follows from questions put by the right hon. member for Prince Albert and the Leader of the Opposition.

In light of the Deputy Prime Minister's concern and the concern of all members of parliament about the integrity of parliament and the decline in the trust of the public of Canada concerning the responsibilities and integrity of parliament, why is it that after an allegation has been made on the basis of alleged evidence that the cabinet may have been breaking the law, the government will not respond to that concern today to be certain that this cloud over the cabinet of Canada and the parliament of Canada is removed immediately?

Whether the matter should have been raised at the royal commission is irrelevant. It is now on the public record that there is an allegation that the cabinet of Canada was acting illegally, and knew it. How can the government let that stand for another day before the people of Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I can clear up that point immediately. There has been no allegation that the cabinet of Canada has authorized illegalities. If that allegation has been made, then I deny its validity immediately.

Mr. Gillies: Mr. Speaker, my supplementary question is for the Deputy Prime Minister. It seems to me that this is not an issue about which to split hairs. There is no question that someone has said there has been a letter. Certainly, it has been alleged there is a letter which suggested that the cabinet was informed they might be breaking the law. This was two years ago. That is in the public record. It will be in all the newspapers of Canada, it will be on television, and it is there. It is a matter of no consequence whatsoever whether the Deputy Prime Minister thinks that the cabinet did not break the law: it is there.

Until to the contrary evidence is put down in this parliament, that is what the people of Canada will believe, or at least will be suspicious of. Surely, in the interests of parliamentary democracy and the people of Canada, the Deputy Prime Minister will clear up this matter by tabling the letter so that this cloud will no longer hang over this institution.

Mr. MacEachen: Mr. Speaker, the key words used by the hon. gentleman were "until the evidence is put down".

Mr. Clark: Here in this House, to which you are responsible.

Mr. MacEachen: That has been my point. In the course of all the questioning there has been no suggestion of hiding anything; not at all.

Mr. Clark: Produce it.

Mr. MacEachen: The letter is in the possession of the royal commission. All the evidence can be put down before the royal commission, and that is the appropriate place for it.

An hon. Member: Like a criminal.

Mr. MacEachen: If the government is at fault, and if the evidence proves that, of course it will be known and parliament can take whatever action it wishes.

An hon. Member: It will be too late.

Mr. MacEachen: I think there is a difference of opinion between the hon. member and myself as to the proper course to follow.

Mr. Hees: He wants to open it up, and you want to hide it.

Mr. MacEachen: As I have already said, the place to hear the evidence, to get all the documents and to get the evidence of the ministers, is the royal commission; and it will come out. At that time conclusions will be drawn. In my view, it is certainly not appropriate to dribble out bits and pieces of the evidence in the House of Commons, in response to newspaper reports, and expect to get any judicial conclusion. I thought we set up the royal commission because we wanted a judicial process and not a political process. That is the difference of opinion between us.

* * *

FISHERIES

NEGOTIATIONS WITH U.S. ON WEST AND EAST COAST FISHING

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Fisheries. Last Friday the minister indicated that he had set the deadline of May 26, which is today, to receive an answer from the United States in terms of responding to his decision to take Canadian fishermen off the Swiftsure Bank.

Can the minister now advise the House whether he has received a response with regard to the Canadian action in removing pressure from the Swiftsure Bank? If he has not received a response, can the minister now advise us when he will set some kind of deadline, so that we have something firm about these negotiations?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I would have to check *Hansard* to see exactly what words I used. Regarding the idea of a deadline, my impression was that the two sides had agreed to meet today, May 26. We expect the American answer to be known later today, or possibly tomorrow if the talks continue. I will await the report of the special negotiators indicating the answer of the United States. Maybe the word "deadline" was taken from what I said, that we would not wait until the fishing season was over, because at that point our fishermen would have made a sacrifice which would be unacceptable to us.

● (1152)

Mr. Leggatt: As the minister knows, our fishermen have already made a sacrifice of one month with regard to fishing off the Swiftsure Bank. I should now like to direct the minister's attention to the east coast and the scallop fishery. The information I have is that the United States has doubled its fishing pressure on the scallop fishery, contrary to the interim agreement under which both sides had undertaken to maintain a consistent level of conservation. What steps does the minister propose to take, in response to U.S. pressure on the scallop fishery, to get them to comply with the interim agreement?

Mr. LeBlanc (Westmorland-Kent): I agree that Canadian fishermen have sustained a loss in the Swiftsure closure. I should like to remind the hon. member, however, that the possibility of closing the Swiftsure Bank was very much part of the agreement. We did not agree on the conservation reasons put forward, but the fact remains it was within the terms of the agreement that the Bank could be closed and we did not want to leave an excuse for failure by the U.S. to live up to the rest of the agreement. We have lived up to our side of it, and we expect the United States to live up to its side.

As to the east coast, again the hon. member seems to indicate that Georges Bank is completely within the Canadian eventual zone. The fact is that part of Georges Bank will be within the eventual Canadian zone and part within the American. This is a disputed area. We think the United States' conservation performance in the scallop fishery in its part of the zone, or eventual zone, has not been wise. We feel the same way about the haddock fishery. That is what the discussions which took place yesterday in Halifax were about.

* * *

AGRICULTURE

DUMPING OF CANNED TOMATOES

Mr. J. R. Ellis (Hastings): Mr. Speaker, I have a question for the Minister of Agriculture: it has to do with canned whole tomatoes. I have raised this subject on more than one occasion with the minister and with the Minister of Finance. I want to quote one sentence only from the anti-dumping tribunal on canned whole tomatoes:

> The tribunal concludes . . . that a dumping of whole tomatoes from Taiwan has caused, is causing, and is likely to cause material injury to the production in Canada of like goods.

Will the minister assure the House and the processors that the tariff will be continued beyond early summer this year and that serious consideration will be given to the extension and increase of the tariff?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the Tariff Board has just handed down a decision and I have not had time to review it with my colleagues. As soon as I do, we will make a statement.

Oral Questions

TRADE

CANADIAN REPRESENTATION AT GATT NEGOTIATIONS

Mr. Jack Murta (Lisgar): Mr. Speaker, I should like to direct a question to the Deputy Prime Minister. The Prime Minister has agreed to send six Canadian labour leaders to Geneva to participate formally in the GATT negotiations which are going on in that city. Has thought been given to sending a similar contingent of Canadian agricultural leaders to put forward the views of Canadian agriculture at first hand?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the hon. member used the expression "formally participate". I would describe the process somewhat differently. We have made it possible for a group of labour leaders to meet with our delegation at Geneva to discuss the ongoing multilateral trade negotiations. We thought that was a useful thing to do. We have already arranged for provincial delegations to have a similar experience. Parallel arrangements have been made for business, and I am sure we could do the same for the agricultural community if a number of leaders wish to go to Geneva to discuss matters with our delegation.

* * *

UNEMPLOYMENT INSURANCE

APPLICATION OF PROGRAM TO WOMEN

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, my question was to have been directed to the Minister of Employment and Immigration. I notice he has had to leave, so I will direct it to the acting minister. Is the hon. gentleman aware that the Advisory Council on the Status of Women, meeting in Moncton recently, stated unanimously "that a biased and misleading document was one of the studies used as a basis for recent amendments to the Unemployment Insurance Act".

The council was referring to the publication "Comprehensive Review of the Unemployment Insurance Program in Canada" released by the Minister of Employment and Immigration earlier this year which, the council said, contained "incredible statements about women and their use of the unemployment insurance scheme which bear no relation to the data". If the minister is aware of all this, does he agree with the council; or will he investigate these statements?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, my neighbour is out of the House temporarily, but his book is still here on his desk. He may come back before noon, in which case I will tell him about the hon. member's question.

[Mr. Whelan.]

ADMINISTRATION OF JUSTICE

LEGALITY OF GOVERNMENT ACTION RESPECTING TAX FILES

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, in the absence of the Minister of Justice and the Solicitor General, I would like to ask the Deputy Prime Minister a question with reference to the agreement we have been discussing today. I listened carefully to the answers given to the right hon. member for Prince Albert and to the Leader of the New Democratic Party, and I gather from one of the answers given that this agreement is legal. Is that the personal, flimsy and elusive opinion of the Deputy Prime Minister, or is it an opinion he got from the Department of Justice?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): I have not today, nor did I yesterday, asked that question of the officers of the Department of Justice. What the Leader of the New Democratic Party asked me was whether this agreement had been approved by the government and whether I thought it was legal or illegal. I answered that it had been approved by the government and that in my opinion it is certainly a legal document. It is a legal execution. If the hon. member wants me to confirm my opinion with the Department of Justice, I will be happy to do so.

Mr. Woolliams: I am not asking whether the signatures were legal; I am asking about the meat, the content of the agreement. Did the cabinet, at that time in 1972, get an opinion from the Department of Justice to determine whether this agreement was, in substance, legal or illegal? The Deputy Prime Minister knows what I am talking about.

Mr. MacEachen: The hon. member asks me whether in 1972 a legal opinion was sought from the Department of Justice. That is not information which I have in my head. I will find out and tell the hon. member on Monday.

* * *

VETERANS AFFAIRS

DISPOSITION OF FORTHCOMING LEGISLATION

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, I have a question for the Minister of Veterans Affairs, or Deputy Prime Minister in his capacity as leader of the House. Last night I asked when the bill on veterans affairs would be introduced. Later that evening the Minister of Veterans Affairs indicated that the first reading stage would proceed today. Has he cleared with the government House leader whether or not arrangements will be made for the bill to receive second reading and early passage next week?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): No decision has been taken as to when the bill will be brought forward. It will be brought forward, but I want to keep second reading of the tax bill

under consideration by the House until it is passed, before we proceed with any other legislation.

An hon. Member: Lots of luck.

Mr. Knowles (Norfolk-Haldimand): Would it make any difference to the hon. gentleman's decision if we gave an assurance that it would receive speedy passage in one afternoon, possibly Tuesday of next week?

* * *

SHIPPING

NAVIGATION REGULATIONS FOR EAST COAST

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is for the Minister of Transport. Early this week he tabled the findings of the judicial inquiry into the sinking of the CN ferry *William Carson.* The principal recommendation of Mr. Justice Noel was that regulations be put in place regarding the type and conduct of ships navigating off the coast of Labrador where they encounter Arctic ice.

My question is of some urgency because the service to Labrador from the island part of Newfoundland will commence again within a very short time and the replacement vessel is undergoing a refit. Will regulations be put into effect before the service is resumed, and will those regulations reflect the recommendations of Mr. Justice Noel?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I think it would be more accurate to say the commission recommended that the minister undertake an inquiry into whether changes in the regulations should be made to provide additional levels of safety. We are undertaking that inquiry. It would obviously be ideal to have that in place before the summer movement of the new vessel into service, and we will be bearing that very much in mind as an objective.

● (1202)

Mr. McGrath: Mr. Speaker, has the minister sought the advice of the law officers of the Crown with respect to his responsibility vis-à-vis the liability of CN to compensate those who lost goods, automobiles and belongings on the *William Carson,* in light of the findings of Mr. Justice Noel which placed a great deal of the blame—in fact, the majority of the blame—on CN?

Mr. Lang: Yes, Mr. Speaker, I have sought that advice.

* * *

POINTS OF ORDER

MR. KNOWLES (NORFOLK-HALDIMAND)—VETERANS LEGISLATION

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, I rise on a point of order. I asked the Minister of Veterans Affairs (Mr. MacDonald) and the Deputy Prime Minister

(Mr. MacEachen) about Tuesday as a possible day for introducing the veterans bill at second reading. The minister was about to answer. I wonder if he can tell me now whether it could be brought in on Tuesday for speedy passage.

Mr. Speaker: Order! I understood the minister to take into account the hon. member's offer of speedy passage of the bill, but he did not make an answer during the question period. Without the leave of the House I do not think I can permit him to answer now.

MR. MACEACHEN—CONFIRMATION OF LEGAL OPINION

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, I am rising on a separate point of order on a matter which is of interest to the justice critic of the Conservative party. He asked me whether a legal opinion had been received by the government with respect to an agreement. A legal opinion was received from the Department of Justice, and the law officers of the Crown advised that the agreement was legal and valid in all respects.

Mr. Alexander: What was the date of it?

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I am pleased that we now have had reference made by the Deputy Prime Minister (Mr. MacEachen) to one of the documents that is referred to in relation to the agreement between the Royal Canadian Mounted Police and the Department of National Revenue to violate the confidentiality of tax files. In order that we might not deal with this in a fragmentary way but might have an opportunity to see the whole picture and all of the matters which are involved here, I wonder if the Deputy Prime Minister would make available to this House that legal opinion to which he has referred and the letter of the then minister of national revenue of some two years ago, which we understand raised very serious questions as to the legality of the action in which the Government of Canada was involved and to which, we presume, the legal opinion of the Department of Justice is a response.

Mr. MacEachen: Mr. Speaker, I will raise the matter of the legal opinion with the Minister of Justice (Mr. Basford). With respect to the other question, it was dealt with, I thought, fully and effectively in the question period.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise on the same point of order. The Deputy Prime Minister (Mr. MacEachen) has now informed the House that a legal opinion on the 1972 agreement was provided by the Department of Justice. My point of order pertains to two aspects of that assertion by him. First, would he give us the date of that judgment? Was it made in 1972, or was it made subsequent to that time? Related to that, if the minister has now decided that it is appropriate to provide the House with that kind of information concerning a document which has come before the McDonald inquiry, why, logically, will he not go the appropriate step further and actually provide us with the letter which

was alleged to have been written by a minister of the Crown in 1976 on the same subject matter?

Mr. MacEachen: Mr. Speaker, the agreement between the then solicitor general or the RCMP and the Department of National Revenue, which had as its purpose to accelerate the fight against organized crime, was made public months ago. It has been in the public domain, and it is in quite a different category from the matter which was the subject of the question period.

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I rise on the same point of order arising out of the questions today. I appreciate that I did not get Your Honour's eye today, but on the statement the Deputy Prime Minister (Mr. MacEachen) has made here today about a legal opinion, and a letter somewhat subsequent, is the Deputy Prime Minister, as a point of order, trying to suggest that there is no difference between evidence before a commission, whose terms of reference are the investigation of the RCMP, and an incident which arose in that investigation and examination suggesting illegal conduct of the cabinet to which the terms of reference of the royal commission do not extend? In that event would the Deputy Prime Minister not think that to clarify this matter, regardless of the evidence before the royal commission as to RCMP conduct, illegal or legal, there is some onus on the Deputy Prime Minister because of the allegation of illegality or an illegal agreement? Regardless of an opinion of law officers of the Crown in 1972, should the minister not clarify that now, since it has arisen now?

Does the Deputy Prime Minister put the McDonald royal commission investigating the RCMP and evidence before that commission—which properly, I agree, should be determined by that commission—together with the incident which was the subject matter of questions here by the Leader of the Opposition (Mr. Clark), the right hon. member for Prince Albert (Mr. Diefenbaker) and everybody else, regarding an allegation by a minister suggesting the cabinet has been acting illegally? That is directly outside the terms of reference of the McDonald commission. It does not involve the RCMP. It is an allegation directed against the cabinet. Is the Deputy Prime Minister today trying to say that the two situations are the same? If they are not, surely he can clarify the matter by having the letter come before the House.

Mr. Speaker: Order, please. I have allowed this dialogue to go on a bit because it followed a point of order raised by the Deputy Prime Minister (Mr. MacEachen) himself, who indicated that because he had made a certain answer during the question period and undertaken to inform the House about an opinion, and since he had it now, he was doing it now. However, I will certainly permit a response to the point just raised by the hon. member for Annapolis Valley (Mr. Nowlan), but I do not think we can permit it to go, procedurally, any further. The Deputy Prime Minister.

Mr. Alexander: Mr. Speaker, on a point of order—

[Mr. Broadbent.]

Mr. Speaker: Order, please. I indicated I would permit a response to the hon. member for Annapolis Valley (Mr. Nowlan), but this point ought not to go any further.

Mr. MacEachen: Mr. Speaker, the question asked by the hon. member is a further illustration of how a matter can be escalated. There has been no allegation before the McDonald royal commission that the cabinet authorized illegal acts. That is the first point to be clarified. The proceeding before the McDonald royal commission was of an entirely different character. In any event, both issues can be dealt with by the McDonald royal commission. The investigation of the RCMP, the conduct of ministers and how they behave—all of that is within the purview of the McDonald royal commission, and there is no obstacle before the commission in dealing with the total situation, including the interface of ministers with the department and law officers or the RCMP. There is no limit at all.

Mr. Alexander: Mr. Speaker, I wish to raise a brief point of order. I may have missed it, but I am almost sure the Deputy Prime Minister (Mr. MacEachen) did not indicate the date of that legal opinion of the law officers of the Crown, and I wonder if he will give us that date. If he does not have it at this particular moment, would he assure the House that he will let us know on Monday?

Mr. MacEachen: I will do that.

Mr. Speaker: Statements on motions.

MR. CLARK—NEUTRON BOMB POLICY

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise on a point of order. Yesterday in response to questions from this side of the House concerning the speech of the Prime Minister (Mr. Trudeau) at the United Nations this afternoon, which will deal with the neutron bomb and Canada's policy in that regard, the Secretary of State for External Affairs (Mr. Jamieson) said he saw no reason why there should not be a statement on motions expressing to the House of Commons the policy of the Government of Canada, rather than bypassing this House to express that policy in some other forum. I understood that he was going to enter into consultations with the Deputy Prime Minister (Mr. MacEachen), and I presumed that had in view the end of ensuring that the House of Commons would know what the policy of the Government of Canada is before that policy is expressed elsewhere.

I am rather surprised—and that is why I rise at this time—that the Deputy Prime Minister, who is also the Acting Secretary of State for External Affairs, did not rise to tell the House of Commons the policy of the Government of Canada in relation to this matter, which was referred to by the minister as quite an important subject. I wonder if that was perhaps just another oversight on the part of the Deputy Prime Minister and if, in fact, he intends now to take advantage of the opportunity to rise and to tell parliament what is the policy of

the government in this matter, rather than bypass parliament for another forum.

• (1212)

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, it is not an oversight. I had absolutely no intention of making a statement on motions with respect to the disarmament policy, and I do not accept for a moment that parliament is being bypassed when the Prime Minister (Mr. Trudeau) is making a statement before the United Nations on the question of disarmament. To suggest that parliament is being bypassed, I think, is an untenable position to take.

Mr. Clark: I wonder if I might—

Mr. Speaker: Order, please. The Leader of the Opposition (Mr. Clark) has been recognized on a point of order about statements by ministers. I do not think any of our procedures would permit this to become an argument.

MR. CLARK—ALLEGATION GOVERNMENT IGNORING HOUSE OF COMMONS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise on a separate point of order. The Deputy Prime Minister (Mr. MacEachen) today has indicated that we cannot ask questions and that he will not answer questions about matters that are before the McDonald royal commission. He has said that we will not hear statements about matters of policy which the Prime Minister (Mr. Trudeau) would prefer to express before the United Nations. So that the House of Commons might know exactly about our diminished state, I wonder if the Acting Prime Minister might provide a list of those other forums at which government policy will be stated and government information made known, as the government carries on its consistent practice of ignoring the House of Commons, ignoring its responsibility to make statements of policy here, and consistently seeking forums other than the forum to which it is responsible to make its statements of policy.

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): The statement of the Leader of the Opposition (Mr. Clark) is filled with distortions and inaccuracies. He said I had refused to answer questions on this subject. I spent about 40 minutes answering questions from himself—

An hon. Member: You said nothing.

Mr. MacEachen: —from the right hon. member for Prince Albert (Mr. Diefenbaker), from the justice critic of the Conservative party, and from the hon. member for Oshawa-Whitby (Mr. Broadbent). And the Leader of the Opposition has the gall to say I refused to answer questions! The country can see on television how foolish is the statement of the Leader of the Opposition.

To suggest that when the Prime Minister (Mr. Trudeau) makes a statement at the UN on disarmament he is bypassing parliament is a ridiculous assertion. The President of France, the Vice-President of the United States and, I understand, the Premier of Germany, are all making statements, and I hope there is no leader of the opposition in any of those countries so absurd as to suggest that they are casting a reflection on the elected representatives of the people when they are doing that.

Some hon. Members: Hear, hear!

Mr. Clark: Those are republics, not parliamentary systems.

ROUTINE PROCEEDINGS

[*English*]

PENSION ACT

AMENDMENT TO INCREASE PAYMENTS

Hon. Daniel J. MacDonald (Minister of Veterans Affairs) moved for leave to introduce Bill C-58, to amend the Pension Act and the Compensation for Former Prisoners of War Act.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, a total of 114 questions will be answered today, more specifically questions Nos. 560 to 673 inclusive, and question No. 1,424.

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

[*Text*]

PUBLIC WORKS

Questions Nos. 560-673—**Mr. McKinley:**

No. 560

1. How many square feet are leased by the government in the Aaron Building, 1712 Carling Ave., Ottawa?
2. What is the cost per square foot?
3. Which departments are located there?
4. Who is the landlord?
5. On what date does the lease expire and will it be renewed?
6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 561

1. How many square feet are leased by the government in the Abrams Building, 2620 Sheffield Road, Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 562

1. How many square feet are leased by the government in the Alakantti-Liff Building, 222 Somerset St. W., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 563

1. How many square feet are leased by the government in the Allstate Building, 875 Carling Ave., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 564

1. How many square feet are leased by the government in the American Can Company, 145 Spruce St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 565

1. How many square feet are leased by the government in the Aselford-Martin Building, 1725 Woodward Dr., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 566

1. How many square feet are leased by the government in the Bank Building, 491 Bank St., Ottawa?

2. What is the cost per square foot?

[Mr. McKinley.]

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 567

1. How many square feet are leased by the government in the Bank of Nova Scotia Building, 427 Preston St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 568

1. How many square feet are leased by the government in the 80 Bayview Rd. Building, Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 569

1. How many square feet are leased by the government in the Beamish Building, 1501 Carling Ave., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 570

1. How many square feet are leased by the government in the 717 Belfast Road Building, Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 571

1. How many square feet are leased by the government in the Berger Building, 100 Metcalfe St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 572

1. How many square feet are leased by the government in the Betcherman Building, 10 Beechwood Ave., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 573

1. How many square feet are leased by the government in the Billings Bridge Plaza, Riverside Dr., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 574

1. How many square feet are leased by the government in the Bonaventure Building, 301 Elgin St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 575

1. How many square feet are leased by the government in the Bourque Memorial Building, 305 Rideau St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 576

1. How many square feet are leased by the government in the Brock Building, 2780 Sheffield Road, Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 577

1. How many square feet are leased by the government in the Brunswick Building, Bank at Lisgar St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 578

1. How many square feet are leased by the government in the Burnside Building, 151 Slater St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 579

1. How many square feet are leased by the government in the Canada Permanent Trust Bldg., 42-48 Sparks St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 580

1. How many square feet are leased by the government in the Canadian Building, 219 Laurier Ave. W., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 581

1. How many square feet are leased by the government in the Canadian Labour Congress Bldg., 2841 Riverside Dr., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 582

1. How many square feet are leased by the government in the Canadian Legion Building, 359 Kent St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 583

1. How many square feet are leased by the government in the Canadian Teachers Federation Building, 110 Argyle Ave., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 584

1. How many square feet are leased by the government in the Carlingwood Plaza Building, Carlingwood, Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 585

1. How many square feet are leased by the government in the Centennial Towers, 400 Laurier Ave. W., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 586

1. How many square feet are leased by the government in the Century Building, 360 Lisgar St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 587

1. How many square feet are leased by the government in the Chomley Building, 400 Cooper St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 588

1. How many square feet are leased by the government in the City Centre Towers, 880 Wellington St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 589

1. How many square feet are leased by the government in the Colonel By Campus, 281 Echo Drive, Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 590

1. How many square feet are leased by the government in the Colonel By Towers, 969 Bronson Ave., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 591

1. How many square feet are leased by the government in the Commerce City Building, 1675 Russel Rd., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 592

1. How many square feet are leased by the government in the Commonwealth Building, 77 Metcalfe St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 593

1. How many square feet are leased by the government in the Concord Building, 280 Albert St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 594

1. How many square feet are leased by the government in the Congill Building, 275 Slater St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 595

1. How many square feet are leased by the government in the Connelly Building, 2487 Kaladar Ave., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 596

1. How many square feet are leased by the government in the Copeland Building, 294 Albert St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 597

1. How many square feet are leased by the government in the Corbet Building, 1339 Wellington St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 598

1. How many square feet are leased by the government in the Crain Building, 270 Carling Ave., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 599

1. How many square feet are leased by the government in the Cross Canada Flights Bldg., Hunt Club Rd., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 600

1. How many square feet are leased by the government in the D.M. & M. Building, 2378 Holly Lane, Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 601

1. How many square feet are leased by the government in the Darmont Building, 1306 Wellington St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 602

1. How many square feet are leased by the government in the Dibblee Building, 2721 Highway 31, Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 603

1. How many square feet are leased by the government in the Dustbane Building, 25 Pickering Place, Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 604

1. How many square feet are leased by the government in the Dustbane-Dominion Building, 250 Tremblay Rd., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 605

1. How many square feet are leased by the government in the Elgar Building, 200 Elgin St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 606

1. How many square feet are leased by the government in the Empire Building, 124 O'Connor St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 607

1. How many square feet are leased by the government in the Export Development Bldg., 110 O'Connor St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 608

1. How many square feet are leased by the government in the Fraser Building., 130 Bentley St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 609

1. How many square feet are leased by the government in the French Canadian Institute Bldg., 316 Dalhousie St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 610

1. How many square feet are leased by the government in the Fuller Building, 75 Albert St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 611

1. How many square feet are leased by the government in the G.M.A.C. Building, 237 Argyle Ave., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 612

1. How many square feet are leased by the government in the General Building, 185 Somerset St. W., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 613

1. How many square feet are leased by the government in the Genco Building, 1129 St. Laurent Blvd., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 614

1. How many square feet are leased by the government in the Gillin Building, 141 Laurier Ave. W., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 615

1. How many square feet are leased by the government in the Goldstein Building, 177 Nepean St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 616

1. How many square feet are leased by the government in the Grant-Unsworth Building, 322 Catherine St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 617

1. How many square feet are leased by the government in the Greenberg Building, 100 Gloucester St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 618

1. How many square feet are leased by the government in the Halifax Building, 309 Cooper St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 619

1. How many square feet are leased by the government in the Halldon House, 2255 Carling Ave., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 620

1. How many square feet are leased by the government in the Highland Bldg., 505 St. Laurent Blvd., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 621

1. How many square feet are leased by the government in the Hull Building, 183 rue Principale, Hull, P.Q.?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 622

1. How many square feet are leased by the government in the I.G.A. Building, 1650 Carling Ave., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 623

1. How many square feet are leased by the government in the Imperial Building, 251 Bank St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 624

1. How many square feet are leased by the government in the Jelnor Building, 171 Nepean St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 625

1. How many square feet are leased by the government in the Johannsen Building, 47-51 Young St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 626

1. How many square feet are leased by the government in the Journal Building No. 1, 365 Laurier Ave. W., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 627

1. How many square feet are leased by the government in the Journal Building No. 2, 300 Slater St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 628

1. How many square feet are leased by the government in the Kelly Building, 39 McArthur Rd., Vanier City, Ontario?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 629

1. How many square feet are leased by the government in the Kenson Building, 225 Metcalfe St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 630

1. How many square feet are leased by the government in the Kent-Albert Building, 150 Kent St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 631

1. How many square feet are leased by the government in the Kent Professional Building, 381 Kent St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 632

1. How many square feet are leased by the government in the Killeany Building, 460 O'Connor St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 633

1. How many square feet are leased by the government in the Laurier-O'Connor Bldg., 251 Laurier Ave. W., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 634

1. How many square feet are leased by the government in the L'Esplanade Laurier Bldg., Laurier & O'Connor Sts., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 635

1. How many square feet are leased by the government in the Lisgar Bldg., 116 Lisgar St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 636

1. How many square feet are leased by the government in the Liverpool Court, 1570 Liverpool Court, Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 637

1. How many square feet are leased by the government in the Lord Elgin Plaza, 66 Slater St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 638

1. How many square feet are leased by the government in the MacDonald Building, 123 Slater St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 639

1. How many square feet are leased by the government in the Majestic Building, 396 Cooper St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 640

1. How many square feet are leased by the government in the Maple Building, 227 Laurier Ave. W., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 641

1. How many square feet are leased by the government in the Martel Building, 270 Albert St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 642

1. How many square feet are leased by the government in the Metcalfe Building, 88 Metcalfe St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 643

1. How many square feet are leased by the government in the 200A Metcalfe Building, Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 644

1. How many square feet are leased by the government in the Metro Centre—Block C, 1030 Innes Rd., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 645

1. How many square feet are leased by the government in the Museum Bldg., 2379 Holly Lane, Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 646

1. How many square feet are leased by the government in the Narono Building, 354-366 Laurier Ave. W., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 647

1. How many square feet are leased by the government in the National Capital Commission Bldg., 7 Murray St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 648

1. How many square feet are leased by the government in the National Drug Bldg., 205 Catherine St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 649

1. How many square feet are leased by the government in the National Museum of Science & Technology, 1867 St. Laurent Blvd., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 650

1. How many square feet are leased by the government in the Nicol Bldg., 331 Cooper St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 651

1. How many square feet are leased by the government in the O'Connor Bldg., 190 O'Connor St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 652

1. How many square feet are leased by the government in the Ottawa Motor Sales Bldg., 860 Bank St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 653

1. How many square feet are leased by the government in the Pebb Building, 2197 Riverside Dr., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 654

1. How many square feet are leased by the government in the Place Bell Canada Bldg., 160 Elgin St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 655

1. How many square feet are leased by the government in the Place de Ville, Tower "A", 320 Queen St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 656

1. How many square feet are leased by the government in the Place de Ville, Tower "B", 112 Kent St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 657

1. How many square feet are leased by the government in the Place de Ville, Tower "C", 330 Sparks St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 658

1. How many square feet are leased by the government in the Place de Ville, Podium, 300 Sparks St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 659

1. How many square feet are leased by the government in the Place Vanier, Tower "A", 333 River Rd., Vanier City, Ontario?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 660

1. How many square feet are leased by the government in the Place Vanier, Tower "B", 355 River Rd., Vanier City, Ontario?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 661

1. How many square feet are leased by the government in the Place Vanier, Tower "C", 25 McArthur Rd., Vanier City, Ontario?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 662

1. How many square feet are leased by the government in the 60 Queen St. Building, Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 663

1. How many square feet are leased by the government in the 66 Queen St. Building, Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 664

1. How many square feet are leased by the government in the Queensway Towers, 200 Isabella St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 665

1. How many square feet are leased by the government in the Queenswest Block, 1600 Liverpool Court, Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 666

1. How many square feet are leased by the government in the Rankin's Hardware Bldg., 20 James St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 667

1. How many square feet are leased by the government in the R.C.A. Victor Bldg., 1517 Laperriere St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 668

1. How many square feet are leased by the government in the Richmond Road Bldg., 1305 Richmond Rd., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 669

1. How many square feet are leased by the government in the Royal Trust Bldg., 116 Albert St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 670

1. How many square feet are leased by the government in the S.B.I. Building, Billings Bridge, Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 671

1. How many square feet are leased by the government in the Sanitary Laundry Building, 255 Argyle Ave., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 672

1. How many square feet are leased by the government in the Shirden Building, 308 Rideau St., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

No. 673

1. How many square feet are leased by the government in the Sir Guy Carleton Bldg., 161 Laurier Ave. W., Ottawa?

2. What is the cost per square foot?

3. Which departments are located there?

4. Who is the landlord?

5. On what date does the lease expire and will it be renewed?

6. How many square feet are currently classified vacant?

7. How many square feet will be vacated or refitted in the next five years because of decentralization?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology):

Question No.	(1) Square Feet	(2) Cost per Square Feet	(3) Department	(4) Landlord	(5) Expiry Date and Renewal	(6)	(7)
560	Nil	Nil	Nil	Nil	Terminated November 30, 1976	Nil	Nil
561	30,339	(3 leases) $3.32 av. No. 1 1,936 at $3.29 No. 2 26,467 at $3.29 No. 3 1,936 at $3.75	Indian and Northern Affairs	Leo P. Abrams (Carleton) Ltd.	November 30, 1980 Final disposition not yet determined	Nil	Nil
562	Nil	Nil	Nil	Nil	Terminated November 30, 1976	Nil	Nil
563	3,976	$4.40	Department of Public Works	Lieff Holdings Limited	April 30, 1980 Final disposition Not yet determined	Nil	Nil
564	45,838	$1.81	Indian and Northern Affairs (Indian Arts and Craft Centre)	Domanial Holding Co. Ltd.	April 30, 1978 Yes	Nil	Nil
565	66,912 off. 138 storage plus 89 parking spaces	*See below $6.75 off. $2.50 storage *No. 1 67,050 at $6.74 expires June 30, 1985 No. 2 89 parking stalls at $144.00 ea. expires June 30, 1980	Public Service Commission.	Garth Aselford Ltd. and J. Walton Martin Ltd.	June 30, 1985 Office and Storage June 30, 1980 Parking Final disposition not yet determined	Nil	Nil
566	7,044	$4.00	National Museums of Canada	Shenkman Corp. Ltd.	January 31, 1979 Final disposition not yet determined	Nil	Nil
567	3,265 (3,178 office) (87 storage)	$5.20	Agriculture	Prescott Realties Ltd.	June 30, 1978. Final disposition not yet determined	Nil	Nil
568	640	$3.75	National Museum of Canada	National Capital Commission	Monthly Final disposition not yet determined	Nil	Nil
569	22,558	$3.90	National Museum of Canada	R.A. Beamish Stores Co. Ltd.	August 31, 1979 Final disposition not yet determined	Nil	Nil
570	12,369	$5.50	Energy, Mines and Resources	Sheffield Industrial Park Ltd.	March 31, 1979 Final disposition not yet determined	Nil	Nil
571	186,264	(5 leases) No. 1 96,174 at $4.49 No. 2 3,700 at $2.00 No. 3 83,852 at $4.82 No. 4 218 at $2.00 No. 5 2,320 at $2.00	Canadian Radio and Television Commission, Department of Finance, Supply and Services Canada, Energy Mines and Resources, Public Service Commission.	Ottawa Commercial Realties Ltd.	No. 1 June 30, 1979 No. 2 June 30, 1979 No. 3 March 31, 1979 No. 4 December 31, 1977 No. 5 September 30, 1978 Final disposition not yet determined	4 parking spaces	Nil
572	Nil	Nil	Nil	Nil	Terminated June 30, 1975	Nil	Nil
573	24,000	$6.25	Veterans Affairs	S.B.I. Management Ltd.	April 30, 1978 No	Nil	Nil

[Mr. McKinley.]

Question No.	(1) Square Feet	(2) Cost per Square Feet	(3) Department	(4) Landlord	(5) Expiry Date and Renewal	(6)	(7)
574	60,000	$5.98	National Health and Welfare, Public Works and Industry, Trade and Commerce	Sardina Investments Ltd. c/o E.D. Berry in Trust	April 30, 1980 Final disposition not yet determined	Nil	Nil
575	227,149	$6.06	Manpower and Immigration, Supply and Services Canada, National Health and Welfare	Immeubles Laurentian Realties Ltd.	September 30, 1986 Final disposition not yet determined	Nil	Nil
576	22,000	$2.95	Transport Canada	Sheffield Industrial Park	January 31, 1986 Final disposition not yet determined	Nil	Nil
577	37,650 (office) 5,980 (storage)	$3.47 (office) $2.50 (storage)	Consumer and Corporate Affairs, Environment, National Museums of Canada	Levine Realty Co. Ltd.	February 28, 1981 Final disposition not yet determined	5,000 in basement	Nil
578	16,541	(3 leases) 6.29 av. No. 1 10,557 at $7.00 No. 2 2,235 at $4.79 No. 3 3,749 at $5.20	International Joint Commission, Indian and Northern Affairs, Manpower and Immigration	Metcalfe Realty Co.	No. 1 November 30/77 extended to February 28/78 No. 2 January 31/78 No. 3 January 31/78 extended to March 31/78 No. 1 and 3 final disposition not yet determined No. 2 terminating January 31/78	1,546	Nil
579	12,000	$4.10	Privy Council Office	National Capital Commission	April 30, 1978 Final disposition not yet determined	Nil	Nil
580	198,675	(2 leases) No. 1 1,718 at $3.70 No. 2 196,957 at $3.09	Anti-Inflation Review Board, Supply and Services, Secretary of State, Regional Economic Expansion	Ottawa Commercial Realties	June 30, 1978 Final disposition not yet determined	7,217 (basement) 6,828 (6th floor)	Nil
581	5,429	(2 leases) No. 1 1,396 at $5.57 No. 2 4,033 at $5.42	Agriculture, Supply and Services Canada	Canadian Labour Congress	No. 1 October 31, 1978 No. 2 January 31, 1979 Final disposition not yet determined	Nil	Nil
582	19,206	$7.00	Supply and Services Canada, Public Works Canada, Consumer and Corporate Affairs	Royal Canadian Legion	April 30, 1980 Final disposition not yet determined	Nil	Nil
583	5,684	$5.91	National Museum of Canada	Canadian Teacher's Federation	June 30, 1986 Final disposition not yet determined	Nil	Nil
584	Nil	Nil	Nil	Nil	Terminated August 31, 1977	Nil	Nil
585	372,849 (257 parking spaces)	(5 leases) No. 1 190,280 at $3.75 p.s.f. 6,428 at $2.00 p.s.f. 24,650 at $0.50 p.s.f. 221,358 sq. ft. No. 2 71,571 at $5.75 p.s.f. 1,000 at $2.00 p.s.f. 72,571 sq. ft. No. 3 21,080 at $5.45 p.s.f. No. 4 13,684 at $5.38 No. 5 37,582 at $3.75 p.s.f. 4,374 at $5.00 p.s.f. 2,200 at $0.50 p.s.f. 44,156 sq. ft.	Indian and Northern Affairs (Administration Program), Canadian Transport Commission, National Health and Welfare, Supply and Services Canada	Campeau Corporation Co. Ltd.	No. 1 July 31, 1980 No. 2 July 31, 1979 No. 3 July 31, 1978 No. 4 July 31, 1980 No. 5 September 30, 1980 Final disposition not yet determined	Nil	Nil
586	125,325	(2 leases) No. 1 114,000 at $4.80 No. 2 11,325 at $2.00	Revenue Canada (Taxation), Public Works Canada, Energy, Mines and Resources, Industry, Trade and Commerce and Secretary of State	Cyrand Investments Ltd. and Levine Realty Co. Ltd.	May 31, 1978 No	1 parking space	Nil
587	129,423	(3 leases) No. 1 12,489 at $10.00 No. 2 113,789 at $ 7.15 2,956 at $ 3.25 No. 3 189 at $ 4.76	Manpower and Immigration, Unemployment Insurance Commission, Public Service Commission, Royal Canadian Mounted Police	Chomley Investments	No. 1 July 31, 1981 No. 2 October 30, 1980 October 30, 1980 No. 3 October 30, 1980 Final disposition not yet determined	Nil	Nil
588	57,331 and 80 parking stalls	(5 leases) No. 1 31,845 at $4.10 No. 2 9,579 at $2.13 No. 3 6,742 at $1.95 No. 4 6,169 at $1.81	Energy, Mines and Resources, House of Commons, Fisheries and the Environment	City Centre Developments Ltd.	No. 1 December 31, 1977 No. 2 September 30, 1978 No. 3 February 28, 1979 No. 4 February 28, 1979 No. 5 February 29, 1979	4,099 and 6 parking spaces	Nil

Order Paper Questions

Question No.	(1) Square Feet	(2) Cost per Square Feet	(3) Department	(4) Landlord	(5) Expiry Date and Renewal	(6)	(7)
		No. 5 2,996 at $1.99			Terminating 18,845 December 31, 1977 Final disposition not yet determined		
589	Nil	Nil	Nil	Nil	Terminated October 31, 1976	Nil	Nil
590	20,510	$4.91	National Health and Welfare	Campeau Corporation	December 31, 1977 renegotiated to May 31/78 No	Nil	Nil
591	14,812	$3.70	Environment Canada	Commerce City Investments Ltd.	August 31, 1981 Final disposition not yet determined	Nil	Nil
592	5,215	(2 leases) No. 1 1,517 at $4.45 No. 2 3,698 at $3.92	Secretary of State	N.D.M. Leaseholds (Nathan David and Max Zelikovitz)	No. 1 June 30, 1978 No. 2 March 31, 1978 No.	Nil	Nil
593	Nil	Nil	Nil	Nil	Terminated October 31, 1977	Nil	Nil
594	202,660	(4 leases) No. 1 1,382 at $3.00 No. 2 540 at $2.10 No. 3 198,968 at $4.78 No. 4 1,770 at $2.10	Cdn. Transport Commission, Atomic Energy of Canada, Cdn. Patents and Development, Statistics Canada, D.S.S.	Standard Life Assurance Co.	No. 1 May 31, 1978 No. 2 October 31, 1978 No. 3 October 31, 1978 No. 4 October 31, 1978 Final disposition not yet determined	2 parking spaces	Nil
595	23,393	$1.51	National Museums of Canada	C.L. Connelly	October 31, 1978 Final disposition not yet determined	Nil	Nil
596	55,000	$6.25	Ministry of Transport	Robert E. Simon	March 31, 1978 No	Nil	Nil
597	Nil	Nil	Nil	Nil	Terminated November 30, 1976	Nil	Nil
598	Nil	Nil	Nil	Nil	Terminated September 30, 1977	Nil	Nil
599	28,346	$5.26	Energy, Mines and Resources	Cross Canada Flights Ltd.	May 31, 1978 Yes	Nil	Nil
600	10,568	$4.50	National Museums of Canada	D.M. & M. Realties Ltd.	July 31, 1978 Final disposition not yet determined	Nil	Nil
601	9,466	$2.91	National Museums of Canada	Darmont Holdings Ltd.	December 31, 1980 Final disposition not yet determined	Nil	Nil
602	21,766	(2 leases) No. 1 19,766 square feet at $3.54 No. 2 (shed) 2,000 square feet at $0.50	Environment Canada	Dibblee Construction Ltd. and Iruck Investments Ltd.	No. 1 January 31, 1979 No. 2 November 30, 1978 Final disposition not yet determined	Nil	Nil
603	14,300	$4.79	Environment Canada	Dustbane Enterprises Ltd.	October 31, 1978 No	Nil	Nil
604	103,112	(5 leases) No. 1 11,957 at $6.05 p.s.f. No. 2 41,840 at $4.65 p.s.f. No. 3 4,500 at $4.65 p.s.f. No. 4 41,472 at $4.65 p.s.f. No. 5 3,343 at $5.80 p.s.f.	Royal Canadian Mounted Police	The Manufacturers Life Insurance Co.	No. 1 July 31, 1979 No. 2 July 31, 1978 No. 3 July 31, 1978 No. 4 October 31, 1978 No. 5 December 31, 1979 Final disposition not yet determined	Nil	Nil
605	118,330	$3.39	National Defence	Bert Loeb	May 31, 1978 Yes	Nil	Nil
606	2,785	$6.00	Indian and Northern Affairs	Uniprop Holdings Ltd.	June 30, 1978 No	Nil	Nil
607	112,665	$5.14	Anti-Inflation Review Board, D.S.S., National Defence, Secretary of State, Statistics Canada, Canadian Penitentiary Service, Indian and Northern Affairs	Narono Holdings Ltd.	October 31, 1979 Final disposition not yet determined	413 square feet (basement)	Nil
608	65,389	$2.98	Energy, Mines and Resources	Greenside Developments Ltd.	January 31, 1985 Final disposition not yet determined	Nil	Vacating 65,389
609	5,808	$5.25	Manpower and Immigration	L'Institut Canadien Français d'Ottawa	September 30, 1980 Final disposition not yet determined	Nil	Nil
610	50,385	(5 leases) No. 1 700 at $4.50 No. 2 33,398 at $4.50 No. 3 2,926 at $5.00 No. 4 11,687 at $3.77	National Museums of Canada Secretary of State	Metcalfe Realty Co.	No. 1 October 31, 1978 No. 2 October 31, 1978 No. 3 October 31, 1978 No. 4 December 31, 1977 No. 5 October 31, 1978	2,461 (basement)	Nil

[Mr. Maine.]

Question No.	(1) Square Feet	(2) Cost per Square Feet	(3) Department	(4) Landlord	(5) Expiry Date and Renewal	(6)	(7)
		No. 5 1,674 at $5.00			Terminating 14,248 December 31, 1977 Remainder, disposition not yet determined		
611	3,620	$5.95	National Museums of Canada	Retno Limited	April 30, 1980 Final disposition not yet determined	Nil	Nil
612	6,176	$4.40	National Defence	Freedman Realty Co. Ltd.	September 30, 1978 Final disposition not yet determined	Nil	Nil
613	1,945	$7.90	Unemployment Insurance Commission	Robert M. Gencher	April 30, 1978 Final disposition not yet determined	Nil	Nil
614	78,974	(2 leases) No. 1 70,000 at $3.58 No. 2 8,974 at $5.95	National Museums of Canada C.E. and I.C.	Gillin Engineering and Construction Ltd.	February 29, 1980 Final disposition not yet determined	10,000	Nil
615	Nil	Nil	Nil	Nil	Terminated November 30, 1977	Nil	Nil
616	13,804	$2.34	Energy, Mines and Resources National Museums of Canada	Hugh M. Grant Ltd.	October 31, 1979 Final disposition not yet determined	Nil	Nil
617	5,482	$4.75	National Defence	Kenneth Radnoff in Trust	September 30, 1981 Final disposition not yet determined	Nil	Nil
618	21,555	$5.50	E.M.R.	North Cooper Limited	July 31, 1978 Final disposition not yet determined	Nil	Nil
619	No record in DPW Inventory						
620	75	$6.67	Royal Canadian Mounted Police—antenna	Wesman Holdings Ltd.	September 30, 1982 Final disposition not yet determined	Nil	Nil
621	Nil	Nil	Nil	Nil	Terminated September 30, 1976	Nil	Nil
622	23,036	$4.00	Revenue Canada (Customs)	Northern Telecom Ltd.	March 31, 1979 Final disposition not yet determined	78 Parking spaces	Nil
623	6,412	$5.40	Solicitor General	McRae Holdings Ltd.	May 31, 1979 Final disposition not yet determined	Nil	Nil
624	23,130 and 2,867	$5.40 and $2.00	National Defence	Granum Ltd.	March 31, 1978 Final disposition not yet determined	2,276 (basement)	Nil
625	19,580	$3.00	Transport Canada	Secemb Investments Ltd.	September 30, 1979 Final disposition not yet determined	Nil	Nil
626	238,917	$6.25	Solicitor General, National Defence, Supply and Services, National Health and Welfare, Canadian Transport Commission, Indian and Northern Affairs, Tarriff Board	1) The Journal Publishing Co. of Ottawa Ltd. 2) Campeau Corporation	February 28, 1979 Final disposition not yet determined	Nil	Nil
627	286,924	(2 leases) No. 1 278,065 at $7.25 7,419 at $3.50 No. 2 1,440 at $8.75	Communications, Atomic Energy of Canada Ltd., Treasury Board, Labour, Solicitor General, M.O.T. Justice	Campeau Corporation	April 30, 1980 Final disposition not yet determined	39,270	54,047
628	10,065 and 9,670	$4.35 and $3.25	National Museums of Canada	Jelnor Holdings Ltd.	July 31, 1980 Final disposition not yet determined	Nil	Nil
629	4,931 16,069	(2 leases) No. 1 4,931 at $5.50 No. 2 16,069 at $5.50	Consumer and Corporate Affairs, Supply and Services Canada, National Defence	Riverside Terrace (Ottawa) Ltd.	July 31, 1978 Termination 6,517 January 31, 1978 balance, final disposition not yet determined	Nil	Nil
630	104,116	(8 leases) No. 1 11,837 at $3.00 No. 2 10,747 at $5.50 No. 3 14,650 at $6.25 No. 4 7,232 at $8.50 No. 5 29,300 at $6.25	Industry Trade and Commerce, National Film Board, Privy Council, Science Council of Canada, Solicitor General, National Parole Board, National Museums	Dolly Holdings Ltd., Willowdale, Ontario	No. 1 October 31, 1979 No. 2 October 31, 1979 No. 3 January 31, 1978 No. 4 October 31, 1979 No. 5 February 2, 1978 No. 6 July 31, 1979	Nil	Nil

Order Paper Questions

Question No.	(1) Square Feet	(2) Cost per Square Feet	(3) Department	(4) Landlord	(5) Expiry Date and Renewal	(6)	(7)
		No. 6 14,650 at $4.20 No. 7 14,650 at $4.20 No. 8 1,050 at $9.50			No. 7 July 31, 1979 No. 8 October 31, 1979 29,300 terminate February 28, 1978 balance, final disposition not yet determined		
631	13,865 and 500	$6.25 and $2.50	Tax Review Board	381 Realty Ltd.	March 31, 1979 Final disposition not yet determined	Nil	Nil
632	115,829	(2 leases) $6.95 (average) No. 1 8,242 at $3.00 p.s.f. No. 2 107,587 at $7.25 p.s.f.	Public Service Commission	Kelleany Corporation Ltd.	October 31, 1985 Final disposition not yet determined	4,914 (basement)	Nil
633	9,982	$4.90	Manpower and Immigration	N.D.M. Leaseholds	September 30, 1979 Final disposition not yet determined	Nil	Nil
634	882,247	(4 leases) No. 1 841,567 at $ 6.95 No. 2 2,399 at $18.00 No. 3 20,300 at $ 6.75 No. 17,981 at $ 3.00 Parking 300 at $480.00 per stall per annum	Insurance, National Defence, Public Service Commission U.I.C., Manpower and Immigration, National Museums of Canada, Public Works, Public Service Staff Relations Board, D.S.S., National Health and Welfare	Olympia and York Developments Ltd.	(Lease Purchase) No. 1 June 30, 2010 No. 2 February 28, 1986 No. 3 June 30, 1986 No. 4 June 30, 1981 Parking 300 expires August 31, 1980	Nil	Nil
635	26,122	(2 leases) No. 1 6,443 at $6.05 No. 2 19,679 at $5.19 (approx.)	Environment Immigration Appeal Board	Logawi Holdings Ltd.	No. 1 January 31, 1978 No. 2 March 31, 1979 Terminate 6,443 January 31, 1978 balance, final disposition not yet determined	2 parking spaces 3,982	Nil
636	31,934	$3.65	Indian and Northern Affairs	Merkburn Holdings Ltd.	December 31, 1980 Final disposition not yet determined	Nil	Nil
637	246,125	(6 leases) No. 1 17,790 at $6.80 No. 2 200 at $2.10 No. 3 91,356 at $5.00 No. 4 64, 587 at $5.76 No. 5 2,348 at $7.99 No. 6 69,844 at $4.91	Supply and Services Canada, National Defence, Cdn. Intergovernmental Conference, Secretary of State, Anti-Inflation Board	Ottawa Elgin Investments Ltd.	No. 1 June 30, 1982 No. 2 January 31, 1979 No. 3 March 31, 1979 No. 4 August 31, 1977 No. 5 March 31, 1979 No. 6 July 31, 1979 Final disposition to be determined	27,484	Nil
638	99,070	$5.90	National Revenue (Taxation)	Metcalfe Realty Ltd.	December 31, 1979 Final disposition not yet determined	32 parking spaces	Nil
639	23,025	$4.25	Environment of Canada	Shirden Investments Ltd.	August 31, 1978 Final disposition not yet determined	Nil	Nil
640	16,133	$2.07	Anti-Inflation Review Board	Landis Realty Ltd.	June 30, 1978 Final disposition not yet determined	Nil	Nil
641	127,909	$7.11	Ministry of Science and Technology, Supply and Services Canada, Atomic Energy Control Board, Industry, Trade and Commerce, Finance	270 Albert Realty Ltd.	August 31, 1980 Final disposition not yet determined	Nil	Nil
642	105,064	(2 leases) No. 1 99,832 at $5.01 No. 2 5,232 at $5.05	National Revenue (Taxation)	Metcalfe Realty Ltd.	December 31, 1979 (2 leases) Final disposition not yet determined	Nil	Nil
643	992	$4.15 Treasury Board and Finance to January 1976 Sublet to the Ottawa Rape Crises Centre in April 1976 to March 1978.		Daniel Komesh	March 31, 1978 No	Nil	Nil
644	65,516	$3.02	National Museums of Canada	Admiral Leaseholds Ltd.	April 30, 1995 Final disposition to be determined	Nil	Nil
645	42,000	$3.75	National Museums of Canada	D.M. & M. Realty Ltd.	June 30, 1982 Final disposition to be determined	Nil	Nil
646	110,328	(3 leases) No. 1 105,418 at $4.49 No. 2 4,072 at $2.10 No. 3 838 at $9.00	National Defence, Supply and Services Canada	Narono Holdings Ltd. c/o Goldberg, Shinder, Schmelzer and Gardner	No. 1 July 31, 1984 No. 2 July 31, 1978 No. 3 July 31, 1981 Final disposition to be determined	Nil	Nil

[Mr. Maine.]

Question No.	(1) Square Feet	(2) Cost per Square Feet	(3) Department	(4) Landlord	(5) Expiry Date and Renewal	(6)	(7)
647	16,454	$1.50	National Museums of Canada	National Capital Commission	Month to month to December, 1979 Final disposition to be determined	Nil	Nil
648	28,300	$2.59	Statistics Canada	Bechard Investments (North Bay) Ltd.	July 31, 1978 Final disposition to be determined	4,010 storage	Nil
649	141,772	$2.82	National Museums of Canada	Gerku Investments Ltd.	March 31, 1987 Final disposition to be determined	Nil	Nil
650	Nil	Nil	Nil	Nil	Terminated November 30, 1976	Nil	Nil
651	56,782	$6.08	National Defence	Sol Shabinski, David Reid, Herbert Cohen, Moshe Feig, Herman Goldstein, and Sybil Greenberg-Mirsky	November 30, 1977 Yes	Nil	Nil
652	Nil	Nil	Nil	Nil	Terminated September 30, 1976	Nil	Nil
653	27,492	(2 leases) $4.78 average No. 1 765 at $4.00 p.s.f. No. 2 26,727 at $4.80 p.s.f.	Statistics Canada, Pensions Advocats Bureau, Canadian Dairy Commission	Riverside Terrace (Ottawa) Ltd.	October 31, 1979 (both leases) Final disposition to be determined	Nil	12,187
654	434,504	(2 leases) No. 1 433,979 at $5.86 No. 2 525 at $5.50	Finance, Treasury Board, Supply and Services Canada, National Health and Welfare, Inspector General of Banks	Olympia & York Developments Ltd.	November 30, 1979 (both leases) Final disposition to be determined	Nil	Nil
655	238,207	(12 leases) $4.83 average No. 1 1,932 at $ 2.00 No. 2 6,027 at $ 6.50 No. 3 1,488 at $ 6.50 No. 4 1,319 at $ 5.50 No. 5 1,547 at $ 5.50 No. 6 1,957 at $ 5.77 No. 7 215,163 at $ 4.82 No. 8 905 at $ 5.77 No. 9 2,463 at $ 2.00 No. 10 2,780 at $ 2.00 No. 11 1,803 at $ 5.34 No. 12 823 at $10.00	National Harbours Board, St. Lawrence Seaway Authority, Supply and Services Canada, National Health and Welfare, M.O.T.	Campeau Corporation Ltd.	No. 1 March 31, 1983 No. 2 December 31, 1980 No. 3 June 30, 1978 No. 4 June 30, 1981 No. 5 June 30, 1981 No. 6 June 30, 1978 No. 7 March 31, 1983 No. 8 June 30, 1978 No. 9 May 31, 1980 No. 10 March 31, 1983 No. 11 October 31, 1981 No. 12 September 30, 1979 Final disposition to be determined	Nil	Nil
656	Nil	Nil	Nil	Nil	September 30, 1977 Building vacated December 8, 1977 No	Nil	Nil
657	541,568	(4 leases) *No. 1 560,268 at $5.77 No. 2 6,300 at $8.73 No. 3 27,326 at $6.44 No. 4 998 at $2.00 *See also question No. 658 includes 53,324 sq. ft. in Place de Ville, Podium Bldg.	Transport Canada, Supply and Services Canada	Campeau Corporation Ltd.	No. 1 October 31, 1981 No. 2 October 31, 1981 No. 3 October 31, 1981 No. 4 April 30, 1982 Final disposition to be determined	Nil	Nil
658	53,324 Included in Lease No. 1 of Tower "C" See question No. 657	$5.77	Public Works Canada, Justice, National Revenue (Taxation) Farm Products Marketing Council, MOT	Campeau Corporation Ltd.	October 31, 1981 Final disposition to be determined	33,990	Nil
659	185,726	(7 leases) No. 1 113,400 at $4.66 No. 2 4,847 at $5.25 No. 3 15,904 at $4.75 No. 4 4,731 at $4.66 No. 5 670 at $4.66 No. 6 40,500 at $4.49 No. 7 5,674 at $2.25	Economic Council of Canada, Canada Pension Plan, National Sports and Recreational Centre, National Health and Welfare, Supply and Services, Unemployment Insurance Commission	Bona Bldg. and Management Ltd.	No. 1 October 31, 1981 No. 2 June 30, 1978 No. 3 October 31, 1981 No. 4 September 30, 1979 No. 5 February 28, 1979 No. 6 September 30, 1979 No. 7 October 31, 1981 Final disposition to be determined	Nil	90,629
660	218,821	(5 leases) No. 1 213,720 at $4.66 No. 2 1,200 at $3.50 No. 3 2,000 at $3.50 No. 4 1,463 at $3.25 No. 5 438 at $3.25	Unemployment Insurance Commission, National Health and Welfare, Canada Pension Plan, National Sports and Recreation, Urban Affairs and Housing, Royal Canadian Mint, Government Annuities Branch, Manpower and Immigration, Public Works Canada, National Defence	Bona Bldg. and Management Company Ltd.	No. 1 October 31, 1981 No. 2 July 31, 1980 No. 3 April 30, 1979 No. 4 August 31, 1980 No. 5 October 31, 1981 Final disposition to be determined	Nil	55,089
661	90,243	(3 leases) No. 1 87,048 at $ 7.20 No. 2 2,173 at $10.00 No. 3 1,022 at $ 3.25	Manpower and Immigration, Central Mortgage and Housing, National Sports and Recreation Centre	Bona Bldg. and Management Company Ltd.	August 31, 1980 (3 leases) Final disposition to be determined	Nil	Nil

Order Paper Questions

Question No.	(1) Square Feet	(2) Cost per Square Feet	(3) Department	(4) Landlord	(5) Expiry Date and Renewal	(6)	(7)
662	Nil	Nil	Nil	Nil	Terminated August 6, 1976	Nil	Nil
663	4,476	$6.00	Treasury Board	National Arts Centre	July 31, 1978 No	Nil	Nil
664	Nil	Nil	Nil	Nil	Terminated October 31, 1976	Nil	Nil
665	31,947	$3.80	Indian and Northern Affairs	Queenswest Development	February 28,1985 Final disposal to be determined	Nil	Nil
666	15,505	$4.50	Library of Parliament	Rankin's Hardware	May 31, 1981 Final disposition to be determined	Nil	Nil
667	16,000	$2.35	Energy, Mines and Resources	Bill Cliff Ltd.	October 31, 1978 Final disposition to be determined	Nil	Nil
668	6,907	$5.10	Statistics Canada	Ernest W. Assaly & Thomas C. Assaly	August 31, 1978 No	Nil	Nil
669	3,151	$5.14	Unemployment Insurance Commission	Lander Holdings Ltd.	March 31, 1978 Final disposition to be determined	Nil	Nil
670	147,708	$7.25	Post Office, Supply and Services, Agriculture, Public Works, Revenue Canada (Customs)	Rolancia S.A. Societe Anonymous, Geneva Switzerland c/o S.B.I. Management Ltd. (Agents)	October 31, 1980 Final disposition to be determined	Nil	22,828
671	40,285	$3.90	National Health and Welfare	A.T. Rosenberg	May 31, 1978 Final disposition to be determined	Nil	Nil
672	9,936	1 (lease) 4.95 average 3,077 at $6.50 5,159 at $5.00 1,700 at $2.00	Manpower and Immigration	Corbert Investments Ltd.	October 31, 1980 Final disposition to be determined	Nil	Nil
673	179,715	$6.23	Regional Economical Expansion, National Health and Welfare, Supply and Services	One-Sixty-One Realty Ltd.	February 28, 1978 Final disposition not yet determined	10,441	Nil

STUDENT SUMMER EMPLOYMENT PROGRAM

Question No. 1,424—**Mr. Marshall:**

What is the salary scale for each student summer employment program under the various departments?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Employment and Immigration is concerned: Non-Career Oriented Summer Programs: Canada Employment and Immigration Commission: Native Internship—$4.34 per hour; Summer Job Corps—$100-$163 per week; Young Canada Works—Provincial Minimum Wage; Job Exploration by Students—Determined by Individual Employers—up to $4.25 per hour; Canada Manpower Centres for Students—$4.34 per hour, Department of Indian Affairs and Northern Development; Indian High School Program—Provincial Minimum Wage; Indian Eskimo Recruitment and Development Program—Provincial Minimum Wage; Parks Recruitment—average $4.50 per hour; Parks Awareness—Provincial Minimum Wage; Northern Community—Minimum Wage (Yukon or Northwest Territories). Department of Health and Welfare: Health Activities Program—$135 per week; Non-medical Use of Drugs—$155-$200 per week. Department of National Defence; Reserves—$127.50 per week; Cadet Training—Nil; Community Assistance Program—$127.75 per week. Secretary of State; Hostel Program—$125-$160 per week; Student Community Services—$135 per week. Consumer and Corporate Affairs: Product Safety Program—$150 per week. Fisheries and Environment: Various levels depending on assigned job—$135 to $248 per week. Justice; Public Legal Education—$140 per week. Labour Canada; Labour—$140 per week. Solicitor General: Criminal Justice System—$5.00 per hour.

In so far as the Public Service Commission is concerned: Career-Oriented Summer Programs: The Public Service Commission administers three summer programs for which Treasury Board is responsible for establishing rates of pay. The rates in effect for the summer of 1978 are those that were established by Treasury Board in 1977.

(1) Rates for Summer Student Customs Officer (SCOP) Revenue Canada-Customs and Excise

	Rate per hour
Basic hiring rate (First summer of employment)	$4.50
Second summer of employment (With one summer's experience)	$4.90
Third and subsequent summers of employment (With two or more summer's experience)	$5.30

(2) Rates for Solicitor General Peace and Security Projects (SOL) Solicitor General

	Rate per hour
Basic hiring for all students	$5.00

(3) Rates for all other career-oriented summer programs.

Successfully Completed Academic Level

University	Techonogical	Rate per hour
Qualifying Year	1	$3.30
1	2	$3.70
2	3	$4.25
3		$4.75
4		$5.20
5		$5.60
6		$6.00
7		$6.40
8		$6.80

[*Translation*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

WAYS AND MEANS

INCOME TAX AND EXCISE TAX

Hon. Jean Chrétien (Minister of Finance) moved:

That the ways and means motion to amend the Income Tax Act and the Excise Tax Act laid upon the table, Thursday, May 25, 1978, be concurred in.

Motion agreed to.

* * *

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Thursday, May 25, consideration of the motion of Mr. Chrétien that Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, be read the second time and referred to the committee of the whole, and of the amendment (Mr. Broadbent) (p. 5548).

Mr. F. A. Philbrook (Halton): Mr. Speaker, I am very pleased to speak in this debate today. I should like to restrict my remarks to the budget. This is one of the measures I consider to be one of the most important that the Government of Canada has ever initiated because I think it tries to answer two main challenges in this country. The first challenge is the economy. If we had a plan to propose to the Canadian people to reduce prices for the shopper, to stimulate sales for the storekeeper, to encourage use of savings, to boost manufacturing indirectly, and to give an over-all boost to the economy, including reducing inflation which is the underlying factor in the whole set of our economic problems, we would probably all accept it eagerly.

Our second challenge is federal-provincial cooperation where there is a new thrust as part of our whole national unity picture, where admittedly we have problems in such a big country with strong and varied regional interests, with cyclical changes throughout our history in terms of centralized versus regional power, with the present trend toward increasing provincial power but still with a need for a strong central government in the interests of national unity, international competitiveness, fairness and equity across the country. Certainly with regard to these two challenges, the economy and federal-provincial co-operation, this is the sort of promise held out by at least one recent Government of Canada initiative in the last budget, namely, the proposed retail sales tax cut announced in the April budget by the Minister of Finance (Mr. Chrétien).

As we know, this type of tax cut, novel in our history, was agreed to in general at the federal-provincial economic summit conference in February, here in Ottawa. It was recommended before that, and since then, by many prominent economists in this country, and it seemed to have the general agreement of all the provinces except Quebec which delayed its decision until after the budget announcement and then, to the surprise of many of us, bucked the deal, which we can only interpret as typical separatist tactics.

Oddly enough, in the meantime many political forces which we would normally consider federalist seemed to have sided with the stand of the separatist provincial Parti Québécois government. For example, the western provinces have had second thoughts on it, federal opposition parties have expressed concern, Quebec opposition parties have sided with the Parti Québécois government, and even the new Quebec Liberal leader, Mr. Ryan, did so, although the other leadership contender, Mr. Garneau, took a rather courageous, constructive federalist approach on this, initially at least; and the media took a similar stand, curiously enough.

Who then still supports this deal? Certainly the Atlantic provinces in general do. The maritime provinces have done so, partly, I suppose, because all their expenses will be paid in this tax cut by the federal government. The province of Ontario supported this measure. It needs this measure and stands to benefit highly from it, if not more than any other province. Ontario still supports this measure, even though it has become somewhat quiet as this debate has become more heated.

• (1222)

There was a great deal of positive reaction in the editorial pages across Canada. I will not repeat the list of 17 media sources which I have in my possession. These sources represent all parts of the country. Their reaction to the announcement of the Minister of Finance was very positive.

Mr. Gillies: Including Quebec?

Mr. Philbrook: Yes, including Quebec. There were positive reactions in the editorials of newspapers such as *Le Devoir*, *Le Droit*, the Montreal *Star* and the Montreal *Gazette*. Also there were positive reactions in various regions of the country such as the maritimes. The tax cuts were welcomed in the mari-

times for obvious reasons. Premier Moores of Newfoundland complained that this measure helped Ontario and western Canada more than any other part of the country. At least that can be refuted to some extent.

The province of Alberta did not benefit directly because it has no retail sales tax. I should point out that Alberta received the benefit of a great deal of supportive measures in the budget for its petroleum industry. The Canadian Chamber of Commerce indicated that its executive director, Mr. Sam Hughes, was grinning like a Cheshire cat. Obviously he was pleased. Mr. John Bulloch, a small business leader, seemed pleased with the measure. In general, business leaders from the financial community were relieved that big government spending was avoided. They felt that the budget was unusually good in avoiding inflationary pressures.

Big business and retailers in the province of Ontario seem to favour the budget in moderate tones, and were pleased with the incentives for consumer spending. Ontario Treasurer Darcy McKeough said that he thought the retail sales cuts would help accelerate the province's slow rate of growth. According to recent reports, Ontario has had one of the slowest growth rates, if not the slowest, whereas it used to have the fastest. Mr. McKeough indicated that production and employment can expand through consumer purchasing. Mr. McKeough and other sources, such as the Science Council of Canada, were pleased with the incentives in the budget for research and development. Those incentives will stimulate the economy in the long term.

Financial leaders who have been critical of the economic policies of Canada in the past also spoke positively of the budget, for example, Mr. Douglas Peters, the Vice-President and Chief Economist of the Toronto-Dominion Bank, and Mr. William Mackness of Pitfield Mackay Ross, investment dealers.

The Canadian auto industry is based mainly in Ontario. For example, Ford of Canada in Oakville said it expected the 3 per cent tax cut would rev up its business to near record sales, especially since it came in time for its peak selling period in April, May and June. By the way, Ontario is the main consumer as well as the main producer of automobiles. That is why this measure is very important to that province. Recently Mr. David Lamb of American Motors was quoted as saying the following, "The sales tax cut will make 1978 one of the best years in memory".

I should like to refer to what happened on the Quebec scene. There was some deception in the action surrounding the Quebec government at the time of the budget. At one point Quebec seemed to be working in conjunction with the other provinces. It attended the pre-budget consultations, offered no alternatives, and gave no indication of its reaction. At the last minute Quebec announced it would give a decision in 48 hours, that is, after the budget was announced. Then that province stated it would not cooperate. All the other provinces had agreed to the tax cuts. Some of these provinces even offered other ideas, which Quebec should have attempted.

[Mr. Philbrook.]

The Parti Québécois announced that it wanted complete tax relief on selective items produced mainly in Quebec. It was a plan favouring that province to the detriment of other parts of Canada. As we have experienced in the past, it was another true separatist challenge, and a deliberate trap for the government and the people of Canada.

In the area of deception, the Parti Québécois did not point out to its own people that its plan to favour Quebec had the same basic weakness for Quebec as the general tax plan had for the rest of Canada. I am referring to the area of competition by imports. At this time imports are usually lower in price and acceptable in quality. The Quebec plan set up protectionism against products from other parts of Canada but not from other countries. Even its own plan cannot benefit Quebec manufacturing greatly because the tax cuts apply to imports as well. Only a voluntary "buy Quebec-made" or "buy Canada-made" policy could accomplish this.

An important initiative which came out of the federal-provincial conference in February was the idea of encouraging our consumers to buy Canadian-made goods, even where protectionism did not exist. Like most other countries these days, Canada is caught between a need to stimulate its own economy by exporting more and importing less, on the one hand, and avoiding a vicious international trade war on the other hand. On the basis of past experience that could lead to world-wide depression and a third world war. This is identified by the current difficult GATT negotiations in Geneva. These negotiations are badly behind schedule and do not favour Canada. Canada is said to have got off lightly at the last Kennedy Round in Tokyo.

Also Canada suffers the disadvantage of not belonging to a trading bloc like other countries. We certainly do not dominate a region of the world, unless we finally yield to the wishes of the United States of America to form closer trade links—a continentalist policy—with the threat of being assimilated by our giant neighbour to the south—trading our culture for security. This trade advantage can be achieved only by Canadians on a voluntary, discriminatory basis putting economic nationalism into practice, rather than becoming involved in a trade war. The federal-provincial conference promoted this idea. Recently the Canadian government announced such a plan.

What happened in Quebec is very important as a basic learning experience for this country. One of the best analyses with regard to Quebec came from Mr. Jeffrey Simpson as reported in the Toronto *Globe and Mail* on May 15. The article reads as follows:

> It is Ottawa that has been taking a relentless political kicking in Quebec and elsewhere. Only Ontario, which thought up the idea of a sales tax cut last October, and the Atlantic provinces, which are fully reimbursed by Ottawa, are content.
>
> In many ways, the sales tax reductions were a highly imaginative solution to the economy's need for stimulus. The irony is that the provinces were unanimous in their belief that a sales tax cut was the most effective economic tool available.
>
> For the first time, Ottawa took the provinces into its confidence in budget preparations. An exhaustive series of meetings and conversations were held between federal and provincial officials from March 23 to budget day April 10.

A week before the budget, senior officials from Ottawa and the provinces held a day-long meeting in Ottawa to iron out problems.

This indicates that the approach by the Minister of Finance was as thorough as possible, especially when one considers the secrecy surrounding the budget.

● (1232)

The question has to be asked, as the article goes on to state:

Why do most Quebec people seem to support the PQ on the sales tax cuts issue and oppose Ottawa?

He explains:

Quebeckers admire good political showmanship and a healthy sense of political dash. They got both with the Quebec government's reply.

He goes on to state:

Ottawa, thinking it was doing the country and Quebeckers a favour, walked right into trouble.

That could be read as saying "trap". The article continues:

To this day, federal politicians have not explained their case adequately to Quebeckers.

Ottawa's subsequent arguments about fracturing the Canadian market made little impact on Quebeckers who could not see that if Ontario pulled the same trick and eliminated its sales tax on, say, office furniture, dishwashers, and appliances, Quebec dealers would be clobbered.

Coming from a town that has the Ford Motor Company, I might include in that list automobiles.

At this point, partisan politics aside, I should like to give credit to the Ontario government for the statesman-like way in which it acted, and approached this particular attempt to help the economy and the individual Canadian at the same time, although I must say that this was partly a matter of self interest as well. The article goes on to state:

It is a fact that Quebec never rejected Ottawa's plan until Ottawa was politically exposed. Mr. Parizeau subsequently said Quebec had not prepared an alternative scheme, but within 48 hours of the federal budget he had produced his own plan of infinite subtlety.

Quebec of course was greatly aided by the four western provinces. Beyond these objections, the western politicians knew it is good politics to bash the federal government. And the sales tax looked like a bonanza for the industries of Ontario.

Western premiers succeeded in having it both ways. They took the federal money to defray two-thirds of the sales tax reduction, then got substantial mileage in attacking the federal government.

Manitoba wanted greater compensation from Ottawa, but that was rejected by federal officials.

I regard that merely as something that shows that Quebec could also have made an alternate suggestion, and could have cooperated if it had really wanted. Although the Minister of Finance had to change his arrangements with Quebec, and this has been a major item of dispute as to whether it represents favouritism or is a necessary expediency, I note that even Charles Lynch concedes that these things do happen quite often, particularly to Ministers of Finance.

As I mentioned before, Mr. Ryan, the new Quebec Liberal leader, seems to side with the Parti Québécois government. However, his opponent for the leadership, Raymond Garneau, at least spoke up for the general Canadian cause.

The Minister of Finance asked for opinions from provincial finance ministers on Mr. Parizeau's proposal, and found that at least three objected to it. The Minister of Finance says he still wants a conference of provincial finance ministers in June. I think that is very reasonable, and hopefully that will help.

Finally, in an attempt to make this thing work, it is reported that all other eight provinces agreed by phone the day of the budget to go along with the tax cuts. Therefore, there was even last minute consultation.

In other words, Ontario, the Maritimes and other provinces had accepted virtually an average tax cut of $100 per person. Why did Quebec not do so as well? They were all free to refuse the offer but, unlike Quebec, they accepted. Our Minister of Finance says he could only allow three weeks for federal provincial negotiations on this because of confidentiality in respect of this new budget approach. The Prime Minister (Mr. Trudeau) says his Minister of Finance contacted Quebec treasurer Parizeau more than a week ago to arrange a meeting. This was after the budget, so it was probably about nine days. He had not had a reply, and therefore he suggested this makes it very difficult to negotiate.

Where we are at the present time is that our finance minister is proposing to pay $40 million to Quebec through the general program, knowing that province is only carrying on a part of it, and $186 million, a much larger amount, being the balance, through income tax rebates to individual Quebecers. It is my understanding that they will be only too happy to receive this.

Admittedly the Minister of Finance is in a box, but it does not seem to be entirely of his own making. He did try to be flexible, and Mr. Parizeau did withhold his view of the necessary degree of flexibility until after what he knew to be the deadline.

Finally the media tells us that Mr. Parizeau, and we might as well accept this, will serve separation first. He may find himself in his own box, however, as those cheques begin to arrive from Ottawa for Quebecers.

I would just like to close with a comment about Ontario's position, because that is the province I help to represent. I believe Ontario is happy, or should be, with the deal. It should be happy with the retail sales tax cuts. I think this is chiefly indicated by the provincial government. I recently quizzed the Minister of Finance in committee on the whole process, and what has happened, particularly in respect of relations with the Ontario government, and I believe he confirmed this.

The Ontario government was the first to suggest this plan. It had experienced good success with it in this province and it has been since, and I believe is still, its chief promoter, especially through Premier Davis and Darcy McKeough. Ontario is still the business centre of Canada and needs the stimulus to its economy, an economy which has been growing slower than that of the rest of Canada. I believe that economy will be stimulated right from the immediate retail level, where the whole process starts with the shopper, and the reduced retail sales tax, right back to the manufacturing level. Ontario was

also prominent in suggesting the "Buy Canadian Made" program which seems worth trying and far preferable to an official government protectionist system with high tariffs, non tariff barriers, and so on.

Unfortunately, at the present time the Ontario government is taking a low profile in this debate. It seems to have been a little quiet lately while the federal government has been taking the political flak, in spite of the fact that the Quebec minister of finance even seemed to goad Ontario by suggesting that the main purpose of the tax cut was to take Ontario off the hook, implying that its government had gone too far with taxes, had a high budget, and excessive provincial debt. In reply to this premier Davis simply said "nonsense".

Before all that, the indication in respect of this dispute was that there was satisfactory consultation with all provinces, including Quebec. What we need now for the sake of this country, as we guide it through rather difficult and uncertain times, is less partisan politics, more pulling together among Canadians, more cooperation, and less party consideration, on the part of federal and provincial governments.

Certainly inflation and the sales picture are looking better. An article in the *Globe and Mail* this morning suggested that in at least three out of 14 Canadian cities the inflation rate was down in the month of April. At least consumer prices fell. This was particularly true in Winnipeg, if not in Quebec, where the prices fell by 0.5 per cent. It is true prices were also down in two Quebec cities, Montreal and Quebec city, but at least the Winnipeg situation shows that generally the policy is working. The main reason for prices going up was the higher cost of food items, in addition to certain other items, but we know that that is a chronic problem which nobody has been able to solve yet. The fact is that even where there were increases, this article states that they were offset by provincial retail sales tax cuts that followed the Minister of Finance's April 10 budget. Certainly, such measures can help all of Canada's economy and unity if they are given a fair chance.

● (1242)

I am sure that my riding of Halton in the Toronto area in the province of Ontario, the heart of business and consumer spending in Canada, is a typical one which will gain greatly from this new federal-provincial initiative.

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, I want to begin by saying quite simply that this is a most important bill, possibly the most important of this whole session of parliament. I say that because it involves directly the various provinces, or at least most of them. In my opinion, it clearly falls into the category of a package bill or package legislation, and the package was added to yesterday with the amendments on the capital gains rollover deferrals for incorporated small family businesses, which is a concept that we have seen many, many times. It is a government device or approach that is used much too frequently, especially over the last few years.

This tax amendment bill has two component parts in its package approach. The first one is the very contentious provincial sales tax issue, and the second one, most of the remainder, including the capital gains rollover provisions, is the result of both the current budget with some specific references to the March, 1977 budget. I will be speaking in support of this latter group.

It is now most obvious that the finance minister is in trouble with the provincial sales tax items. I say this partly because this Bill C-56 has introduced some changes in the minister's actual budget of April 10, which were confirmed by the Speaker's ruling on May 19 at page 5592 of *Hansard*. The minister's troubles stem from the fact that for the first time in our history the federal government is proposing to move into a provincial government's sacred jurisdiction of deciding its own tax policies, and to influence the province on how its provincial tax moneys are to be spent.

As it now stands, Quebec taxpayers are to receive a personal federal government refund cheque for $85, and the rest of Canada will get no refund cheques. In addition, because of the implications of the phrase in the bill, "specified province", there is a double standard implied for Alberta in that we in Alberta are not eligible for that $100 tax deduction. I suppose, bluntly stated, those of us who come from that province do not exist as far as this bill goes. They have written us off, and it is a situation that we find hard to accept. Clearly, this bill should be split to resolve these serious problems.

I would now like to make some further comments on the capital gains tax deferral items for incorporated family farms and partnerships. The minister and his parliamentary secretary are very much aware of my intense personal interest in this particular issue. That interest extends back well over five years, and it deals with three different finance ministers. It was a most welcome, timely, and long overdue change in our tax laws. Quite frankly, I am sure it is fully supported by all members and all parties in this House.

The denial of this rollover provision to family farm corporations and partnerships had become a real problem to the approximately 20,000 such farm operations in Canada. These 20,000 farm operations are producing a disproportionately higher amount of Canada's agricultural production. The concept of the family farm was being seriously questioned. After seven years under the new capital gains tax laws in the face of very serious inflation, more and more incorporated units and partnerships were being forced to sell out completely to satisfy the capital gains tax requirements, instead of passing on the family farm to that next generation, as has been possible for individually operated family units since 1973 when the first capital gains rollover was introduced for the individual farmer.

How did this situation really develop? It was the inevitable consequence of escalating land value which have been going up since 1972. That was, of course, the start of the capital gains era. This was due mostly to galloping inflation and also to the availability in increasing amounts of foreign capital that was anxious to invest in Canadian farmlands. Another contributing factor was also the understandable tendency of farmers selling their lands to add the capital gains tax payments to their selling price, thereby creating a false reflection of the true

productivity value of that farmland. Since the capital value of land represents a very high proportion of nearly all farm units, it is understandable why this item is so significant and important to family farm units that are now incorporated or in a partnership.

A closely related corollary of this question of farmland values is the massive growth of farm debt during the last decade, but mostly after the new tax concept was introduced in 1972. Canadian farm debt has now more than doubled from 4.6 billion in 1970 to $10 billion in 1978, a figure that is almost equivalent to the total government spending in the year 1968. You might say that farmers have borrowed themselves into prosperity. The ultimate choice had to be either to support the family farm concept or change the capital gains tax laws.

In this bill we are debating today we are fortunately seeing the changes that are needed. It should, however, be emphasized that this is a tax deferral and not a tax forgiveness. Essentially, it permits the transfer of farmlands and depreciable farm property from a farmer to his children without payment of capital gains tax at the time of the transfer, the same provision that individual farm operators have had since 1973. It should also be noted that it will be retroactive to April 10 of this year after this or the modified legislation is passed.

It seems appropriate to sound a cautionary note that this tax item is not strictly guaranteed until after the appropriate legislation is passed. Farmers planning to take advantage of this item should check its status before proceeding to incorporate or, I might add, perhaps before dying. In addition, it should be understood that if the cost of the acquisition of the land to a child is greater than the V-day value, capital gains would be due on the difference between the two. In other words, the only way to get complete deferral of the capital gains tax would be if the son or daughter purchased the land at or below the V-day value.

● (1252)

In interpreting clause 14(1) which refers to subsection 70(10)(b) of the Act, Revenue Canada could very well need the wisdom of several Solomons to interpret the key phrase "substantially all of its property". The inference is that the Department of Finance does not want hobby farmers to benefit from the tax deferral provision. On page 20 of the bill the reference to subsection 73(3) of the act states that an heir has to be residing in Canada at the time of transfer in order to qualify for capital gains deferral. I suggest that so long as the heir indicates he is willing to farm in Canada and not be an absentee landlord, it does not really matter where he is living now or has been living.

Clauses 2, 3 and 4 on pages 2 and 3—

The Acting Speaker (Mr. Turner): Order, please. I should like to suggest to the hon. member that he is not supposed to refer to clauses of the bill on second reading but to the principle of the bill.

Mr. Hargrave: Thank you, Mr. Speaker. The particular clause I am referring to now deals with the correction of a problem of interpretation which was created by the budget of March, 1977. This item permitted a farmer or a small businessman to avoid capital gains tax if he sold his farm or business in order to reinvest in another farm or business by the end of the following taxation year. It seems that the Department of Finance intended a broad interpretation of the phrases "for the same use" and for the same business". Revenue Canada had chosen to enforce a very narrow interpretation that denied this provision to a farmer who had, say, sold a grain farm to reinvest in an irrigated farm producing different crops.

This matter of interpretation has been corrected in Bill C-56. In addition, I received further specific clarification in the Standing Committee on Finance, Trade and Economic Affairs on May 17, as reported in the minutes. I was assured by the minister and his Revenue Canada staff that the phrase now used in this bill "for the same or similar use" will be broadly interpreted for all classes of farms and that these provisions will be retroactive to March 31, 1977, and that they will also apply to incorporated and partnership farm operations.

This is a specific example of lack of consultation and cooperation between two federal departments, the Department of Finance and the Department of Revenue, when the bill was being drafted and implemented. Yesterday's announced amendments to this bill allowing essentially the same capital gains rollover deferrals to small family type businesses that family farms presently enjoy, is a good measure and will be widely supported. My family type business friends were quick to respond to the family farm announcement with the logical question, "Why not us?" It was a valid response and certainly deserved this addition to the package. There will be general support for the fact that the deferral will apply whether the rollover occurs during the taxpayer's lifetime or at death.

Similarly with respect to the amendment announced yesterday, that portion referred to as "allowable business investment loss" is an interesting proposal with which it is difficult to find fault. The obvious comment on this last minute amendment brought before us yesterday must be, "Why did we have to wait until the eleventh hour for the necessary changes that have been so obvious for so long?"

Before leaving this discussion of agricultural tax matters in the bill it seems appropriate to suggest two additional approaches to the Minister of Finance. The first deals with the traditional and inescapable cyclical fluctuations in farm income. The general income tax averaging that is now possible does not adequately deal with the problem, neither does the stabilization approach because it fails to be specific on an individual basis for all agricultural commodities. Let us recognize that the good years have to carry the bad years. In my business that is known quite simply as good, common, cowsense. In pre-income tax days—certainly in the west—this was the natural and necessary philosophy of every farmer and certainly of every cattleman.

I say to the minister, why not implement a program for bona fide farmers similar to the Registered Retirement Savings

Plan? In the good years the farmer would be able to set aside money, tax-free, in a savings plan, from which he could draw in his poor years. Once withdrawn, that money would be subject to the prevailing tax rate. It is not unlike building up feed reserves for the hard winters that do come eventually. After last winter and last year's drought, those of us from southern Alberta and southwestern Saskatchewan know what that means.

The second approach that I think the Minister of Finance might consider is one that I have offered a number of times. It is a most serious and personal suggestion and is the result of some 48 years of living in the short grass regions of southeastern Alberta and southwestern Saskatchewan. That includes all the 10 years of the drought in the thirties and the more serious one-year drought of last year. Both the Minister of Finance and the Minister of Agriculture (Mr. Whelan) are fully aware of my serious representations on a drought tax deferral program.

This was a carefully documented proposal advanced by myself and the Canadian Cattlemen's Association that would allow an emergency sell-down of cattle due to severe drought conditions such as last year, rather than buying expensive feed that was not available. It would allow grass and feed supplies to come back with reduced stocking rates, and at the same time would allow cattle numbers to increase slowly by natural increment.

Mr. Speaker, may I call it one o'clock?

The Acting Speaker (Mr. Turner): It being one o'clock p.m., I do now leave the chair until two o'clock.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

● (1412)

Mr. Hargrave: Mr. Speaker, when I called it one o'clock before lunch, I was referring to the proposal I made some time last year when the drought situation was very acute across southern Alberta and southwestern Saskatchewan. I proposed to the minister that he consider a tax deferral program which would encourage cattlemen to sell down their cattle in view of the obvious lack of grass and feed, then grow back in later, on the assumption there would be better years. That suggestion calls for consideration by the taxation department since the above average sell down would require tax deferral in order to avoid a punitive tax on the sales of cattle above the average.

At the time I made this proposal, the Minister of Finance did not receive support from the Minister of Agriculture and the special tax force which was created last year. I must say I was disappointed. I am confident the concept was sound, and I believe we should still have such a program available for drought emergencies. It is not too late to plan now for the next drought.

I want to express my support for the provision in this bill to extend manufacturing and processing incentives to profits from plants established to upgrade the heavy crudes which are now in substantial supply in both Alberta and Saskatchewan. This is a necessary complement to the recent federal action to permit heavy crudes to enjoy world oil prices similar to those applicable to the new Syncrude production expected next month. It is an obvious and necessary step to complement Alberta's oil exploration and development policies if only because it recognizes both the short term and the long term need to develop our vast heavy crude resources in addition to our oil sands resources.

This is a very important debate on finance and financing over a broad spectrum of Canadian business as earlier contributions have shown. My personal responsibility is, of course, to my leader and my party. I am concerned specifically, of course with the Canadian beef cattle industry. Most members will be aware that after three or four years of distressed cattle markets, the industry has made an incredible turn-around. Over the last two months, cattle markets have advanced to record levels. We should realize that these latest market increases reflect the current drop in beef production in both Canada and in the United States, rather than as a result of inflation.

Over the last three or four years, high beef production and low cattle prices, along with escalating costs, have brought severe financial losses to cattlemen and forced the selling off of basic heards. In my remarks on the budget last month I concluded by expressing a hope that governments, politicians, and cattle producers themselves would all learn some very costly lessons from the bitter experiences of those years.

Canadian cattle producers have already initiated a new "Beef Watch" program in an effort to anticipate the cattle and beef cycle, to project trends and advise accordingly. This survey and assessment by the staff of the CCA and their Canfax resource is being published twice a year, in May and November. I should like to read certain passages from the survey into the record:

> The main danger in the present beef situation is that producers may have already reduced the North American beef herd too much—and there may be a tendency for cattlemen to rebuild the beef herd too quickly.

It goes on to say:

> There are now clear signs that North American beef producers have already cut back their breeding herds quite far enough. During 1978, producers should initiate a moderate rebuilding phase of around 1½ per cent to 2½ per cent in cow numbers. That is the major message in this edition of *Beef Watch*.

Later on the publication has this to say:

> Consumer demand for beef will strengthen progressively over the next 3 years. That's because most of the factors that contribute to demand will have positive effects through 1980.
>
> Per capita beef supplies will decline each of the next 3 years. Total supplies are expected to decline from 112 pounds per capita in 1977 to 88-93 pounds by 1980.
>
> Per capita disposable incomes will continue to rise, though quite possibly at a reduced rate. We are cautiously projecting a 6% rise per year in per capita disposable income. As beef supplies decline and incomes rise, we expect that

consumers will once again return to their custom of spending at least 2.5% of their disposable income on beef. This pattern was quite constant from year to year with expenditures varying only from about 2.3% to 2.7% in 24 of the past 27 years.

However, in both 1976 and 1977, consumers spent only about 2.0% of their disposable income on beef while consuming record quantities. The price of beef was low.

Finally, in summary, *Beef Watch* had this to say:

The primary purpose of the Beew Watch program is to comment on the size of the national beef breeding herd. It is now evident that the high rate of female slaughter has reduced the herd to the point where domestic supplies will fall below 90 pounds per capita by 1980. It is our view that these levels are lower than optimum and represent some lost opportunities.

Further, the continuing high rate of female slaughter confirms that the herd reduction phase continues. As mentioned in the text, this process may now have proceeded too far. The retention of sufficient heifers and cows to permit a modest increase of 1½% to 2% in the breeding herd would help to restore a favorable demand/supply balance. Certainly a continued high rate of female slauther is no longer necessary or justified.

That is a valuable comment and there are some lessons there which should be obvious to all of us, not just to the cattlemen themselves. Mr. Speaker, I want to draw these remarks to a conclusion. Here is an appropriate quotation from the current week's edition of *Agriweek* dated May 22, 1978. The "Backgrounder" column of that paper was commenting on the "inevitable cyclical nature of agriculture" and concluded with the following paragraph:

● (1422)

Understanding the cycles is the key, for both farmers and agribusiness, to the stability of individual enterprises, be they farms or businesses which exist to serve farmers. That would seem to be self-evident, yet there are few signs that these cycles are understood and properly respected. Far from devising ways to take advantage of cyclical conditions, the demands of most farm organizations and undoubtedly most farmers have been for their elimination, preferably by so convenient a means as government action. These agri-economic cycles will never be eliminated simply because their causes are beyond anyone's control. Every time government action comes to cope with conditions developing at a particular point in a cycle the inescapable result is a new and permanent government presence. And even the worst down-phase of the worst cycle ever seen is a poor excuse for that.

I say "amen" to that comment about government involvement, which attempts to tame beef cycles by legislation.

I said in my opening remarks that this is a package bill. There are some very good features in it, and I include in those the concept of the capital gains rollover provision for incorporated family farms and partnerships. In addition to that, of course, as announced yesterday, that includes incorporated small family businesses with that $200,000 limit. That certainly deserves support.

However, the problems the Minister of Finance has got himself into over his provincial sales tax approach certainly merit the idea that this bill should be split. Then I think we would see some hasty action on both parts of the present bill.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, in taking part in the debate on this bill which results from the budget of the Minister of Finance (Mr. Chrétien) I want to start off by saying that while lemmings have a bent for suicide, about once every seven years, and politicians sometimes have a bent for suicide about every four years, I suppose one could make a case for at least trying to save the lemmings.

I and my colleagues in the New Democratic Party are not interested in assisting a Liberal government in actions which will assist in the suicide of our Confederation. We will not assist the government in playing into the hands of separatists and those who seek to break up our Confederation. We will not assist in the invasion by a national government into areas which are solely within the jurisdictions and prerogatives of the provinces. Unless and until agreement is reached between the national government and the provinces for changes in the jurisdictions of the provinces, the provinces have the sole rights in areas under their jurisdictions.

We have moved to amend this motion by asking for a one-month hoist. If the government were to accept our amendment, one month from today parliament would still be sitting, and the government could bring in an amended bill outlining agreements reached as a result of negotiations. Both the Prime Minister (Mr. Trudeau) and the Minister of Finance have said they are willing to negotiate, but they maintain an adamant, stubborn determination to proceed with the legislation in its present form.

When the government of my province of Saskatchewan brought down its budget, it incorporated measures aimed at stimulating the economy of the province which would also indirectly create employment in other provinces. I say, without blushing, that the budget brought down by the Saskatchewan government has been applauded in Saskatchewan by business, professional, and trade union circles. That budget has been applauded across the country.

In terms of numbers Saskatchewan is a small province, but I am proud to say that my province set an example and led the way, as usual. Our provincial budget has contributed to stimulating the Canadian economy. The provincial budget provided for provincial personal tax reductions amounting to $52 million. Corporation taxes on small businesses were reduced by $3 million. The budget provided a job creation strategy to create 5,800 new permanent and seasonal jobs.

The Saskatchewan provincial budget provided for revenue sharing with municipalities. This will provide an additional $20 million for the municipalities of Saskatchewan so that they can hold down mill rates. It provided for an increase in property improvement grants to homeowners in Saskatchewan in the amount of $4.5 million. It provided for a reduction of 5 per cent in automobile insurance rates, and it announced the intention of the Saskatchewan government to limit and hold down increases in utility rates, particularly for electricity and natural gas. The total benefit to our provincial economy amounts to $82 million.

In addition to that we will be incresing employment in our little province by increasing capital expenditures by the government and by the Crown corporations of Saskatchewan by $140 million, bringing expenditures to a total of $834 million for the current year. Investment in assets has been enlarged, which will be of long-term benefit to the province but which will also, in the immediate future, provide additional employ-

ment. I believe that Saskatchewan still has the lowest or second lowest rate of unemployment in Canada, but still these were the kinds of investments and the kinds of budgetary proposals which my province, many members of parliament, and many members of the public asked for and hoped that the federal government would incorporate in its budget.

On April 10 the minister of finance of the province of Saskatchewan rose in his place in the Saskatchewan legislature and announced a reduction of the Saskatchewan retail sales tax from 5 per cent to 3 per cent for a period of nine months. He said that the Saskatchewan government was committed to maintaining that reduction until September 30, but that before October 1 it would announce that the duration of that reduction would extend beyond that date. In other words, Saskatchewan will have to make a decision, like the other provinces, as to what to do after the six months, or nine months, have gone by.

Hindsight is like curling behind the glass, but in retrospect one could say that in some respects the provinces bought a pig in a poke. Except during wartime, or perhaps under the authority of the War Measures Act, I do not believe a national government has ever encroached upon provincial jurisdiction regarding economic matters. Other than in periods of national emergency, I do not believe there has ever been an occasion when the basic part of the national budget had to do with the taxation authority which lies solely within the jurisdiction of the provinces.

● (1432)

Saskatchewan brought its budget down early. The other provinces have not responded in the same positive manner to create employment and to get our economy moving. They have in fact, if I may use the word, been somewhat conservative because there has been conflict in this country for the last two or three years. There are some who have yelled and screamed for reduced government spending and less government intervention, and at the same time they complain when the government is not spending enough in some area in which they have interest. But that kind of pressure has been felt by provincial and national governments, and it is the kind of pressure that is inappropriate when there are officially one million people unemployed.

The sales tax reduction, which is a temporary measure, amounts to $1.147 billion across Canada. In my province of Saskatchewan the tax cut will put an additional $54 million into the hands of the Saskatchewan taxpayers. The province's share of the cost of that $54 million is $18 million. When you add that to what has already been provided in the budget by the province of Saskatchewan, $18 million to $82 million, our province's contribution to stimulating our economy and creating more employment amounts to $100 million.

I want to quote our Saskatchewan minister of finance. He said:

> I want to say that our preference would have been for a permanent federal income tax reduction for low and middle income Canadians. That would have put cash into the hands of those who need it most and surely would have stimulated consumer spending on an on-going basis.

We have requested in the House for many months that a $1.5 billion cut in personal income taxes be made to do that very thing. Saskatchewan accepted, as a less preferable option, and agreed to cooperate with, the federal government's proposal to have reductions in retail sales taxes. But the Saskatchewan minister of finance also said the following:

> I regret that the federal offer to participate in this tax cut came so late. From the standpoint of budget planning, it would have been much better to have known the federal government's intentions well in advance, so that we could have introduced this additional tax cut in our budget on March 7.

A similar quandary applied to many other provinces as well. The Saskatchewan minister of finance went on to say:

> Certainly, the finance ministers' meeting in January, or the first ministers' meeting in February, would have provided an ideal forum for the federal government to present such a tax proposal to the provinces. But this did not take place.

If the federal government wishes to bring in a budget whose main thrust is to intervene in a tax area that is solely within the jurisdiction of the provinces, surely it should have had the courtesy, surely it should have felt it a requirement, to discuss it openly and in public view at the meetings of the ministers of finance, or at least at the first ministers' meeting in February, and reach an agreement with the provinces which would have been included in a budget that would be subsequently presented by the federal Minister of Finance.

The government has chosen to hang its hat on its obstinate refusal to change this bill because Quebec's sales tax reduction is somehow going to balkanize our economy, is meant to help Quebec only. That kind of contention that the federal government makes falls in the face of the facts.

I want to quote the minister of finance of Saskatchewan again. He said:

> Since last fall, I have been urging the federal government to move to stimulate consumer spending. More spending would gradually put idle plant capacity and the unemployed back to work. The federal government did not agree with this approach. Instead, greater tax concessions were given to industry. Manufacturing plants were encouraged to expand even though 16 per cent of our existing plant capacity was idle.

What sensible owner or operator of a manufacturing plant that is 16 per cent idle is going to spend money to expand that plant? He is just not going to do it if he is a wise and sensible businessman. While the federal government's policies were in place, what has happened? We have had more lay-offs, more shutdowns, and more Canadians out of work.

We submit, and so does the minister of finance in Saskatchewan, that these national economic policies have been misguided.

I want to turn now to a further remark of the minister of finance of Saskatchewan, so that there is no misunderstanding. Even though the Saskatchewan government agreed to cooperate and gave a commitment to reduce our sales tax by 2 per cent for nine months, the minister of finance of that province has also said:

> I am concerned that the federal government intruded into an area of provincial jurisdiction by trying to establish policy for the provincial retail sales tax. A

dangerous precedent was established when the provinces were not allowed to participate in the formulation of a federal compensation formula which does not apply equally to all provinces.

Mr. Smishek went on to say:

Mr. Speaker, the western premiers made it clear, when they met in Yorkton, that they were not pleased—that the temporary sales tax reduction was not a precedent for future intrusions by the federal government into tax fields traditionally held by the provinces.

Mr. Smishek went on to say:

Let me make clear that I do not rule out—indeed I welcome—federal-provincial co-operation in fiscal matters. But this was the wrong way to go about it.

Let us look at the situation regarding Quebec's entitlement under this budget. I said earlier that our preference, and that of the government of Saskatchewan, was for stimulation to be provided by further reductions in the personal income tax for low and middle income families, which is solely within the jurisdiction of the national government.

There is another option which would be solely within the jurisdiction of the federal government. The federal government should have looked into a reduction in its own sales tax if it wished to implement a sales tax reduction to stimulate the economy. Federal sales tax revenues amount to approximately $4 billion. A federal sales tax reduction, with appropriate legislation and monitoring, could see to it that the benefit was passed from the manufacturers and the wholesalers to the consumers. Perhaps for the first time the Anti-Inflation Board would have been put to some useful work, that is, monitoring the wholesalers and manufacturers to make certain a federal sales tax reduction was passed on to consumers. That option is less preferable than a reduction in income taxes.

● (1442)

Instead, the government chose to intervene in an area which belonged solely to the provinces. With the benefit of hindsight, I am sure provincial officials in many provinces feel they have received a pig in a poke. In any event, some provinces agreed to cooperate, gave commitments, and are living up to them.

I should like to refer to the case of Quebec. According to the figures of the federal government, if Quebec were to reduce its sales tax by 2 per cent across the board it would be entitled to approximately $226 million by way of direct payment, tax room, or whatever. The removal of the 8 per cent sales tax in five areas in Quebec will cost the treasurer of that province $340 million, according to federal government figures. If the Minister of Finance would telephone the Saskatchewan minister of finance, I am sure he would be told to give Quebec the amount to which it is entitled. I am confident that would be the response from Saskatchewan. Also, I have some confidence that many other provinces would say the same thing.

How, when, for how long, and in what amount retail sales taxes are levied, are entirely within the jurisdiction of the provinces. If one province reduces its retail sales tax by 2 per cent for nine months across the board, and another province reduces its tax by 3 per cent for six months across the board, they have a perfect right to do so. The Minister of Finance recognized and accepted that fact. Equally it is valid for another province to decide to remove taxes totally from certain commodities or areas of sale within its jurisdiction.

The Prime Minister and the Minister of Finance have said that Quebec is attempting to balkanize its economy, is selfish, and wants to help itself only. That theory does not hold water. It is false, when the facts are examined. A sales tax reduction in Quebec of the 8 per cent on shoes, furniture, textiles, clothing, and hotel bills, amounts to a total of $340 million. Quebec's share, whether in the form of tax room or whatever from the federal government, is $226 million. Quebec's removal of sales tax from four of those five areas will benefit Ontario manufacturers more than it will Quebec manufacturers. I see an hon. member opposite is shaking his head. I should like to remind him that the figures pertaining to shoes, furniture, textile and clothing manufacturing, were obtained from Statistics Canada.

Referring to the retail sale of shoes in the province of Quebec, a little over half are manufactured outside Canada; 46 per cent are manufactured in Canada; 23 per cent are manufactured in Ontario; and 20 per cent are manufactured in Quebec. Surely that means the reduction in sales tax on shoes will be of at least as much benefit to Ontario manufacturers and their employees as their counterparts in Quebec. That is hardly balkanization.

Turning to the furniture industry, 88 per cent of its retail sales in Quebec is manufactured in Canada, 35 per cent is manufactured in Quebec, and 44 per cent is manufactured in Ontario. With an increase in consumer spending and purchasing of furniture in Quebec, an equal or larger benefit will result to Ontario furniture manufacturers. That can hardly be called balkanizing the Canadian economy.

The same situation applies to the clothing industry. Approximately 32 per cent of the clothing sold in Quebec is manufactured there, and 37 per cent is manufactured in the province of Ontario. A reduction in sales tax will be of equal or greater benefit to manufacturers and employees in the Ontario clothing industry as it will be in Quebec.

Quebec's decision to remove sales tax will be of benefit mainly to the low and middle income earners. This benefit applies to areas which are essential to them such as shoes, clothing, furniture, yard goods, and ordinary things. It will reduce their cost of living by approximately 8 per cent. If Quebec chooses to do it this way, it has that right. It is in our constitution.

The government and the minister of finance of Saskatchewan have no objection to the Government of Canada reimbursing, in an agreed upon manner, the $226 million to the province of Quebec. The Quebec sales tax reduction amounts to $340 million. The budget proposal has done a great deal of harm to Confederation and has hurt co-operative federalism. No political party or no government is perfect. Any political party or any government can make a mistake. This is a mistake. It will be of no political harm to the Government of Canada and the Minister of Finance if they agree to go back to the provinces, particularly Quebec, to negotiate and arrive at an agreement.

Approximately an hour ago I had a telephone conversation with the Saskatchewan minister of finance. He indicated that the Minister of Finance should go back and meet with Quebec's minister of finance in order to make arrangements to give Quebec the share it is properly entitled to, the $226 million. In fact, arrangements should be made to give every province that to which they are entitled. How Quebec chooses to reduce sales tax is Quebec's business, just as it is the business of Saskatchewan, Nova Scotia or any other province.

● (1452)

This business of the Minister of Finance trying to set up a budget on the basis of hotel room discussions with successive ministers and premiers, from one day to the next, just a few weeks prior to bringing down the budget, is not good enough. This is not what you could call real consultation. There is no reason this idea could not have been put on the table at the first minister's conference in February. It could have been discussed then, and the nation as a whole could have watched the ten premiers and the Prime Minister negotiating and agreeing to proposals for a national budget and budgets of nine provincial governments, reducing sales tax with federal and provincial cooperation. They could have agreed then on how the reductions would be shared. That did not happen.

The manner in which it has been carried out is just not good enough for at least four western premiers who have indicated their unhappiness about it. They will stick by what they agreed and committed themselves to; they are men of their word. Since the minister put the budget proposal to the province of Quebec and that province chose to reduce its sales tax in a different manner than the other provinces, I do not see why the federal government should think it has a problem. This is accomplishing in a different way what the national government want to see accomplished by its budget, namely, significant reductions in sales tax to increase consumer spending and thereby stimulate economic growth and employment.

The argument is not so much in opposition to what is being done by the federal government, but how it is being done. The federal government is trying to suggest to the provinces, whether they be Quebec, Saskatchewan or others, how they should levy their retail sales tax, something in respect of which the federal government has no business, jurisdiction or authority whatsoever.

It seems to me this government would do well to say it will not call this bill for another two or three weeks, or it will accept the amendment proposed by my leader, the hon. member for Oshawa-Whitby (Mr. Broadbent), will go back to the other provinces to work out an agreement, and then come back in a month's time with an amended bill. I am sure the government would then find members on this side of the House ready to see it passed quickly. That is all that is needed. I would not even expect members of this government to blush; just admit they have made a mistake and are happy to do all they can to correct it, and are willing to do what the Minister of Finance has suggested on previous occasions, namely, negotiate. Surely that would be a sign of real leadership and statesmanship. Surely that would restore some confidence in cooperative federalism. That would be a move toward national unity instead of playing into the hands of the separatists.

As things stand now those separatists can suggest that, in a tax field that is entirely provincial, Ottawa is trying to interfere, and Confederation is not working for them. In this way the Minister of Finance and the Liberal government have played into the hands of those who want to destroy Confederation.

There are other ways in respect of this bill or a subsequent one in which the government could help Canadians through our present economic difficulties. Let me put forward one suggestion which I know the Prime Minister has received and has said has been turned over to the Minister of Finance for serious consideration.

We require an amendment to our income tax laws that would do away with the standard $100 deduction for charitable contributions. The standard deduction would then only apply in respect of medical expenses. Those who give to charitable or voluntary organizations would get credit in respect of income tax, but only if they actually made contributions. A tax credit of 50 per cent, as has been suggested by voluntary organizations, would be allowed in respect of those contributions. This would encourage even bigger contributions by Canadians to these worthwhile organizations. The Association of Voluntary Organizations in Canada is unanimous in this suggestion, and this includes the Canadian Cancer Society, the YMCA, and a host of others.

An increase in the funding of those organizations would benefit not only those who are the beneficiaries of their activities, but also those who would be hired to staff the organizations in order to carry out additional work. The organizations would then be in a position to do an even better job in communities across this country.

This is a provision which may not look like very much at first blush, but one which would provide the incentive and opportunity for Canadians to do an even better job in helping one another through these voluntary organizations. It would also stop some of those who are now taking advantage of the standard $100 deduction as a credit on income tax without giving a nickel. Let us remove that provision and provide a tax credit for those who now give generously and might then give even more generously.

Such a change would be helpful and useful to the communities in Canada. It would encourage people to work together even more than they now are, and would be a symbol or a sign of how this parliament and this government are making significant efforts toward fostering national unity and cooperative federalism.

I began my remarks by saying we are not going to assist this government to precipitate the suicide of our Confederation. I do not care if Liberals want to commit suicide, but we are not going to offer that kind of assistance. I hope members opposite will accept our amendment. I plead with them to return to the finance ministers of Quebec and the other nine provinces for

consultation, and then to come back to this House in two weeks or a month with a new bill. We would be agreeable, even though this meant sitting a few days in July. Such a new bill would confirm that Quebec, like the other provinces, has the right to levy sales tax in whatever manner it wishes, because this is solely within provincial jurisdiction.

Quebec as well as the other provinces would then get the money or the tax room to which they have a right under the federal government's new proposal. Quebec is entitled to $225 million and it should receive that amount. We do not need this sleazy idea of paying $85 to each income taxpayer in Quebec. This is another thing that will harm Confederation and play into the hands of the separatists. This is a typical Jimmy Gardiner trick, and it will not wash.

The government must admit it has made a mistake, and if it does so it will be applauded. The government must come back with an amended bill. It will get the support from all sides of the House and it will reinforce what is the constitution of Canada, the jurisdictions of the national government and the provinces in various tax areas. It will weaken the argument of those who would break up our confederation and who say that it does not work. It is a positive contribution. I say for my province of Saskatchewan that the government would have the full support and co-operation from us in that kind of endeavour. The minister of finance of Saskatchewan has said "Give Quebec the amount they are entitled to by whatever method you agree on, $225 million. They get no more, no less, than any other province."

● (1502)

Quebec is doing this differently. Well, so is Saskatchewan, British Columbia, Ontario, and the Atlantic provinces. Whether it is tax cuts across the board or tax cuts on certain commodities, it is the business of the provinces. When are my good friends on the government side going to admit they have made a mistake, that there was not sufficient consultation and that all of this could have been arrived at and agreed to before the provinces brought down their budgets? All of this could have been arrived at and agreed to by the time the Minister of Finance brought down his budget in this parliament.

I beg the government, Mr. Speaker, not to proceed in the manner in which they presently intend. It will only do harm and it can easily be avoided. Here is an opportunity where they can show some leadership and statesmanship, and they will get the support of the members on this side of the House as well. I urge the government to accept our proposal, to delay further dealing with this bill until they have returned to the provinces, obtained an amended agreement, and brought back another bill with those amendments. This parliament will deal with it quickly and Canada will be much stronger for it.

[*Translation*]

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, to begin with, I also would like to express my support to the Minister of Finance (Mr. Chrétien) for his excellent budget of last April 10. And since I believe that this is the right place to express support or disagreement for such a taxation measure which has been making the headlines since April 10, I want to take this opportunity to do so in the House of Commons and shall explain why. In the 40 minutes alloted to me, Mr. Speaker, I shall deal mostly with that most controversial part of the budget which provides for a rebate of provincial taxes, and an obvious problem with this part of the budget is precisely that it has been called the provincial tax rebate.

After long consultations—I do not want to go over all the negotiations which preceded the budget speech on April 10 last—but after long consultations starting in October 1977 and continuing afterwards following the representations made in February and March 1978 by the Canadian Chamber of Commerce according to taxation and economy experts like the C.D. Howe Institute, everyone seemed to agree that the quickest and most direct way to give the Canadian economy the impetus it so urgently needed, was to reduce the sales tax, which comes under provincial jurisdiction. For many years, the provinces have been pressing the Federal government for more participation and a greater say in major fiscal policies, discussions, or decisions. So, in keeping with their requests, in October 1977 all the provinces were consulted, starting with the premiers, down to the ministerial and finally the high executive levels of the provincial departments of finance.

Following the advice of the experts that I referred to earlier, who had supported this tax rebate, and after having figured out the implications in each provincial department involved, provincial authorities have chosen to accept that proposal and cut their taxes for a fixed period to stimulate the economy immediately rather than abolishing a tax permanently. By abolishing or removing a tax for six or nine months, the economists and experts thought that people would be encouraged to make certain expenses earlier, which would stimulate the economy.

While two provinces had some reservations about the Minister of Finance's proposals, some adjustments and arrangements were made to meet their expectations and the previous speaker, my hon. colleague from Regina-Lake Centre comes from one of those provinces, Saskatchewan. Those two provinces expressed some reservations and arrangements were made so that they would join the program. And indeed an arrangement was made to their satisfaction.

The day after the budget we heard from the province of Quebec that this measure would penalize Quebeckers and their industries, that it was again an invasion by the federal government in a provincial jurisdiction when the province was seeking to have more say in the decision making process. However, Quebec remained silent during all those consultations and even during the three weeks preceeding the budget. There was no appeal or counter proposals from the Quebec minister of finance. Of course we should not expect anything else because his party wants to take Quebec out of Canada. So it would not

be reasonable to expect from them a favourable attitude towards the federal proposals. They are deceitful, Mr. Speaker. They wait until all other provinces accept the project or the proposal because it is fiscally interesting and feasible, easily controled and favourable to all parts of the country without discriminating against any industry.

● (1512)

The day after the introduction, the finance minister stated that he was against the proposal made by the federal government. That is the same man who three years ago, perhaps four, Mr. Speaker—I forget because it is not my favourite topic—launched a newspaper called *Le Jour* which failed. Still it was an undertaking conceived, designed and developed by that famous finance minister who is apparently living in a fantasy world. He thinks of himself as a cow watching a train go by. Such was his own admission in the National Assembly in reply to a question put by a member of the opposition. He said: You know of the difficulties in which the Minister of Finance now finds himself; me, I am somewhat like a cow watching a train go by. Perhaps those comments are unparliamentary, Mr. Speaker, but they were uttered by the Quebec finance minister and his description of the situation faithfully mirrors what I think of him.

So the question is whether Quebeckers are really penalized and how a minister who is supposed to be an economist can reach such a conclusion. Mr. Speaker, I would like to consider the impact of the proposal made by the Minister of Finance on the economy and the collection of provincial taxes. I see that the respected member for Regina-Lake Centre (Mr. Benjamin) has not left yet; I wish he would stay a few more minutes, Mr. Speaker, so that he can see the other side, the other way of analyzing this tax cut program.

As I indicated earlier, a 3 per cent tax cut over a period of six months will stimulate purchasing. A number of people will buy certain goods earlier than they expected, for instance to replace carpeting, furnishings, a suit or what have you. However we suggested a six-month cut for those who accepted the scheme and nine months for those who prefer the nine months, without discriminating against any industry, except of course alcoholic beverages, cigarettes and such things.

So this increase which could normally and legitimately be expected would have reduced the loss that the provinces will suffer, will reduce the loss that the provinces expect to have, because if you figure it out, Mr. Speaker, it takes a 14 per cent increase in sales to compensate for the 1 per cent which the provinces will have to pay. Early indications in provinces other than Quebec show that not one province will experience a loss because in fact of this 14 per cent increase in sales that can compensate for the 1 per cent paid by the provinces. So it is not a bad deal.

We are not trying to penalize the industries which are doing well in those provinces, we do not discriminate; as for myself, Mr. Speaker, I am not altogether convinced that helping only a few industries will lead to economic recovery. I believe that the universal formula of promoting industry is the best, the simplest and the one that offers the most leeway. And I am convinced that on the economic and fiscal levels, helping four industries which perhaps are not doing well—and I have figures, Mr. Speaker, to disprove some arguments of the Quebec finance minister in that regard—that helping four industries is perhaps not the best way to ensure economic recovery in a country or a province. As I indicated a moment ago, Mr. Speaker, a 14 per cent increase in sales of all goods subject to the tax cut will compensate the province for the loss it would have incurred without the increase. We can well expect at least a 14 per cent increase, but more probably closer to 20 per cent. If on the other hand you take away the 8 per cent tax on certain goods, if you remove it completely, there is no way the province can get its money back, even with a 40 per cent increase in sales, which is doubtful. In my view the increase could be limited to approximately 15, 20 or 22 per cent, but even if it were 50 per cent, there is no way the province of Quebec could get the money back on those 8 per cent that were removed. We are talking here of course in the case of the province of Quebec of the 6 per cent on its goods, because 2 per cent will be paid back by the federal government.

Mr. Benjamin: That is their business.

Mr. Dupras: The hon. member is suggesting that is their business. When the deal is bad we should not be intimating it is a good one because that is their business.

Mr. Speaker, how is it possible to suggest we should penalize this country's economy, deprive the economy and the Canadian people of several initiatives because of an alleged invasion to a degree of a provincial jurisdiction? My colleague from Regina-Lake Centre suggested earlier that such an invasion by the federal government had not been seen since the war years. But apparently the economic situation was serious at the end of 1977. The first ministers at the federal-provincial conference all expressed a desire to sit down with the federal government and prepare measures to counteract, to put the economy back on the right track, to solve economic difficulties. In those circumstances, Mr. Speaker, the Minister of Finance candidly trusted all ministers of finance. He was right eight times out of nine, which is not such a bad score. I feel his batting average is excellent.

Of course it is normal that after the fact there is a temptation to suggest this was a federal invasion. But we were opposing this, we only joined the program because they themselves were urging us to do so. There is no need to quote from the multiplicity of speeches that were made on the subject by the majority of Canada's ministers of finance, urging action and inviting the federal government to come up with proposals.

Well, they did. The federal government made some proposals and that is how it happened.

But, Mr. Speaker, to give a new impetus to the economy of a country, it is not enough to give help to four industries if we want to make sure that things pick up, especially in view of the dead loss the Quebec government will incur by abolishing the 8 per cent tax in their case, since 2 per cent will be reimbursed by the Canadian government. That loss will amount to something like $120,000, $140,000 or $150,000 depending on the volume of business. The Quebeckers should ask their minister of finance, Mr. Parizeau, to reverse his silly decision and accept the proposal of the federal government in which case there is no loss because, as I said before, and I shall repeat it for those who were not here, an increase of 14 per cent in sales would allow a reimbursement to the province of that 1 per cent loss it will incur by reducing the 4 per cent sales tax as opposed to joining the national program that would reduce it by 5 per cent.

Of course, with the benefit of insight after the fact, Mr. Speaker, it is an easy statement to make: Had we been consulted, we would have liked to study an entirely different proposal. I say, Mr. Speaker, that with the results that notorious Minister of Finance has had with the newspaper *Le Jour* on two occasions with his concept of business, as I said before, he seems to live in a world of fantasy. It is no wonder, Mr. Speaker, that he should have preferred to show off in front of the Quebec population and tell them boldly that he was cancelling the 8 per cent tax on furniture, clothing, shoes and textiles. Of course, it was also an unexpected opportunity for him to be forgiven for having taxed children's clothing. Quebec was probably the only province where children's clothing was taxable. By abolishing the sales tax on clothing, footwear, textiles and furniture, he saw this as an opportunity to be forgiven. And it is true, as the previous speaker said, that most of the furniture sold in the province of Quebec is not manufactured in Quebec but in Ontario. I am convinced that Ontario manufacturers will not gain anything from that; merchants and retail dealers of Quebec are the ones who will benefit from this measure. And following the refusal of the province of Quebec—I should not say the province of the Quebec but its present government—to join in a national fiscal program, I do not think that the public will be prepared to further encourage Quebec manufacturers. And I also think, Mr. Speaker, that this is a discriminatory way to stimulate the economy.

● (1522)

If I lived in the Joliette riding and belonged to the Joliette chamber of commerce, the hon. member for Joliette (Mr. La Salle) would know what I think of Mr. Parizeau's proposal, since there are many corporations in Joliette which cannot benefit from this rebate, and neither can the Bigelow corporation which makes carpets in Sainte-Agathe-des Monts, in my own constituency. And these people are outright insulted by this discriminatory approach to helping Quebec industries and stimulating the economy.

First of all, I am thinking of the unions, of the unionized workers of the Hupp Canada corporation, in l'Assomption, who do not benefit from this rebate, this tax cut, of the employees of Westinghouse in Trois-Rivières, I should say of the 600 Westinghouse employees in Trois-Rivières, of the employees of the Raleigh corporation in Waterloo, Drummondville, Cowansville or elsewhere in the province of Quebec, who do not benefit from it either. In Saint-Germain, for instance, Pacific Mobile, with 300 workers, is excluded from this tax cut, as are the 700 Lowney's employees in Sherbrooke who are terribly discriminated against because they have not been chosen to benefit under this national program.

In this case, Mr. Speaker, it is only normal that workers who manufacture cans should stage a demonstration in Quebec City because the sales tax on those products is going up by 5 per cent. I wonder, Mr. Speaker, why some unions in the industries I mentioned did not stage any demonstrations in Quebec City to demand that 3 per cent tax cut on their products, which would have allowed the province of Quebec to increase its revenues and to stimulate its economy, without having to suffer a loss in tax receipts for all that, because as I was saying earlier, a 14 per cent increase in sales compensates for this 1 per cent cut.

So, it is quite unbelievable, Mr. Speaker, that the Quebec minister of finance, who is an economist, did not realize that. No wonder, since he was the one who led his fellow citizens in the venture of *Le Jour* and he is responsible for salary lost by a great number of journalists when this newspaper went bankrupt. There are so many things that could be said on the manner in which the economy of the province of Quebec is managed, Mr. Speaker. We learned recently, we read this week press reports about replies to questions put by the opposition in Quebec City, that members have been calling for the tabling of the Bonin report, a report which has reviewed the economic opportunities of the province of Quebec should it separate, that is the separatist government is bent on proving, by means of well-organized propaganda, that the separation of Quebec could be to the economic advantage of Quebeckers. It is quite an aberration to believe this, but that is what they are dreaming about. So, a high official by the name of Bonin was asked to conduct a study. This study has been completed but Mr. Lévesque refuses to table it as his premise that separation was economically favourable for Quebec is disproved in this report. And I would bet my last dollar, Mr. Speaker, that this report will never be tabled.

Instead of selecting four so-called "soft" Quebec industries, Mr. Speaker, they could have given some thought to traditional sectors of the economy. There is a saying in Quebec which goes this way: a healthy construction industry means a healthy provincial economy and they say in the United States: that if the automobile industry is doing well, so is the U.S. economy

as a whole. And the same can be said about Canada particularly in my own area as we have also 3,000 people working for General Motors in Ste. Thérèse a few miles south of my riding, and they are not favoured by that 3 percent cut either, and I wonder, Mr. Speaker, when they will go to Quebec requesting a sales tax cut on their products. If workers who feel they have been hurt by this new 5 percent tax levy can demonstrate to voice their discontent, surely workers who have been overlooked in the sales tax cut can do likewise in fact, I invite the employees in the General Motors' plant in Ste. Thérèse to demonstrate and demand from their provincial government the national programme that has been proposed and was accepted by all other provinces. Other provincial Finance ministers have understood the situation and realized that the recommandation made by C.D. Howe Institute and others was certainly the best way to boost the economy.

It is said that the textile industry was a weak sector in the province of Quebec. According to the data provided by one of the main textile industries in the province of Quebec, the Dominion Textile Ltée., for the third quarter of 1977, their sales have reached $145,700,000. which represents a $406,-000,000 increase for the nine first months of the previous year, or a 12 percent increase over the previous year. And those figures, Mr. Speaker, were released on and apply to their 1977 financial year, long before Parizeau proposed his new fiscal policy. So it is no longer a soft sector and these higher sales are certainly due to the measures taken by the Canadian government in 1977 in imposing quotas on the importations of textiles. It is therefore wrong to state that the textile industry is part of the soft sector. Perhaps some industries in the textile field can say they are in a weak sector, but this is surely not true of most of the thriving textile industry of the province of Quebec which has hired additional employees during the last eight or ten months and has increased the volume of its sales. That is obvious in the report submitted by the Dominion Textile Company.

Of course, since November 1976, the economy of the province of Quebec is going down and it is normal. I mentioned earlier an industry which should have been helped by a tax rebate, that is the Quebec building industry because since 1976 generally speaking there has been a slowdown of at least 75 per cent in that industry. I want to emphasize that is was 75 per cent, Mr. Speaker, because the media, especially those from the province of Quebec tend to censure what we say in this House. This is why sometimes we have to repeat to be sure we are understood. There was a 40 per cent decrease compared with last year, that's 1977, and this is very serious. The point, Mr. Speaker is not to find amusing formulas, window-dressing formulas such as the 8 per cent tax rebate on hotel rooms to stimulate this sector of our economy. While I am on the subject Mr. Speaker, it is rather amazing to note that everytime the question of helping the poor comes up in the province of Quebec, it is always the wealthy who do bring it up. The 8 per cent tax on hotel rooms was taken off because, once again, this notorious Finance Minister found out that the minimum living wages in his province, which are unique in Canada and in the rest of the world, have a tremendous detrimental effect on the Quebec tourist industry. To such a degree, Mr. Speaker, that in certain areas of the province, such as Montreal and Quebec City hotels suffered losses of 60 per cent over 1966 and 35 to 40 per cent from 1976 to 1977, which has meant that major hotels in Montreal have had only a 45 per cent occupation rate in 1977 whereas to be profitable, a hotel which wants to give a good service must have at least a 75 per cent occupation rate.

● (1532)

Because of all the requirements imposed upon the Quebec tourist industry because of the minimum living wages which are much higher than the minimum wages of all other areas of North America—in many cases they are at least twice as high—and also because of the tax burden placed upon the tourist industry, we could read in a recent newspaper report published last Monday or Tuesday, that the tax burden per room in the province of Quebec, in Montreal, is around $1,835 whereas in certain tourism oriented areas of the country, it is about $400. There is therefore no need to be an economic expert to see that the Quebec industry is not able to compete with the tourist industry outside Quebec. It is probably for this reason that the provincial minister decided to help once again the poor and reduce the tax of 8 per cent. This will perhaps convince certain members of the provincial cabinet to spend their 1978 summer vacations in Quebec rather than in Old Orchard or somewhere.

However, Mr. Speaker, the impact that such a tax reduction might have will not be felt for a few years yet because it is mostly aimed at the convention industry which can fill the major hotels for three or four days and bring in people who spend an average of $75 to $100 each outside of hotel charges, of course. There are the people at whom the reduction is aimed. Those are the people who have been chased away by our minimum living wages of over $3 in Quebec, which is twice as much as in many other provinces. Those are the people we want to get back. This will not be possible before a couple of years, because such arrangements are always made 18 to 36 months ahead of time. For instance, the conventions which were not held in Quebec this year were cancelled in the spring of 1977 and in the fall of 1976. The stimulating effect we had anticipated with our 3 per cent tax reduction for the whole economy, for all products manufactured in Canada, would indeed have had an immediate effect far more important than reducing the tax on hotel rooms.

Then, Mr. Speaker, tax is removed on shoes. I believe we all want to get the highest salary possible for our work. On the other hand when you need things such as are manufactured in this country, you go out and buy products manufactured abroad, and this is true concerning shoes, since 40 or 50 per

cent of all shoes sold in Quebec are manufactured not in Canada but in other countries specially in Europe.

Practically the same, Mr. Speaker, may be said concerning electrical appliances. Our manufacturers are not better off with Mr. Parizeau's tax reduction. He should have moved in favour of those industries as that sector has lost the greatest number of jobs because European and Japanese products are more competitive. We should improve employment in this industry where wages are quite high. With respect to textiles, that industry did not develop so well, even though it is not true for the whole of the industry, but certain areas of that industry have failed to remodel or automate their facilities as fast as was done elsewhere and wages did not follow the general trend in Canada. Mr. Speaker, that sector should have been helped instead of the shoe industry, for instance, because a high percentage of those products are not manufactured in the province of Quebec.

The same applies to all appliances, washing machines, dryers, and also carpeting, Mr. Speaker. There is a carpet manufacture in my riding and as I said earlier, the workers in that plant are simply insulted because they cannot benefit from that sales tax reduction. Once again, I wonder why the union has not yet staged a demonstration to show that they disagree with the economic policy of the government of the province of Quebec.

In conclusion, Mr. Speaker, it is my firm belief that it is economically unsound to think that it is possible to put the economy back on its feet by favouring one, two, three or even four individual industries. When the industrial incentive program was developed, the Department of Regional Economic Expansion just about ignored sectorial industries and gave special assistance to the development of certain geographical areas and it is rather along that line that Quebec should have taken action.

If there were a proposal to be made, if for some reason the Quebec government wanted to encourage the industrial community in the province, they should have offered a proposal, they should have first responded to the proposal made by our Minister of Finance and suggested that some of the provisions in the program be made applicable in some areas of the province rather than in some others, or that some areas be excluded from the program, and not have discriminated against certain industries. That is why, Mr. Speaker, I say this here, as I would do elsewhere, and this is the place to do so, I support without reserve the provisions included in the budget which the Minister of Finance has brought forward and I hope that the media will play the role which morally is theirs. I am referring especially to those in the province of Quebec which will consider the proposal made by the Minister of Finance, the national proposition, before it is too late. Because, on the one hand, Mr. Speaker, one cannot try to make the people of the province of Quebec believe in sovereignty-association and pretend to be open to any proposal or any offer, and on the other hand to scorn any proposal coming from the federal government. Those people do not seem to realize that they lose all credibility and that all they deserve is the scorn of business circles in the province of Quebec towards an administration as clumsy and as unhealthy for the economy of the province.

Mr. Lambert (Edmonton West): Mr. Speaker, would the hon. member allow me a question?

Mr. Dupras: Yes.

Mr. Lambert (Edmonton West): I wonder if the hon. member, who is a good friend, would like to compare the situation of taxpayers in Quebec, given the current proposal of the Minister of Finance, and that of taxpayers from the province of Alberta. It has even been suggested that the Minister of Finance said that he had agreed to make concessions in favour of the oil industry in the province of Alberta in the future, perhaps for the next five to eight years. Now what is the taxpayer from the province of Alberta going to gain from that, considering that all taxpayers should be treated the same way? I am asking you for a new proposal because the Alberta taxpayer is definitely at a disadvantage compared to some—

The Acting Speaker (Mr. Ethier): Order.

Mr. Dupras: Mr. Speaker, this question is becoming a speech but I would like to say to my friend and colleague from Edmonton West that I had written a note here to remind me to talk about the compensation program for Alberta oil prices and the openmindedness of the Alberta government. You will be surprised, Mr. Speaker, and my colleague will be surprised too when I tell them how much I admire the Alberta government and the Albertans who agreed to contribute to relieve the population of the province of Quebec—I refer to Quebec because this province is involved in the tax reduction program—by accepting the oil prices compensation program which has already benefited the people of the province of Quebec to the tune of $3 billion. And the Albertans, and I say so because it is exactly what happened, did not try to finesse with the Department of Finance or the 1974 federal proposal. They agreed and indeed it is partly taxes which might be paid to Alberta that Albertans have agreed to surrender to Quebecers.

As for the other part of his question, Mr. Speaker, there are some provisions in the budget which favour the citizens of Alberta. He is acquainted as well as I am with those provisions. So the Leader of the Opposition (Mr. Clark) agrees with me as he often does, Mr. Speaker. There is also the speech made by the Minister of Industry, Trade and Commerce (Mr. Horner)—

An hon. Member: Just read the speech made by the Minister of Industry Trade and Commerce!

Mr. Dupras: Mr. Speaker, through you, I should like to say to the Leader of the Opposition that in his excellent speech, the Minister of Industry, Trade and Commerce deals with Alberta and the benefits it derives from the budget.

● (1542)

[*English*]

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, as I rise to participate in the debate on Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, I am struck by the inept method that is being used by the government to solve Canada's economic problems. The bill, of course, flows from what we now call the unwanted budget. The Minister Finance (Mr. Chrétien) was forced to bring in a budget. He did not want a budget. This budget was brought down less than 20 days after the Minister of Finance said that it would not be useful to have one and that it would be wise to wait. Canadians had five days' notice before the budget was introduced. Domestic and foreign pressures forced the Minister of Finance to reverse his position on presenting a budget. In Canada he was faced with a growing public outcry as more and more Canadians realized that the economic policies of this govemnent had failed. Even though the minister wanted to take more time to study the effect of his October economic measures; trends of unemployment, inflation, and real estate sales clearly showed that they had failed. The budget was delayed until the minister understood what most people had realized long ago. In foreign countries he was faced with vanishing investor confidence. The value of the Canadian dollar was declining rapidly, and even with the Trudeau government's efforts made after denials of intervention, the government was incapable of stopping it.

This reluctance to present a budget is understandable. The presentation of such a budget requires the government to reveal its forecasts for economic performance in the current year and to exhibit the government's spending and revenue cuts to public scrutiny. The Minister of Finance did not wish to admit that the forecasts made in the economic statement of October were proved wrong only six months after they were made. He did not want to reveal a serious error in the forecasting of the size of the budgetary deficit. The Minister of Finance did not wish to present a budget because a budget would have shown that the economic policies of the government had failed, and that is what the budget has shown.

Let us discuss the sales tax reductions which are included in this bill. At best, they can be seen as stop-gap measures. As the government has admitted, they will last for only six or nine months. The effect of these sales tax reductions will be to reduce consumer prices by 1 per cent, and that is a welcome development, but the increase in consumer prices between February and March alone was over 1 per cent. Thus, the benefit of the sales tax reduction will be swept away quickly by continuing high inflation.

In most provinces the sales tax cut will end in either six or nine months. Prices will then jump up the 1 per cent that is now being shaved off. So as I say, it is a temporary and stop-gap measure. The effect on inflation will be limited to the six or nine months, depending upon which province we are talking about. Even with the cut, inflation for the year is still going to average at least 7 per cent. Price levels have already surpassed the target for the end of the controls program in October of this year. In the 36 month attack on inflation, consumer prices were predicted to rise by a total of 19 per cent. Already, after 30 months of controls, consumer prices are more than 20 per cent higher, and there is still half a year of price increases to come. Even so, the rate of 19 per cent as predicted is not an acceptable rate.

No country with an economy like that of Canada can go along with a rate averaging even 6 per cent per annum over a lengthy period of time. The experience in the United States has shown—and the government there is very much aware—that the rate there, which is much lower than ours and which is presently at the 6 per cent level, is still too high, and the United States is taking measures to reduce that rate drastically.

I suppose we should not be surprised to see some stop-gap measures coming from the government opposite. I think these measures are very much like the Local Initiatives Program, Opportunities for Youth programs, Canada Works and others which have been shown to be stop-gap measures and which did nothing for long-term employment or long-term economic improvement. Even in the housing industry, which is supposed to be the bellwether of the economy, we find government gimmickry with such programs as the Assisted Home Ownership Program, which simply puts government-financed houses in competition with apartment buildings financed through the Central Mortgage and Housing Corporation.

In many rural areas people are simply moving out of apartments and into AHOP homes, and when the government starts to take action on its mortgages, they move on with no equity and no stability for themselves or for their communities. Also in the housing field we have gimmickry like the assisted rental program, which has encouraged private investors to buy or build rental housing on the basis that they can rent it at lower than economic rents knowing that the government will give them the cash necessary to operate the units, albeit that that cash advance is added on as a mortgage and there is a charge against the title. All the program does is defer the date the owner of a property has to repay the money, and unless inflation continues in Canada at its present rate, those investors are destined for bankruptcy. Any program of the government that is predicated on continuing inflation at high levels has to be considered to be gimmickry.

Unlike the measures I have been speaking about, the sales tax gimmick I mentioned earlier is a huge intrusion into provincial jurisdictions. It is a move to set Canadian against Canadian. I ask hon. members to compare the treatment of the residents of Alberta with the treatment of the residents of British Columbia, and the treatment of residents of British Columbia with the treatment of residents of Quebec. I ask hon. members to compare the attitude of the government of Quebec with that of the federal government. This measure was

so inadequate, that this week the Minister of State (Small Business) (Mr. Abbott) had to announce that he was going to introduce other measures to stimulate business in his sphere of interest.

● (1552)

Even the controls program which we are just now phasing out was harmful to Canada's economy. In the first place, it made investors nervous and delayed economic growth by limiting wage increases and reducing the amount of money in the hands of consumers. Consumers can hardly be expected to increase their demands on the economy and spend more money if the government is going to limit the amount of money that is put into their hands.

Looking at the situation with regard to taxation, and capital gains in particular, we can see quite clearly that the capital gains regulations as they exist have inhibited economic growth and have been a great disincentive to investment insecurities. Two days ago we on this side had a motion calling for a special committee of the House. I thought that the motion was apt and timely, but of course it was denied by the government. I thought it tied in very nicely with the results of the Royal Commission on Corporate Concentration which after three years had made its report at last. The observations in that report were that the capital gains had yielded less than 1 per cent of the total tax revenues in 1976 and that half of that was paid by corporations. On page 275 of the commission's report we find the following statement:

> Estimated yields from the tax on capital gains rose from $54 million in 1972 to $235 million in 1975, slightly less than half of which was paid by corporations. These are very modest sums indeed, especially when compared with the total federal tax revenues of $32.4 billion in 1976/1977.

A little later, the report states:

> In exchange for a relatively small sum in tax revenue and a partial move toward more equity, Canada's tax system was made much more complex and expensive to operate. The question is, was it worth it? We do not think so. There is no reason to expect that the capital gains tax will ever make a significant contribution to the government's tax revenues. It certainly will not do so while the Canadian economy remains in its present depressed state, and the existence of the tax is one depressing factor that the economy can ill afford at this time. The design of the capital gains tax ensured that it would do little in terms of equity, and the most recent amendments to the tax law are a further step backward in this sense. The result is a complicated and costly addition to the tax system and a disincentive to business investment, with little compensating benefit.

Clearly that indicates that the present policies for stimulating the economy are inadequate. Our motion called for creation of a special committee which would have been able to examine such ideas as those for which the government had already paid a big dollar.

I want to look also at the income tax aspects of this bill as well as the report of the royal commission. Certainly changes have been made to the income tax. I am not sure how good they will be in helping the economy out, but let me run briefly through them. Tax changes will be made on rail transportation and on expenditures on scientific research. There will be measures to encourage the production of energy-increased depletion allowances, measures to help production of Canadian films and to help employees at remote work sites, and measures that will affect many elderly Canadians with registered retirement savings plans. We were pleased to note that efforts by members on this side and the Consumers' Association of Canada have resulted in progressive changes to the rules regarding registered retirement savings plan withdrawals after the age of 60.

Measures were introduced to help capital gains tax problems arising on the family transfer of shares in family farm corporations and partnerships. Again I was dismayed to note that none of the small business people in Vancouver-Quadra, where we have no farms, were going to be helped by this measure. To illustrate the inadequacy of this bill and of the budget measures, let me point out that only yesterday the Minister of Finance announced that there will be similar relief in the way of capital gains tax given for private businesses which will be able to be passed on within a family without attracting the tax at the time of death.

After a great debate not many months ago—I guess it was after the last budget—concerning the proposals as they affect life insurance, I find that again changes are proposed to the rules relating to interest paid on insurance policy loans. I suggest that this is as unclear as it was some months ago. I hope that in committee of the whole the minister will be able to solve some of the problems existing in that area.

On the income tax aspects I wanted to mention what the royal commission has said in that regard as recorded at page 274 of the report. It stated:

> It is abundantly clear from what we have said in this chapter that savings over the next few years will be inadequate to finance the necessary business investment and that current unexpected risk-return ratios will be inadequate to induce risk capital investment. This and the other serious problems of the Canadian economy which we reviewed briefly in chapter one concern us deeply.

The commissioners say that tinkering will not work and that major changes are needed to our income tax system. I am not saying that this is my policy, and I am certainly not saying it is my party's policy to do what the royal commission indicates is necessary, but I am a chartered accountant who understands, probably better than most in the House who are not chartered accountants, some of the complications in the income tax and accounting laws and I have an idea of the huge costs involved in the legal advice needed in dealing with the income tax laws.

I think it is most important that we have some method of minimizing these legal costs for the ordinary taxpayers of Canada. After all, in the end it is the people who deal with these corporations who are required to pay the taxes. What we need is some forward looking ministers, particularly in the finance portfolio. I was thinking of that today as I prepared these notes and I was forced to look at the list of finance ministers in the last 15 years. There has been no fewer than six of them—most of them have disappeared now. Some hon. members may remember the names: Gordon, Sharp, Benson, Turner, Macdonald.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order. It being four o'clock, the House will now proceed to the consideration of

private members' business as listed on today's order paper, namely public bills and notices of motions.

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask for the unanimous consent of the House to proceed with Bill C-244 in the name of the hon. member for Lanark-Renfrew-Carleton (Mr. Dick) and to stand all preceeding bills.

[*English*]

The Acting Speaker (Mr. Ethier): Hon. members have heard the request of the parliamentary secretary. Is there unanimous consent?

Some hon. Members: Agreed.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

CONSTITUENCY RECORDS ACT

MEASURE TO ENSURE PRESERVATION OF CONSTITUENCY RECORDS

Mr. Paul Dick (Lanark-Renfrew-Carleton) moved that Bill C-244, respecting the preservation and surrender of constituency records, be read the second time and referred to the Standing Committee on Privileges and Elections.

He said: Mr. Speaker, this bill, which is entitled "An Act respecting the preservation and surrender of constituency records", is in many ways like a devil's advocate bill. I am bringing it forward because I think an important issue is involved and there should be some open discussion on it. I am not necessarily wedded to the exact form in which I have drafted this bill. I would like to see this subject matter referred to the Standing Committee on Privileges and Elections, where perhaps it could be altered or a new bill drafted.

● (1602)

There have been discussions regarding bills dealing with conflicts of interest for members of parliament and so on. Let me outline generally the reason for bringing in this bill and why members of parliament cannot shy away from certain duties. We must come to grips with this problem and resolve it.

If a client has certain work done on his behalf by a lawyer, then the lawyer opens a file in his name. The lawyer is required to keep that file. It is not his file, it belongs to the client. If the client subsequently requests his file in order to take it to another law firm, as long as his bill is paid, the lawyer must give him that file because it is the client's property.

Doctors are required by law to keep files on patients. Those files must be kept for a certain number of years after they have ceased seeing the patients. Those files deal with particular persons and are important. They contain personal private matters about patients. Frequently those files are passed on from one doctor's practice to another. Notification goes out to the patients so that they always know where their files are.

The same happens in an accountant's office. An accountant cannot throw a client's file away because he is finished with him. Perhaps there will be a requirement for that file some years in the future. Other professions such as optometrists and dentists have patients' files on trust. Those files belong to the patients and are held in trust.

I am suggesting that members of parliament, in dealing with their constituents, should put material, letters written to them and their replies in files opened in the names of constituents. I believe those files are held in trust by the member who holds the office of a particular constituency. I point this out because I consider it to be important.

This was the first private members' bill which I introduced after I was elected in 1972. Unfortunately this is the first time it has been debated.

I should like to refer to an incident involving my predecessor, who shall remain nameless. I am sure this has happened in almost every other constituency. My predecessor was doing active work on a number of files. I was elected to office on October 30, and on November 7, 1972 I wrote a letter congratulating my predecessor and his wife for a vigorous, clean and hard-fought campaign. The letter read as follows:

> I would especially like to congratulate you for the earnest work you have put in in the last four and one-half years as the member of parliament for Lanark-Renfrew-Carleton.
>
> Knowing your feeling that the constituents of Lanark-Renfrew-Carleton must be fully and actively served, I would enquire whether or not there are any matters involving them which you commenced during your term which I should now follow up in order that continuity be maintained and the electorate served and their problems dealt with. If you find that there are certain files or actions which you feel would be best handled by an uninterrupted service to the constituency, then I would be only too happy to get together with you at your convenience for a full discussion and to hear your suggestions.

I did not receive a written reply, but I happened to meet that member a few days later in the west block cafeteria. It was during lunch hour and he was sitting with a constituent from Lanark-Renfrew-Carleton. He told me that all his files were personal to him and that I would receive none.

Perhaps that does not seem to be an important issue, but in the following three months a number of constituents wrote to me and telephoned me indicating they had occasion to communicate with my predecessor. Apparently they had sent certain original documents. They asked me to follow up on these matters. I was put in the position of having to say, "I do not have any files; I do not have any such documents. Would you replace them and start again with me?" In some cases the documents were originals and could not be replaced. Those constituents never received what they deserved. Later I found out that those documents were not just thrown in the garbage; they were put through a shredding machine in the centre block. Those original documents belonged to the constituents. They were sent to the member representing them. They were not his. They were in his custody only because he held the office of member for Lanark-Renfrew-Carleton.

Members of parliament hold files on behalf of constituents, whether they are individuals or corporations. They are held in trust and should be turned over to our successors. Members of parliament have various files. They have files which deal with taxation matters for private individuals, health, the Canada Pension Plan, the guaranteed income supplement, unemployment insurance and immigration. To some people this is very personal information. Because of our offices, these people come to us for assistance. Members build up files on corporations and industries in their constituencies. Perhaps these files deal with tax problems, grants or with any number of things from tariffs to inquiring about getting landed immigrant status for a certain person who is an expert required by them. These files cannot be kicking around and opened up to the rest of the world because they contain personal information. They are particular to an industry, corporation or company. It is their right to deal with their respective members of parliament in a sense of confidentiality and trust. One should not bandy about this particular information. It is important for a member to retain the right to the information contained in files on a basis of trust only. The contents belong to the respective constituents, be they individuals or corporations.

In the cases where my predecessor destroyed files resulting in the loss of original documents, individual constituents were left without a remedy. They were left in awkward and difficult positions. In the case of some of the corporations in my constituency which wanted me to pursue matters that had been dealt with by my predecessor, I was required to write to them indicating that I had no files in my possession. They wanted me to continue pursuing matters on their behalf. I wrote to them indicating that I had no such files. They replied by saying that they had sent down an inch of material to my predecessor. They asked where this material was. I had to apologize and say that I had not received it. I asked them to send me photocopies of their files. At their expense, they provided me with complete photocopied files, including my predecessor's letters to them. I ended up being in possession of the files respecting corporations in photocopied form. That situation is unsatisfactory. I feel we must hold these files in trust.

That is the purpose of this bill. It provides in the preamble that:

● (1612)

—it is desirous to provide for continuity in the management of constituency affairs by members of the House of Commons and to ensure the preservation and maintenance of all constituency records that are relevant to and necessary for the better servicing of constituency needs, and generally to promote and to improve public confidence in their day-to-day dealings with elected representatives.

The bill contains a definition dealing with constituency records. It suggests what these records are that have to be passed on. I do not think this would appropriately include every file I have in my office. The bill states that:

"constituency record" means any record, file, correspondence or other document concerning constituency matters but does not include any such material that pertains to matters of a purely personal or political nature.

Naturally I have some files in a drawer labelled "personal" which have to do with Paul Dick and are not necessarily of a political or constituency nature. They may contain my life insurance policies, dealings with my bank or what-have-you. I happen to have these files in a drawer. Some people may have a filing system at home which they use for this purpose. Those personal files should not be turned over to a successor, and that is why I included that explanation.

Every member in this House probably has a number of files that deal with their constituency, but deal with it in a political way in the sense of who the member has as organizers in each municipality, ward or area. The files may contain mailing lists, voting trends in the constituency in federal and provincial elections. Those are files of a poltical nature and do not deal with individual or corporate constituents. Those are files that most members have for political reasons. I call those files political in nature, but I do not feel they should be passed on. Naturally a successor can dig out those facts if he wants, or he may be using a different method for compiling such files of a political nature. However, other files that deal with constituency matters, particularly in respect of individuals or corporations, should be turned over to a successor. This would include any record, file, correspondence or document that would constitute a constituency record.

One might wonder just who is to be considered a successor. A successor may come into being if a member retires from office and a by-election is called in that electoral district. The person elected would receive that material. A member may die in office or be defeated during an election. This measure provides for a time within which those constituency documents as they relate to people, corporations, unions or whatever in the constituency, may be turned over to the successor.

Of course, there is the matter of redistribution. I suppose the constituency of York Scorborough is a classic example. This is a constituency that is to become part of five constituencies after redistribution. The most recent member for York Scarborough who has had those files would have an obligation to pass them out to the new members. He could look at the street addresses to determine where the people live and turn those documents over to the new members for those areas.

I am not suggesting this is a simple matter, but I suggest it might be a way of ensuring continuity. If an individual wants to indicate that he has moved from Toronto to Vancouver, for example, he could request that the member send his file to the member representing that area in Vancouver. I also suggest in clause 4 that no person should be allowed to shred a person's file. These files are of an important nature and deal with the government and individuals' elected representatives. I was disgusted, quite frankly, when I discovered that my predecessor had shredded files of his constituents, and that some of those files contained original documents. The least he might have done was to send them back to the constituents.

This bill provides for arbitration in the case of any dispute. Mr. Speaker would appoint an individual, perhaps the whip of a party, or more than one if there were two parties involved. I do not have to elaborate on that. Someone may argue that the

file is a constituency file while another may suggest it is a personal file. The matter could be settled finally in this way through arbitration.

The bill also provides a penalty, which is not light. In fact, it is greater than many penalties for summary conviction offences. The penalty is a fine of not more than $1,000 and not less than $500. I feel strongly that these files are held by us in trust for our constituents and there is no way a person should get away with a slap of the wrist or a suspended sentence. I think they should be fined, and this is something that we as members of parliament should recognize.

At page 3, clause 7 states that, in spite of this act, all other rights of an individual would be preserved, specifically the right to civil recourse against a member of parliament if he should destroy a constituent's file by shredding it or throwing it in the garbage. That member would have the right to sue for recovery or for compensation.

I realize I only have about a minute and a half left so I will try to wrap up this introduction very quickly. Perhaps this bill is not the best way of dealing with this matter. I would be glad to have the subject matter referred to a committee. Perhaps we might relate the bill only to files that have not been dealt with for two years or more. We could adopt the rule of sending such files back to constituents so they could deal with them. We could then state that the file is returned, it is in the constituent's hands and the constituent can do whatever he wishes with it. This would provide the member with a document showing that on such and such a date the file had been returned.

There may be other ways of dealing with this situation, but I would hope this matter could at least be sent to the committee as a general topic for discussion and consideration. This matter is of importance, just as the matter of conflict of interest is of importance. Let me emphasize that we hold these files in trust because of our position and we are not entitled to throw them away or destroy them. A constituent has a right to the file because the file deals with him, her or it, if a corporation is involved. I hope hon. members will give the bill consideration, and I will listen to their comments with interest.

Mr. D. M. Collenette (York East): Mr. Speaker, it is not my intention to speak at length this afternoon. The hon. member for Lanark-Renfrew-Carleton (Mr. Dick) often comes to this Chamber with a good idea, and he should be commended for at least attempting to come to grips with what obviously could be a problem. I do not think his bill is the appropriate way of dealing with the subject. Perhaps it would be better if the subject matter was sent to the Standing Committee on Privileges and Elections, or included in the deliberations in respect of the bill on the independence of parliament, which I understand will be going to the committee shortly. I say that in view of the undertakings by the President of Privy Council (Mr. MacEachen) recently as a result of allegations made by the hon. member for York-Simcoe (Mr. Stevens).

[Mr. Dick.]

• (1622)

As chairman of the Standing Committee on Privileges and Elections, I do not think it behooves me to move the subject matter of this bill to the committee because I believe in a certain amount of independence in that position. Certainly I would not object to another member moving the subject matter of the bill to committee.

There is an element of sadness really in discussing this topic, because if you go back to the British parliamentary tradition, going back 500 years, there has been a concept of what we would call the "honourable" member, the "honourable" gentleman or the "honourable" lady. To use a British expression, "it is good form"; it is good manners and good courtesy to pass on documents or files from one member to another when one is defeated.

In my particular case the former hon. member for York East, who was only here for 18 months, and whom I am sure the hon. member for Renfrew-Lanark-Carleton knows very well, was quite helpful in passing files on to me, especially in immigration cases, because we have a heavy immigration load in my constituency. Indeed, Mr. Arrol actually wrote letters to constituents after he was defeated on the basis that he was the member for the 29th parliament, and I believe he paid for postage out of his own pocket. I certainly did not object to that as a member of the 30th parliament because he was merely trying to clean up loose ends. I felt, having campaigned with this particular gentleman, that he was honourable enough that he would pass this information to me.

I know the opponent which the hon. member for Lanark-Renfew-Carleton defeated in 1972, and I am quite surprised that this gentleman, whose name shall go unmentioned at the moment, acted in this way. I do not dispute the word of the hon. member opposite, but I am very much surprised by his allegation.

If we pass this bill or if this bill is allowed to go forward, what we are really doing is admitting that members in this place are somewhat less than honourable. Perhaps I am naive, perhaps I am clinging to ideals of another generation or age, but I do not think there is anything wrong with idealism. I would rather leave it to the discretion of the defeated member and accept his or her judgment as to what should be passed on.

The hon. member mentioned the case of York-Scarborough. My former colleague, Mr. Robert Stanbury, retired from this House last year, and he made provision with the members who share his constituency now—one of them, the hon. member for Scarborough East (Mr. O'Connell), who is in the chamber, the hon. member for Scarborough West (Mr. Martin) and myself—to share the load of his constituency work, which we have done. In my particular case in York East, some files and letters have been sent my way. I understand that that portion of his constituency which has no member at the moment is being looked after by the Minister of National Defence (Mr. Danson). So provisions have been made. Of course, it makes it much easier in that particular case because we are all of the same party.

If a member retires and his constituency is swallowed up by other constituencies not represented by the same party, I would think that those members would be willing to share their case load and their experience. Perhaps the independence of parliament act is where we should deal with the absolute question of destruction of official documents.

The member for Lanark-Renfrew-Carleton, I assume, is indicating that birth certificates, affidavits or that type of thing were shredded in the environs of this parliament. If this is true I do not think anyone could support that kind of action. Documents are sent to us by our constituents on a confidential basis and they expect them to be returned. Indeed, I would expect such action when a file is dead. It would be good form to contact certain constituents who have sent very sensitive documents to you to make sure that even the copies of these documents are returned to their originators upon defeat of the member.

Again, we should not go the route of this bill to achieve this end. This debate this afternoon serves its purpose in drawing to the attention of hon. members in this chamber the very problem the bill proposes to rectify. It is on the record. There will be hon. members in this chamber who will be defeated in the next election, I am sure. It happens. There will be those who resign. I see that the hon. member for Vegreville (Mr. Mazankowski) has a funny look on his face. I do not know whether he is contemplating defeat or not, but with the rise of Liberal fortunes in western Canada that cannot be counted out.

Mr. Mazankowski: Not at all.

Mr. Collenette: I would like to deal with the element of confidentiality a bit more. The hon. member for Lanark-Renfrew-Carleton talked in terms of a member of parliament on the same footing as other professionals—accountants, lawyers and doctors. Maybe it is arrogance on my part or maybe it is naivety, but I believe that members of parliament occupy a special presence within our society, one that is not more privileged but is special in its service to the country.

I would not accept the element of professionalism in the same context as the hon. member, so I would not want him to give people the wrong impression, that just because a certain thing is expected of professionals then it should necessarily follow from us. There must be an element of discretion that is permitted members of parliament by virtue of our office and position in society. Again, my point of view can only be accepted if society at large accepts the point of view that hon. members are indeed responsible, and that they are honourable despite the fact there may be cases where honourable conduct has not been forthcoming.

One other element I would like to talk about, should Bill C-244 go through as we have it not, is the policing aspect. As a member of parliament—again, perhaps it is arrogance, naivety or my own peculiarities—I believe that I have to answer to only one constituency in this country and that constituency is the one that elected me. I do not believe that I should policed or that my files should be policed, even after my defeat or even by my colleagues, no matter how much I respect them.

Indeed, for a party such as the Conservatives, who are continuously talking about the evils of security, policing and government bureaucracy, I would think this is the last thing that they would want. Given what I have said about the attitude towards members of parliament for the concept of a member of parliament in the British tradition, I am surprised that this kind of bill does come from the Conservative party, a party which is known for being one that has always tried to preserve the British parliamentary system to the hilt, at least according to the right hon. member for Prince Albert (Mr. Diefenbaker), who gives one the impression that the Conservative party is the only party that has any respect for this place. This, of course, is not true, but even if you accept one iota of that argument, then bringing this bill here this afternoon seems inconsistent.

In conclusion, I commend the hon. member for giving us an opportunity to discuss this bill in the House. I would certainly not be opposed—though I would not be prepared to move such a motion myself because of my peculiar position as chairman of the committee—if the subject matter of this bill was referred to the Standing Committee on Privileges and Elections. I think also the hon. member should talk to his House leader and his other colleagues who will be dealing with the independence of parliament act, and perhaps the government could make some accommodation for some of the provisions in this bill, or at least include some statements on expected behaviour when members are defeated without actually stipulating that all documents, irrespective of their content, must be handed over to one's successor.

● (1632)

[*Translation*]

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, I wish to make a few comments on this bill. I think that Bill C-244, which would require members of parliament to pass on to their successors any files they possess dealing with matters relating to their constituency poses a very sensitive question. This afternoon, I heard a member make a comparison with professionals such as notaries and lawyers who are bound by law to keep important documents, and to preserve the secrecy of their correspondence. I would not put a member of parliament in the same category as a professional, first of all simply because there is no association, as in the case of the professional, which forces him to act in such a way, there is no code of ethics which requires him to ensure secrecy and preserve all documents. Also, I think the role of the member of parliament is a temporary one. I would rather compare his role with that of a mayor, a chairman of a school board or a chairman of some agency. It is so temporary as a matter of fact that I am surprised to hear that some members keep the original birth certificates, and extremely important contracts in their files here in parliament.

That is not the way I do things. When I discuss a particular case and must use the originals, I make a photostat copy of them and immediately return the original to its owner, because one never knows just how many years or months a member will stay in parliament. The point is that this is a temporary period, and I underline temporary, because one cannot risk having important documents destroyed, as the hon. member indicated a moment ago. That is unfortunate but I think that if the hon. member had understood his role he would not have kept these important papers in his offices.

I have been keeping files for 16 years, but I have only photostats. If the client wants his original copies, he has them himself or his legal counsel. I only have photostats. I feel this is the safest way for a member in this House to deal fairly with his clients, considering conditions here in parliament. For certain exchanges of correspondence that are strictly of a private nature, and even political correspondence, I strongly object to a member being obliged to submit to regulations under the penalty of being fined, as proposed in the bill. This is going too far, this is asking too much from a member that may be elected for six months or a year only. That is asking too much because once again the best way is not to keep originals but to return them, with the constant feeling that we are here on a short-term basis only. Those who are here on a long-term basis have a chance of a lifetime, because we are always asking ourselves whether we will be re-elected at the next election that comes every three years or so. Therefore there is an absolute necessity to protect the confidentiality of correspondence. Those who write to us, members from the Social Credit Party of Canada, would not write to a Liberal member. They will often not tell me secrets they will disclose to one of their friends who is a Liberal member, but other people will tell me secrets they would not disclose to someone else.

So this is a very difficult matter, this is a very sensitive subject because our correspondence is to some degree privileged. When people come to see us, they trust us. They do not trust someone else who may beat us at the next election, but they trust us not to betray their confidence, not to kneel before someone else they never liked and they never trusted. I feel that immediate steps should be taken to avoid their having to do something they would not like to do. This is the suggestion I wanted to make. So let each member, instead of keeping originals, simply keep photostats and return to the originator as soon as possible the originals of any correspondence and important documents.

[*English*]

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): Mr. Speaker, when I looked at this bill earlier this afternoon I thought that perhaps the hon. member for Lanark-Renfrew-Carleton (Mr. Dick) had put his finger on one of the problems that members of parliament have faced. As I read the bill, however, and listened to those who have spoken on it, I wondered whether he had done me and others the service I had hoped he might.

[Mr. Gauthier (Roberval).]

I share the experience of coming to parliament and finding not so much as a single constituency file left by my predecessor. One spends the next few months explaining to constituents that there is not a great deal one can do about their lost property or documents. It is also distasteful in that one is locked into the position of trying to explain it is no one's fault. As time went on I encountered a couple of other problems, and I will conclude by suggesting to the hon. member who proposed Bill C-244 that he has not found the solution.

On the one hand, I think I can put forward the argument that there is available existing law to satisfy the problem he has raised, but he does not seem to satisfy the problem I have found not only of predecessors not dealing with files properly, but the other problems that all of us have as members of parliament.

The hon. member argues that ownership of constituency files is a matter of trust. I take that to be an expression more common in the law in which the hon. member opposite was trained, the common law, than it is in the law in which I had my training. But if we agree on the general legal meaning of the word "trust," there is no difficulty. The obligations which flow from the care of handling of information and documentation would be about the same in Canada whether in the common or the civil law.

The hon. member raised the question of how these documents are to be dealt with. I want to propose that there is existing law to handle that problem, but it does not solve some of the other problems I have seen.

When both the hon. member and I first arrived here, public archives was willing to store the documents and files of ministers and members of parliament. Some time in 1973 or 1974 they stopped doing that because they could no longer afford the incredible amount of space required. Furthermore, they were running into a very serious problem on the method of storage. It was not clear for how many years documents were to be stored, who owned them, what was to be done with them and who would have access to them. Since we as members of parliament have never given instructions on what should be done with these files, it was obviously going to become a serious storage problem.

● (1642)

To give some idea of what we are talking about, I would assume that each and every member of parliament would probably have about 100 square feet of document space accumulating per annum. Taking a storage cost of about $6 a square foot, which is the warehousing storage cost today in Ottawa for files, it would run $250,000 per annum to store these files. This would be without any thought as to their eventual dispositon which is the original Kafkaesque problem of bureaucracy building upon bureaucracy with the never ending horror of nobody being allowed to see the files and nobody being allowed to dispose of them. We would be inundated with files within about five years and we would be unable to come into the chamber.

When public archives no longer permitted MPs to dead file their files in that fashion, I began to wonder if it would be possible to have microfilming done, but that process did not seem to be available. As a result I began to store things in various nooks and corners of the office but this is not a very satisfactory arrangement. However, one day I was in the parliamentary restaurant, curious as to what lay behind the various wall of this building. I am sorry that the hon. member for Winnipeg North Centre (Mr. Knowles) is not here as is usual on Friday afternoon because I am going to tell one of his better guarded secrets.

If hon. members who are familiar with the restaurant upstairs want to probe around, they will probably find in the order of ten to twelve rather old filing cabinets, each containing upwards of 1,000 files, all belonging to the hon. member for Winnipeg North Centre, who has spent 30 years in this House. I have never told him that I found out where he stores his dead files, so I expect next Friday afternoon when he is reading *Hansard* he will come across the floor and give me the devil for talking about it. But he has never found the solution to the storage problem either. What he has done is that he has relied on his friendships, contacts and his well deserved reputation in the House and has the roof of the House of Commons under the rafters jammed to the doorways with his original files collected over the years—

An hon. Member: Twenty-nine filing cabinets.

Mr. Blaker: Is it 29? I did not do an actual count. I suggested there were several thousand of them. It is incredible. While we have all come to believe that the man is eternal, it is probable according to the statistics that one day he will no longer be in a position to deal with these files and, of course, we have no rules here as to what to do with them.

Mr. Paproski: And he won't give them up.

Mr. Blaker: The hon. member for Edmonton Centre (Mr. Paproski) says he will not give them up. How true that is. He does not give them up in his office either.

That is one of the problems the hon. member responsible for this bill I thought might try to solve. Perhaps one day we will get microfilm legislation which will handle this difficulty. However, I believe Bill C-244 does not go the root of the problem.

There is another difficulty concerning this matter. The hon. member has argued that the contents of these files are not only subject to the law of trust but they are also held in either the solicitor-client relationship or in something so similar to it that the general principles of the solicitor-client relationship should obtain. I agree with him. Having said that, nothing in this bill seems to offer the assurance to the citizen, or non-citizen for that matter, under his definition of a constituency record, that that information shall remain confidential unless and until he has given his consent to the handling of the documentation. While I understand the interest in the subject matter of documents, it seems to me that we are not only concerned with that; we are also concerned with the exchange of information, the exchange of opinion, the exchange of data, expressions by either a member of parliament or expressions by the individual citizen.

The vast majority of citizens would be more than a little disturbed to find that a committee of two or three members of parliament or whips, or whoever it might be, had suddenly acquired the power and the authorization to dispose of the correspondence of those citizens without the expressed consent of those citizens beforehand. This raises another problem. Generally in law practice there is some financial interest, together with a professional interest, in seeing to it that out of date files, or current but not active files, are moved along either to other members in the partnership, when one partner dies, or they are moved along to other law firms in the event it is a sole practitioner who has been unable to keep up his practice for whatever reason or has died. There is no direction as to how to handle the incredible pile of documentation and correspondence that we as members of parliament seem to acquire.

There is not much interest on the part of any other member, regardless of his party affiliation, to take over files from one of his colleagues.

I suppose if there were any interest it would probably be on the part of another party's member who might have gained the seat and who would be curious to know how his predecessor had handled correspondence, et cetera, in the riding. But we do not have an essential, important and rational motivation as to how to deal with these things.

The hon. member's bill comes at an opportune time. Summertime is when a lot of us start carrying out files. I hesitate to destroy any of these files, not only because of the documentation itself but because citizens who write to me are entitled to feel that the opinions they express are not simply thrown into a garbage pail. On the other hand, after five and one-half years in parliament I am beginning to wonder if the building will withstand the weight of all the files which I am collecting. Sometimes we think about attempting to contact citizens in an effort to gain their consent to destroy files. However, mobility is such a factor in Canadian life that it would take months to find all the people who originally wrote to me. Some of them are dead, and I would have to look into the question of whether there are any rights in their estate to take any action. Sometimes I find constituents have moved to other parts of Canada to addresses unknown. I cannot cope—

Mr. Dick: Mr. Speaker, I am rising on a point of order. I agree with my hon. friend who presently has the floor on a number of points which he has brought up. It is sort of like a devil's advocate bill in that I want to have an airing of the topic. I would be pleased to have someone move the motion to discharge the bill but to send the subject matter to committee, where it could perhaps be dealt with in more detail—

An hon. Member: It is not important enough to do.

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

Mr. Dick: I would like to ask the question whether he would be so kind as to do that.

The Acting Speaker (Mr. Ethier): Order, please. I think the hon. member had mentioned that during his former speech.

Mr. Blaker: Mr. Speaker, very often there is a courtesy in the House that members will attempt to get the subject matter of the bill off to committee. I want to finish by explaining to the hon. member why he is wrong. If I believe he is wrong, it would be most improper of me to propose that the subject matter go to committee.

At one point the hon. member mentioned that he was discouraged because there was no remedy open to the citizen. I have tried to point out that we do not have any rational way of handling this information. I went through that entire story to make it very clear to the hon. member that his bill would require the handling of documentation in a manner of which most of us are incapable. As the years go by we are simply not capable of storing this kind of data. Barring access to space under the roof of this building—where at least one hon. member is storing his dossiers—there is no way in which we can do what the hon. member wants us to do. We simply do not have the ability to store and care for these documents under a law which would, in effect, impose a solicitor-client relationship upon a member of parliament and his constituents, or anyone else who may write to him.

● (1652)

Having said this, I want to point out what I feel is wrong in law with the proposal, and it is this. A remedy is already available to the citizen who claims his documentation has not been returned to him. Those documents, under the law of my province—and I assume this would apply to a citizen of the other provinces—are private property. Under the law he has a right to reacquire his file and the court will uphold that right.

The hon. member has included in his bill a provision that, in the event of the wilful or deliberate destruction or mutilation of the documentation, a fine may be imposed. Well, Mr. Speaker, the Criminal Code already handles that matter. The wilful destruction of property of other people constitutes an offence. That is why I do not want to see this kind of bill go before a committee. The law already provides a remedy for citizens who feel aggrieved in this regard.

I end by saying that I had hoped the hon. member would help us resolve some of the problems we have in this regard. I do not think he has done so. In the area with which he is dealing, there is already good common law and good civil law to make sure that the rights of citizens are well protected. I regret the circumstances in which this bill should not, in my view, be sent to a committee. As a matter of fact, it will not be me who will prevent it from going further through the usual method of talking it out. I realize the hon. member wants the whole subject to be considered in committee, but I believe we need a far better understanding of how this problem should be dealt with before we proceed further into the narrow issue of the handling of documents.

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, I have no doubt that the author of this bill is well intentioned but his proposals are, in my humble opinion, misguided and in part contradictory. I think he has placed before us a bill which is unworkable. We all recognize the attempt the hon. member has made to be reasonable in not seeking to sweep all correspondence or documents within the ambit of the measure, but the means he has provided for determining what is within its scope and what is not are ineffective. Moreover, I find some of them objectionable.

The hon. member himself suggested that this might not be the best bill for tackling the problem he outlined. I think he is right. He suggested it might be preferable to return important documentation to whomever had sent it to us. That is indeed a preferable procedure in the case of original documents. In my own case, as far as I can recall I do not accept original documents without asking the person concerned if he wants them back. If so, I photocopy and send the originals back.

My question is: Should we be legislating in this field? Should we not, rather, be developing more professional standards of conduct which would ensure the protection of original documents? I say this bearing in mind the vulnerability of members of parliament in their occupation. Ought not members simply to exercise good judgment in passing on a file?

I agree with the hon. member for Lachine-Lakeshore (Mr. Blaker) that documents should be passed on only with the consent of the authors. This is why I say that the bill is in part contradictory in its principles. I think we would all agree that correspondence between a constituent and a member of parliament involves aspects of trust. But is it not a contradiction to say that in other circumstances, or at some other time, because these documents constitute what are sometimes called constituency records, some generalized conception of the constituency, this trust can be interpreted as requiring that, in effect, it be broken and that the documents or correspondence be turned over to someone else? There is no requirement for consent. In fact, consent would be so difficult to obtain in the circumstances which arise when an MP is defeated or resigns that I think any proposal along these lines would be unworkable.

In closing, I will mention another aspect. Let us consider the means proposed by the hon. member for implementing the bill. He suggests the setting up of an arbitration committee composed of three persons. How would such a committee be established? It would be established by whips. Do we conceive of whips, who are members of parliament, as being non-partisan, judicious persons—members who are whips in this House at the present moment excepted, of course! Can the public be assured that the element of a judicious approach would be represented in such a body nominated by partisans and in proceedings which would lead to fines? Is parliament to get into the business of imposing fines on persons who do not comply?

The Acting Speaker (Mr. Ethier): Order, please. It being five o'clock, the hour for the consideration of private members' business has expired. I do now leave the chair until 2 p.m. on Monday, pursuant to Standing Order 2(1).

At five o'clock the House adjourned, without question put, pursuant to Standing Order.